

Taiwan Business Indicators in January 2006

Press Release

Council for Economic Planning and Development

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In January 2006, Taiwan's business indicators continued to display upturns on both the real and financial 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 increased 0.1% and 0.9%, respectively, from the previous month. The monitoring indicators flashed "green" for the sixth consecutive month in January, reflecting the steadily gathering momentum of the economy.

1. **Leading Indicators.** The leading index stood at 109.9 (2001=100), increasing 0.1% from December, based on revised data. Among the seven indicators that make up the composite index, five that made positive contribution were floor area of building construction permits, stock prices*, money supply M1B*, manufacturing new orders* and average work hours in the manufacturing sector. Two that made negative contribution were wholesale price change from six months earlier and customs-cleared exports*.

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

2. **Coincident Indicators.** The coincident index stood at 115.8 (2001=100), increasing 0.9% from December, based on revised data. Among the six indicators that make up the composite index, three made positive contribution. Those showed improvement were industrial production*, bank clearings*, and manufacturing production*. Two that made negative contribution were average monthly wage of manufacturing workers* and manufacturing sales. Domestic freight was not included due to data availability.

3. The Monitoring Indicators. The total score in December 2005 was revised upward by one point to 27 points, following the revision of manufacturing inventory-to-sales ratio. In January 2006, the score rose 2 points further to 29. The increase is solely attributable to much faster expansion in bank clearings and remittances. Money supply M1B, direct and indirect finance, stock prices, manufacturing new orders, customs-cleared exports, industrial production, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. The January survey of manufacturers indicated that 17% of manufacturing businesses expected the economy to be better over the next three months, up from the revised 13% a month earlier, while another 19% held a negative view, up from 18% a month earlier; and 64% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from the revised 69% in the December survey.

~~ The next release is scheduled for March 27, 2006 ~~

Leading Indicators

Seasonally adjusted

	2005						2006
	July	Aug	Sep	Oct	Nov	Dec	Jan
Composite index(2001=100)	107.4 _r	108.4	108.8	107.7	109.3 _r	109.8 _r	109.9 _p
Change from prior month (%)	-0.2	0.9 _r	0.4	-1.0	1.5 _r	0.5 _r	0.1 _p
Indicators :							
Manufacturing new orders (yoy %)	-0.2 _r	4.5 _r	3.2 _r	3.3 _r	4.2	3.9	5.1 _p
Manufacturing work hours (monthly average)	188.8 _r	190.3 _r	190.9 _r	186.5 _r	189.9 _r	187.4 _r	188.0 _p
Customs-cleared exports (yoy %)	-0.8 _r	0.8 _r	5.4	11.4	13.2 _r	20.5 _r	17.0 _p
Money supply M1B (yoy %)	7.6	7.4 _r	6.1	5.1	5.4	6.6	7.2
Wholesale price (% change from 6 month earlier)	-0.2	0.5	2.5	1.9	3.4 _r	3.2 _r	1.4 _p
Stock price (yoy %)	14.1	13.6	3.4	-0.1	2.4	6.9	11.7
Floor area of building construction permits (1000 m ²)	3,438 _r	3,532 _r	3,896 _r	3,441 _r	3,766 _r	3,463 _r	3,821 _p

p: Preliminary. r: Revised.

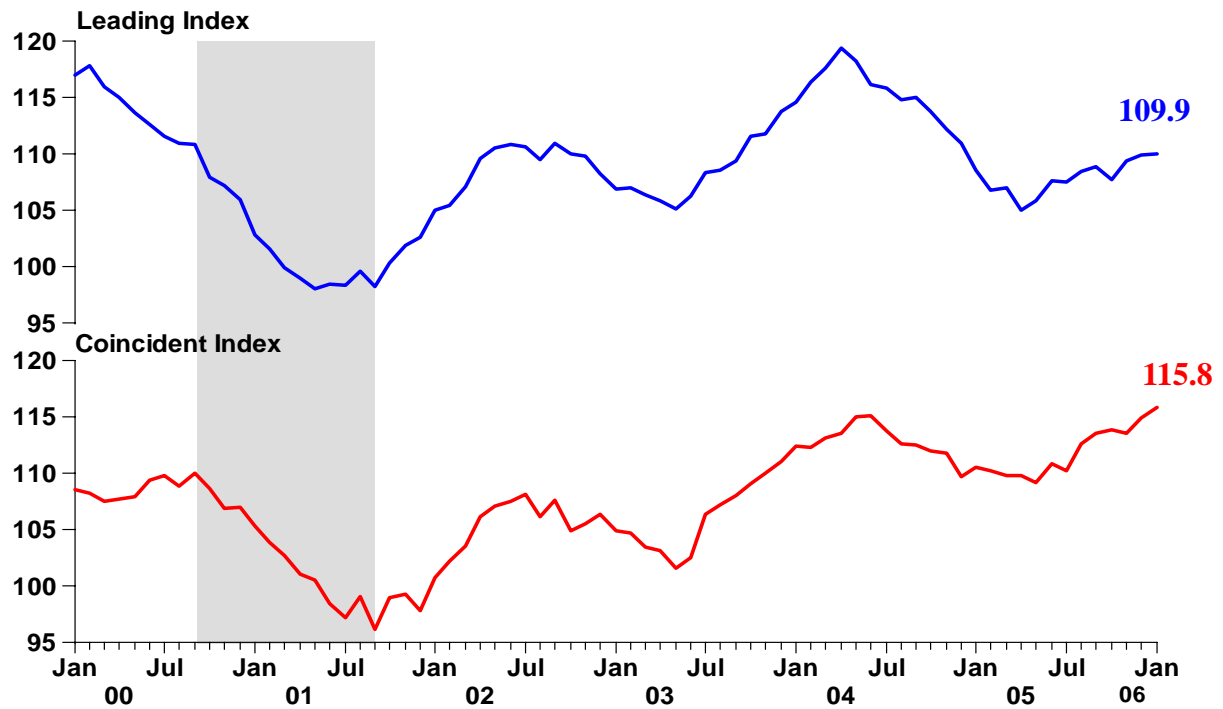
Coincident Indicators

Seasonally adjusted

	2005						2006
	July	Aug	Sep	Oct	Nov	Dec	Jan
Composite index(2001=100)	110.2 _r	112.6 _r	113.5 _r	113.8 _r	113.5	114.8 _r	115.8 _p
Change from prior month (%)	-0.5 _r	2.2 _r	0.8 _r	0.3 _r	-0.3 _r	1.2 _r	0.9 _p
Indicators :							
Industrial production (yoy %)	0.4 _r	6.0 _r	7.8 _r	8.6 _r	9.2 _r	10.6 _r	13.5 _p
Manufacturing production (yoy %)	0.3 _r	5.4 _r	8.1 _r	8.2 _r	10.4 _r	11.1 _r	13.6 _p
Manufacturing sales (NT\$ billion)	781.0 _r	781.4 _r	795.3 _r	786.3 _r	795.2 _r	798.3 _r	787.6 _p
Manufacturing average monthly wage (yoy %)	1.8	2.7	3.3	2.5	0.7	2.4 _r	1.6 _p
Bank clearings (yoy %)	-9.0 _r	-0.1 _r	-4.6	2.6 _r	-5.9 _r	-0.7 _r	6.7 _p
Domestic freight (million t-km)	1,815	1,822	1,825	1,816	-	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2005												2006	
		1	2	3	4	5	6	7	8	9	10	11	12	1	
Total Scores															
		23 23 22 20 18 20 19 23 23 24 24 27 _r												29	
Financial Sector	Monetary Aggregates M1B, yoy%														7.2
	Direct and Indirect Finance, yoy%														7.4
	Bank Clearings and Remittance, yoy%														7.2
	Stock Price Index, 1966=100, yoy%														11.7
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													6.3 _p	
	Exports, 2001\$, yoy%														19.0 _p
	Industrial Production Index, 2001=100, yoy%														13.5 _p
	Manufacturing Inventory-to-Sales ratio, %														63.2 _p
	Nonagricultural Employment, yoy%														2.1

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)			Net change Seasonally adjusted
2004	Dec	12	71	17	-5	-4	80.3	4.8
2005	Jan	22	64	14	8	-3	80.3	4.9
	Feb	23	67	10	13	-1	77.0	4.6
	Mar	17	72	11	6	1	80.5	5.1
	Apr	14	67	19	-5	-2	79.8	5.0
	May	18	65	17	1	3	79.8	5.0
	Jun	19	61	20	-1	4	79.6	4.9
	Jul	17	60	23	-6	0	79.6	4.8
	Aug	19	65	16	3	2	81.0	5.0
	Sep	12	66	22	-10	-5	80.8	5.2
	Oct	11	64	25	-14	-7	81.0	5.2
	Nov	11	68	21	-10	-3	81.0	5.1
	Dec _r	13	69	18	-5	-5	81.2	4.9
2006	Jan _p	17	64	19	-2	-6	78.9	4.9