

Taiwan Business Indicators in March 2005

Press Release

Council for Economic Planning and Development

April 27, 2005

In March 2005, Taiwan's business indicators displayed a continued softening on both the financial and real sides of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index decreased by 0.4% and 1.4%, respectively. The monitoring indicators flashed "yellow-green" for the first time since July 2003, signaling the economy's continued shift to a slower pace.

1. **Leading Indicators.** The leading index stood at 106.3 (2001=100), down 0.4% from February, based on revised data. Among the seven indicators that make up the leading index, three that made positive contribution were customs-cleared exports*, money supply M1B*, and floor area of building construction permits. The components that declined are average work hours in the manufacturing sector, manufacturers' new orders*, stock prices*, and wholesale price change from six months earlier.

(Note: components marked with an asterisk indicate year-on-year change rate)

2. **Coincident Indicators.** The coincident index stood at 109.2 (2001=100), based on revised data, declining 1.4% from February. Among the six indicators that make up the coincident index, one that made positive contribution was average monthly wage of manufacturing workers*. Four components that made negative contribution were industrial production*, manufacturing production*, manufacturing sales, and bank clearings*. Domestic freight was not included due to data availability.

3. The Monitoring Indicators. The total score of the monitoring indicators fell by two points to 21 points in March. Among the nine indicators, three showed changes in their individual light signals, one with gain and two with losses. The improvement was recorded in customs-cleared exports, while industrial production fell two points and non-agricultural employment fell one point. The light signals for M1B money supply, direct and indirect finance, bank clearings and remittances, stock prices, manufacturing new orders and manufacturing inventory remained unchanged.
4. Business Expectations. A survey of manufacturers for March indicated that 19% of manufacturing businesses expected the economy to be better over the next three months, down from the revised 23% a month earlier, while another 7% held a negative view, down from 10% a month earlier; 74% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from the revised 67% of the February survey.

~~ The next release is scheduled for May 27, 2005 ~~

Leading Indicators

	Seasonally adjusted						
	2004				2005		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index(2001=100)	115.1 _r	113.6 _r	112.2 _r	111.0 _r	108.5	106.7 _r	106.3 _p
Change from prior month (%)	0.3	-1.3 _r	-1.2 _r	-1.1 _r	-2.3 _r	-1.7 _r	-0.4 _p
Indicators :							
Manufacturing new orders (yoy %)	24.0	21.4	20.2	15.2	12.4	9.6	7.3 _p
Manufacturing work hours (monthly average)	189.6	190.9	192.3	190.7	190.1	187.5 _r	185.8 _p
Customs-cleared exports (yoy %)	22.1	14.6	9.7	5.9	4.8 _r	3.9	6.2 _p
Money supply M1B (yoy %)	16.5	14.4	13.7	14.3	11.6	8.1	8.3
Wholesale price (% change from 6 month earlier)	5.3 _r	5.1 _r	2.5 _r	0.7 _r	-1.4 _r	-2.7 _r	-3.0 _p
Stock price (yoy %)	3.3	-0.9	-1.1	1.9	-5.1	-6.4	-8.3
Floor area of building construction permits (1000 m ²)	3,655	3,486	3,579	3,812	3,529	3,825 _r	3,847 _p

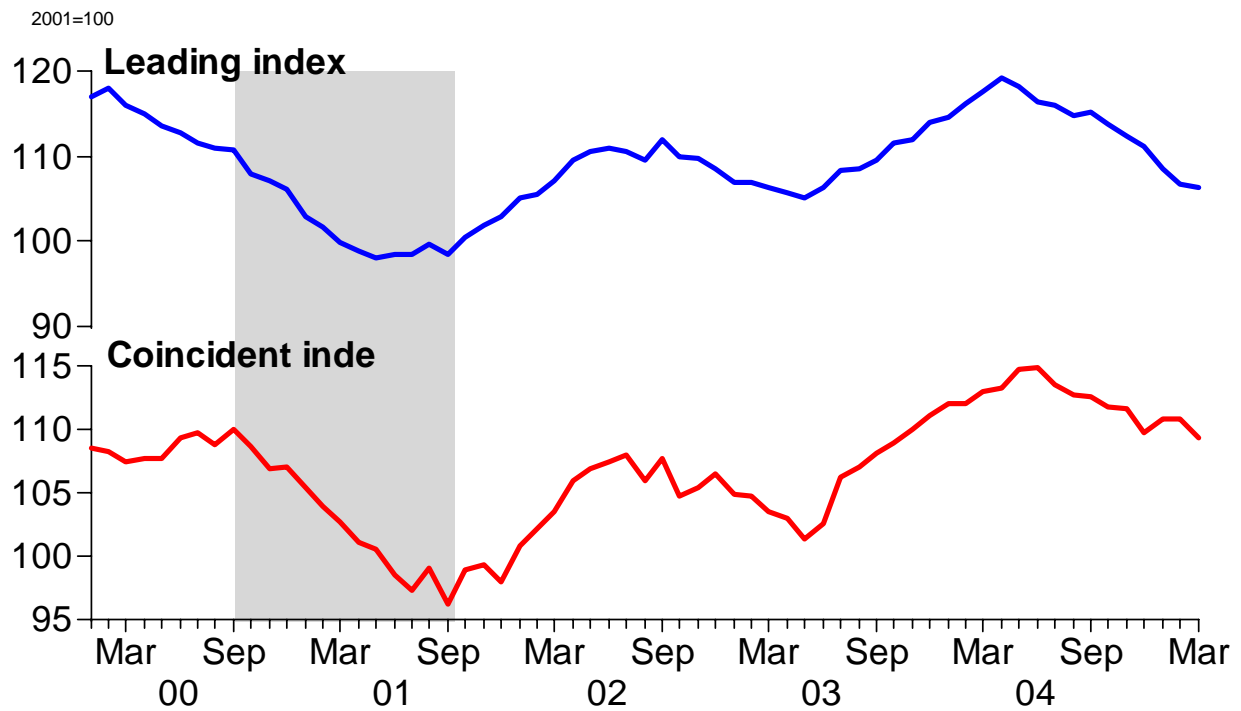
p: Preliminary. r: Revised.

Coincident Indicators

	Seasonally adjusted						
	2004				2005		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index(2001=100)	112.5	111.7	111.6	109.7	110.8	110.7	109.2 _p
Change from prior month (%)	-0.1	-0.7	-0.1	-1.7	1.0	-0.1	-1.4 _p
Indicators :							
Industrial production (yoy %)	7.1	5.2	4.5	-1.6	1.6	3.9 _r	-0.2 _p
Manufacturing production (yoy %)	8.2	5.4	3.7	-2.4	0.7	2.9 _r	-0.1 _p
Manufacturing sales (NT\$ billion)	801.0	805.4	802.3	785.5	804.7	791.5	772.7 _p
Manufacturing average monthly wage (yoy %)	2.5	2.5	1.4	4.1	2.1	0.7	1.7 _p
Bank clearings (yoy %)	-15.0	-17.0	-6.1	-15.3	-13.5	-18.1	-20.1
Domestic freight (million t-km)	1,814	1,816	1,810	1,817	-	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2004										2005		
		3	4	5	6	7	8	9	10	11	12	1	2	3
Total Scores		36	37	39	36	35	33	32	29	28	26	23	23	21
Financial Sector	Monetary Aggregates M1B, yoy%													8.3
	Direct and Indirect Finance, yoy%													7.5 _p
	Bank Clearings and Remittance, yoy%													-11.9
	Stock Price Index, 1966=100, yoy%													-8.3
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													4.1 _p
	Exports, 2001\$, yoy%													6.9 _p
	Industrial Production Index, 2001=100, yoy%													-0.2 _p
	Manufacturing Inventory-to-Sales ratio, %													59.8 _p
Nonagricultural Employment, yoy%														2.5

Overheating
 Transition in need of watching
 Steadily moving forward
 Transition in need of watching
 Recession

Note: All data, except stock price index, have been seasonally adjusted.

Business Expectations

	Business conditions 3 months later (% of manufacturing firms surveyed)				Capacity utilization (%)	Profit rate (%)	
	Better (1)	Same (2)	Worse (3)	Net change (1)-(3)			
2004	Jan	34	59	7	27	77.1	4.7
	Feb	32	58	10	22	79.3	5.2
	Mar	19	70	11	8	81.0	5.4
	Apr	13	74	13	0	80.5	5.2
	May	14	69	17	-3	80.3	5.2
	Jun	12	73	15	-3	80.3	5.0
	Jul	12	71	17	-5	80.7	5.1
	Aug	16	71	13	3	80.5	5.0
	Sep	14	68	18	-4	80.4	5.0
	Oct	13	72	15	-2	80.4	5.0
	Nov	12	68	20	-8	80.1	4.9
	Dec	12	71	17	-5	80.3	4.8
2005	Jan	22	64	14	8	80.3	4.9
	Feb _r	23	67	10	13	77.0	4.6
	Mar _p	19	74	7	12	80.5	5.1

p: Preliminary. r: Revised.