

Taiwan Business Indicators in July 2005

Press Release

Council for Economic Planning and Development

August 26, 2005

In July 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 and the coincident index declined 0.7% and 0.9%, respectively, from the previous month. The monitoring indicators continued to flash "yellow-blue" for the fifth successive month, with the total score falling two points from June. The recent movements of the indicators make it hard to assess the state of resurgence or otherwise in the economy."

1. **Leading Indicators.** The leading index stood at 106.9 (2001=100), decreasing 0.7% from June, based on revised data. Among the seven indicators that make up the composite index, four made positive contribution. Those showed improvement were stock prices*, wholesale price change from six months earlier, money supply M1B* and customs-cleared exports*. Three that made negative contribution were average work hours in the manufacturing sector, manufacturers' new orders*, floor area of building construction permits.

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

2. **Coincident Indicators.** The coincident index stood at 109.9 (2001=100), decreasing 0.9% from June, based on revised data. Among the six indicators that make up the composite index, five made negative contribution. Those showed decline were bank clearings*, average monthly wage of manufacturing workers*, 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 July lost two points to 18. Among the nine indicators, two showed decreases in their individual light signals. The fall was recorded in manufacturing new orders and industrial production. The light signals for M1B money supply, direct and indirect finance, bank clearings and remittances, stock prices, customs-cleared exports, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. A survey of manufacturers for July indicated that 18% of manufacturing businesses expected the economy to be better over the next three months, down from the revised 19% a month earlier, while another 21% held a negative view, up from 20% a month earlier; 61% of the manufacturers surveyed expected the economy's performance to remain unchanged, same as last month.

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

Leading Indicators

Seasonally adjusted

	2005						
	Jan	Feb	Mar	Apr	May	Jun	July
Composite index(2001=100)	108.5	106.7	106.9	104.8	105.8	107.7 _r	106.9 _p
Change from prior month (%)	-2.3	-1.7	0.2	-2.0	1.0	1.8 _r	-0.7 _p
Indicators :							
Manufacturing new orders (yoy %)	12.4	9.6	7.3	3.9	2.9	3.8	-0.4 _p
Manufacturing work hours (monthly average)	190.1	187.5	191.3	184.5	191.5	192.7 _r	186.8 _p
Customs-cleared exports (yoy %)	4.8	4.0	6.2	6.1	-2.3 _r	-1.1	-1.0 _p
Money supply M1B (yoy %)	11.6	8.1	8.3	6.2	5.9	7.2	7.6
Wholesale price (% change from 6 month earlier)	-1.4	-2.7	-3.0	-3.0 _r	-3.0 _r	-1.2 _r	-0.4 _p
Stock price (yoy %)	-5.1	-6.4	-8.3	-11.9	0.3	8.0	14.1
Floor area of building construction permits (1000 m ²)	3,529	3,825	3,739	3,367	3,634	3,814 _r	3,357 _p

p: Preliminary. r: Revised.

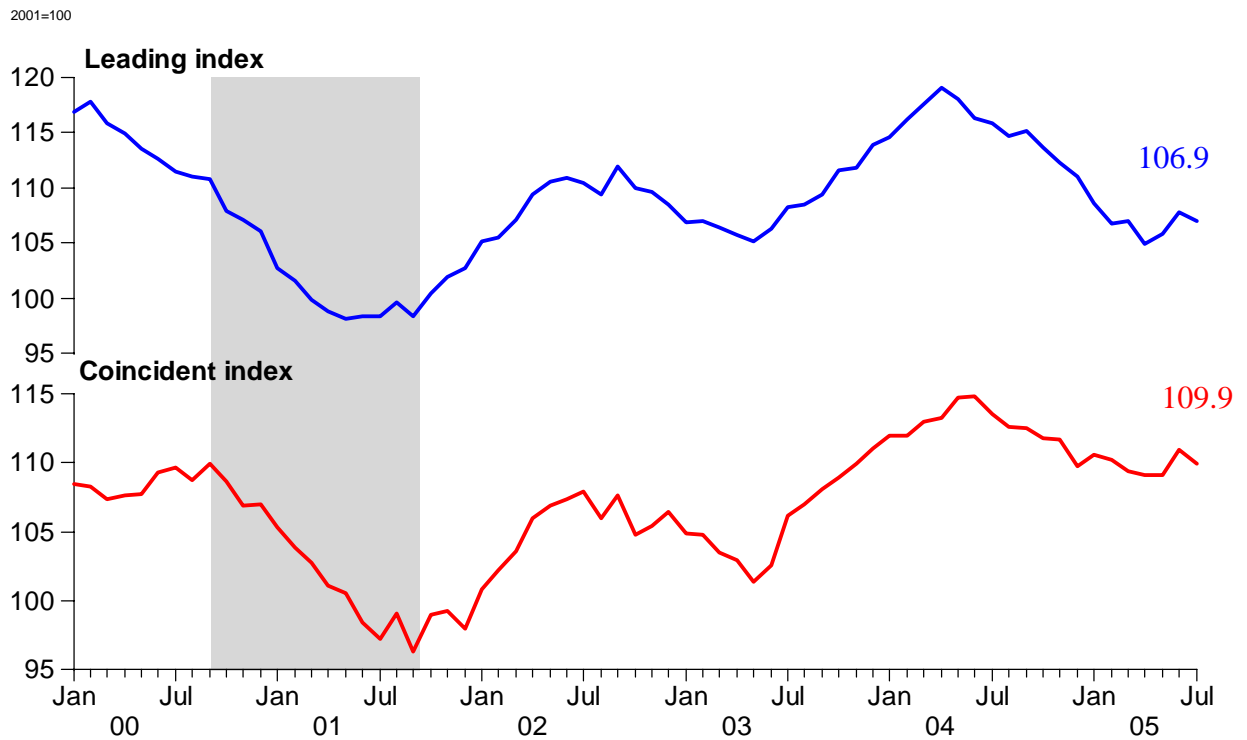
Coincident Indicators

Seasonally adjusted

	2005						
	Jan	Feb	Mar	Apr	May	Jun	July
Composite index(2001=100)	110.5	110.2	109.3	109.1	109.1	110.9 _r	109.9 _p
Change from prior month (%)	0.7	-0.3	-0.8	-0.2	0.0	1.6 _r	-0.9 _p
Indicators :							
Industrial production (yoy %)	1.2	1.0	0.4	1.6	-1.2	1.0 _r	-0.1 _p
Manufacturing production (yoy %)	0.5	2.9	0.5	0.7	-1.1	0.7 _r	-0.2 _p
Manufacturing sales (NT\$ billion)	804.7	791.5	789.5	774.8	769.0	779.2	778.1 _p
Manufacturing average monthly wage (yoy %)	2.1	0.7	1.0	-0.1	1.2	2.2 _r	1.4 _p
Bank clearings (yoy %)	-13.5	-18.1	-20.1	-21.4	-12.4	-3.1	-8.8
Domestic freight (million t-km)	1,807	1,822	1,796	1,806	-	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2004						2005						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Total Scores		35	33	32	29	28	26	23	23	22	20	18	20	18
Financial Sector	Monetary Aggregates M1B, yoy %													7.6
	Direct and Indirect Finance, yoy %													6.7
	Bank Clearings and Remittance, yoy %													-8.5
	Stock Price Index, 1966=100, yoy%													14.1
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													1.2p
	Exports, 2001\$, yoy %													3.9
	Industrial Production Index, 2001=100, yoy %													-0.1
	Manufacturing Inventory-to-Sales ratio, %													65.4p
	Nonagricultural Employment, yoy %													1.7

● 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	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	14	67	19	-5	79.8	5.0
	May	18	65	17	1	79.8	5.0
	Jun _r	19	61	20	-1	79.6	4.9
	Jul _p	18	61	21	-3	79.6	4.8