

Taiwan Business Indicators in May 2005

Press Release

Council for Economic Planning and Development

June 27, 2005

In May 2005, Taiwan's business indicators displayed mixed signals of the economy's performance. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index rose 0.8% and the coincident index remained at the same level of the previous month. The monitoring indicators flashed "yellow-blue" for the third successive month since July 2003, signaling the economy's continued shift to a slower pace.

1. **Leading Indicators.** The leading index stood at 105.5 (2001=100), increasing 0.8% from April, based on revised data. Among the seven indicators that make up the leading index, four that made positive contribution were stock prices*, average work hours in the manufacturing sector, floor area of building construction permits and wholesale price change from six months earlier. The components that made negative contribution were customs-cleared exports*, manufacturers' new orders* and money supply M1B*.

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

2. **Coincident Indicators.** The coincident index stood at 109.2 (2001=100), remaining at the same level as April, based on revised data. Among the six indicators that make up the coincident index, two that made positive contribution were bank clearings* and average monthly wage of manufacturing workers*. Three components that made negative contribution were industrial production*, manufacturing production*, and manufacturing sales. Domestic freight was not included due to data availability.

3. **The Monitoring Indicators.** The total score of the monitoring indicators in May fell by two points to 18. Among the nine indicators, six showed changes in their individual light signals, two with gains and four with losses. The improvement was recorded in stock prices and manufacturing new orders, while M1B money supply, customs-cleared exports, industrial production, and non-agricultural employment fell one point, respectively. The light signals for direct and indirect finance, bank clearings and remittances, and manufacturing inventory and remained unchanged.
4. **Business Expectations.** A survey of manufacturers for May indicated that 17% of manufacturing businesses expected the economy to be better over the next three months, up from the revised 14% a month earlier, while another 17% held a negative view, down from the revised 19% a month earlier; 66% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from the revised 67% of the April survey.

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

Leading Indicators

Seasonally adjusted

	2004		2005				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite index(2001=100)	112.2	111.0	108.5	106.7	106.9 _r	104.7 _r	105.5 _p
Change from prior month (%)	-1.2	-1.1	-2.3	-1.7	0.2 _r	-2.1 _r	0.8 _p
Indicators :							
Manufacturing new orders (yoy %)	20.2	15.2	12.4	9.6	7.3	3.9	2.9 _p
Manufacturing work hours (monthly average)	192.3	190.7	190.1	187.5	191.3	184.5 _r	188.7 _p
Customs-cleared exports (yoy %)	9.7	5.9	4.8	4.0 _r	6.2	6.1	-2.1 _p
Money supply M1B (yoy %)	13.7	14.3	11.6	8.1	8.3	6.2	5.9
Wholesale price (% change from 6 month earlier)	2.5	0.7	-1.4	-2.7	-3.0 _r	-3.1 _r	-3.0 _p
Stock price (yoy %)	-1.1	1.9	-5.1	-6.4	-8.3	-11.9	0.3
Floor area of building construction permits (1000 m ²)	3,579	3,812	3,529	3,825	3,739	3,367 _r	3,588 _p

p: Preliminary. r: Revised.

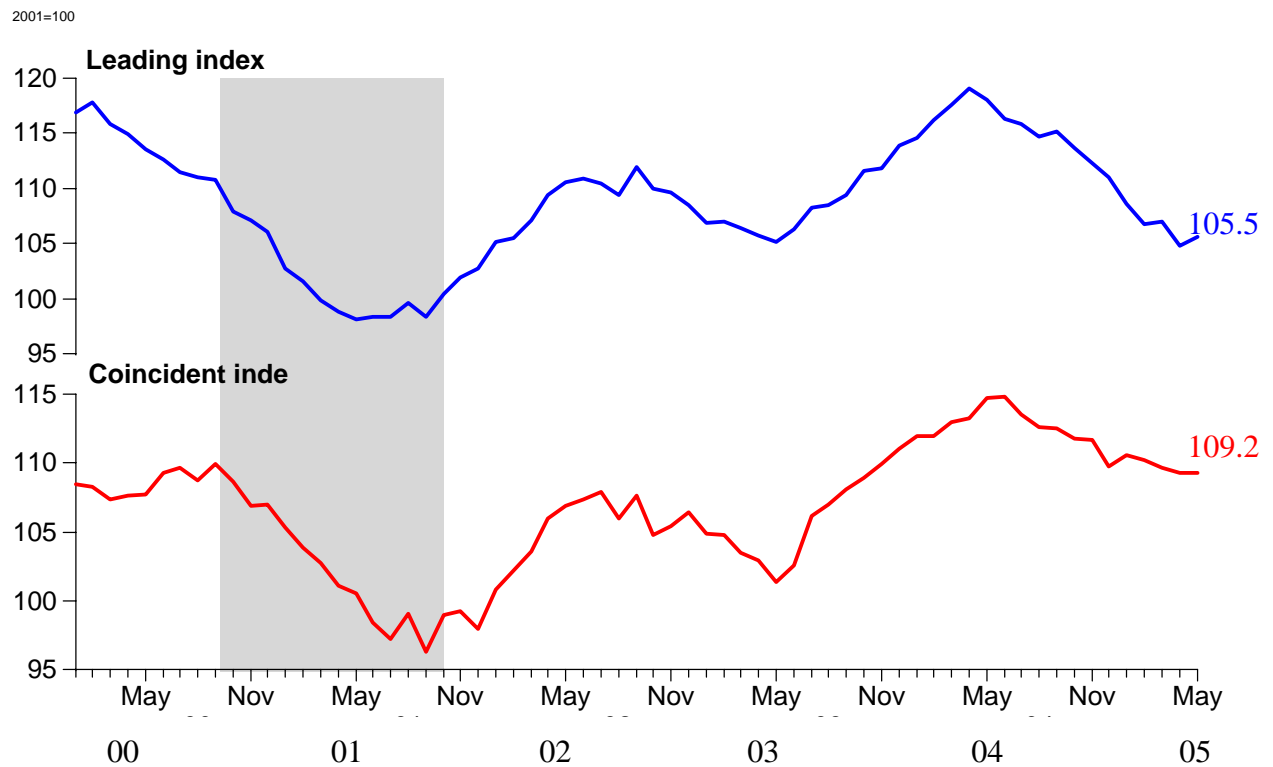
Coincident Indicators

Seasonally adjusted

	2004		2005				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite index(2001=100)	111.6	109.7	110.5	110.2	109.6	109.2 _r	109.2 _p
Change from prior month (%)	-0.1	-1.7	0.7	-0.3	-0.5	-0.4 _r	0.0 _p
Indicators :							
Industrial production (yoy %)	4.5	-1.6	1.2	0.1	0.4	1.6 _r	-1.4 _p
Manufacturing production (yoy %)	3.7	-2.4	0.5	2.9	0.5	0.7 _r	-1.4 _r
Manufacturing sales (NT\$ billion)	802.3	785.5	804.7	791.5	789.5	774.8 _r	763.1 _p
Manufacturing average monthly wage (yoy %)	1.4	4.1	2.1	0.7	1.0	-0.1 _r	2.1 _p
Bank clearings (yoy %)	-6.1	-15.3	-13.5	-18.1	-20.1	-21.4	-12.4
Domestic freight (million t-km)	1,810	1,817	1,807	1,822	-	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2004										2005				
		5	6	7	8	9	10	11	12	1	2	3	4	5		
Total Scores		39	36	35	33	32	29	28	26	23	23	22	20	18		
Financial Sector	Monetary Aggregates M1B, yoy %													5.9		
	Direct and Indirect Finance, yoy %													6.6 _p		
	Bank Clearings and Remittance, yoy %													-4.9		
	Stock Price Index, 1966=100, yoy%													0.3		
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													2.5 _p		
	Exports, 2001\$, yoy %													1.4 _p		
	Industrial Production Index, 2001=100, yoy %													-1.4 _p		
	Manufacturing Inventory-to-Sales ratio, %													65.3 _p		
Nonagricultural Employment, yoy %														2.2		

● 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	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	23	67	10	13	77.0	4.6
	Mar	17	72	11	6	80.5	5.1
	Apr _r	14	67	19	-5	79.8	5.0
	May _p	17	66	17	0	79.8	4.9

p: Preliminary. r: Revised.