

Taiwan Business Indicators in April 2006

Press Release

Council for Economic Planning and Development

May 26, 2006

In April 2006, Taiwan's business indicators displayed mostly rises 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 1.0% and 0.8%, respectively, from the previous month. The monitoring indicators flashed "yellow-blue" in April, the first time after eight successive months of "green." The positive movements of most indicators suggest continued steady expansion of the economy.

1. **Leading Indicators.** The leading index stood at 108.7 (2001=100), increasing 1.0% from March, based on revised data. Among the seven indicators that made up the composite index, four that made positive contribution were stock prices*, wholesale price change from six months earlier, money supply M1B*, and floor area of building construction permits. Three that made negative contribution were average work hours in the manufacturing sector, customs-cleared exports*, and manufacturing new orders*.

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

2. **Coincident Indicators.** The coincident index stood at 113.5 (2001=100), increasing 0.8% from March, based on revised data. Among the six indicators that make up the composite index, five that made positive contribution were manufacturing sales, average monthly wage of manufacturing workers*, manufacturing production*, bank clearings* and industrial production*, Domestic freight was not included due to data unavailability.

3. The Monitoring Indicators. The total score recorded 22 points in April, down 1 point from March. The loss was attributable to decelerations in customs-cleared exports. The light signals for money supply M1B, bank clearings and remittance, direct and indirect finance, stock prices, industrial production, manufacturing new orders, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. The April survey of manufacturers indicated that 18% of manufacturing businesses expected the economy to become better over the next three months, the same as a month earlier, while another 14% held a negative view, up from the revised 9% a month earlier; and 68% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from the revised 73% in the March survey.

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

Leading Indicators

Seasonally adjusted

	2005			2006			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index(2001=100)	107.8	109.2	109.6	109.3	109.7	107.6 _r	108.7 _p
Change from prior month (%)	-0.9	1.3	0.4	-0.3	0.4	-1.9 _r	1.0 _p
Indicators :							
Manufacturing new orders (yoy %)	3.3	4.2	3.9	5.1	8.6	4.7	4.5 _p
Manufacturing work hours (monthly average)	186.5	189.9	187.4	187.1	190.0	189.0 _r	187.6 _p
Customs-cleared exports (yoy %)	11.4	13.2	20.5	16.1	17.4	13.5	12.0 _p
Money supply M1B (yoy %)	5.1	5.4	6.6	7.2	6.9	4.6	5.6
Wholesale price (% change from 6 month earlier)	2.3	3.0	2.8	1.3	1.7 _r	-0.2 _r	0.6 _p
Stock price (yoy %)	-0.1	2.4	6.9	11.7	8.4	6.5	18.1
Floor area of building construction permits (1000 m ²)	3,441	3,766	3,463	3,439	3,166	3,223 _r	3,461 _p

p: Preliminary. r: Revised.

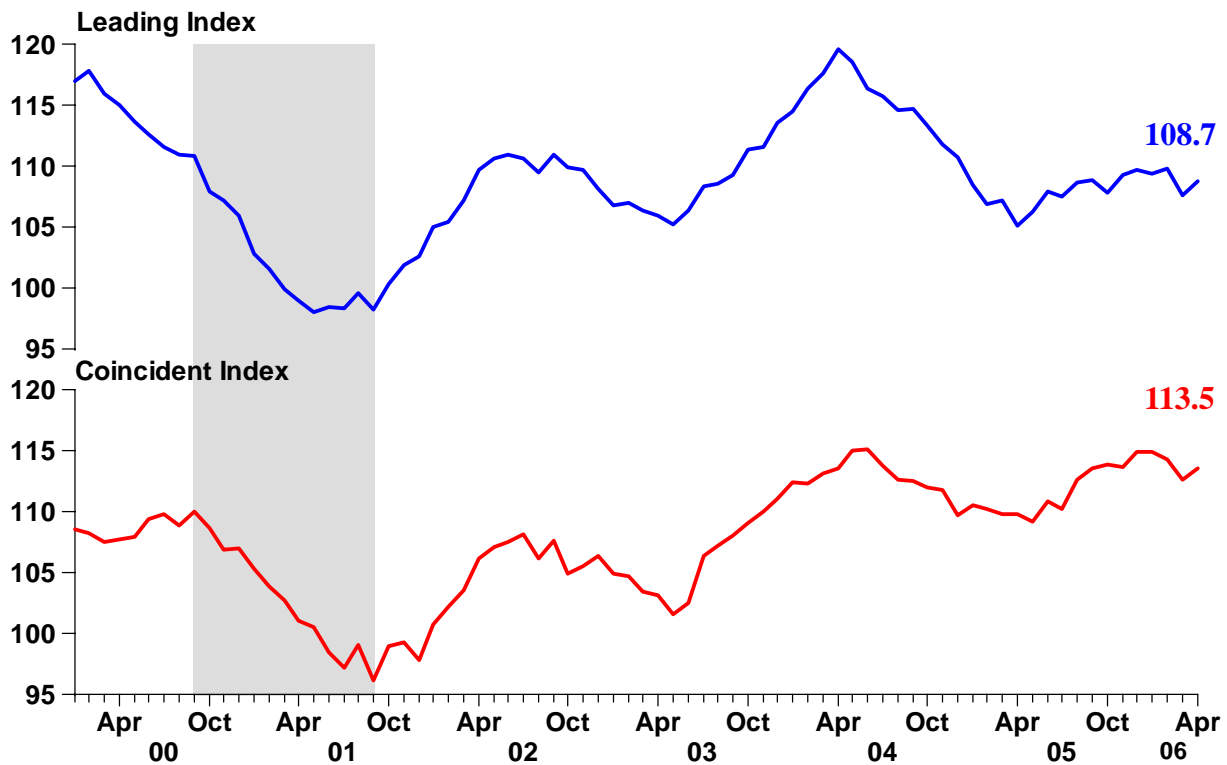
Coincident Indicators

Seasonally adjusted

	2005			2006			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index(2001=100)	113.8	113.6	114.8	114.8	114.2	112.6 _r	113.5 _p
Change from prior month (%)	0.3	-0.2	1.1	0.0	-0.5	-1.4 _r	0.8 _p
Indicators :							
Industrial production (yoy %)	8.6	9.2	10.6	9.6	8.3	6.8 _r	7.1 _p
Manufacturing production (yoy %)	8.2	10.4	11.1	10.4	9.8	6.2 _r	7.2 _p
Manufacturing sales (NT\$ billion)	786.3	795.2	798.3	799.4	793.5	784.9	799.1 _p
Manufacturing average monthly wage (yoy %)	2.5	0.7	2.4	1.6	1.8	2.3 _r	3.1 _p
Bank clearings (yoy %)	2.6	-5.9	-0.7	6.7	4.2	0.4	2.0
Domestic freight (million t-km)	1,816	1,790	1,827	-	-	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2005										2006			
		4	5	6	7	8	9	10	11	12	1	2	3	4	
Total Scores															
		20	18	20	19	23	23	24	24	27	28	28	23	22	
Financial Sector	Monetary Aggregates M1B, yoy%														5.6
	Direct and Indirect Finance, yoy%														6.6
	Bank Clearings and Remittance, yoy%														2.5
	Stock Price Index, 1966=100, yoy%														18.1
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%														3.2 _p
	Exports, 2001\$, yoy%														11.2
	Industrial Production Index, 2001=100, yoy%														7.1
	Manufacturing Inventory-to-Sales ratio, %														58.9
	Nonagricultural Employment, yoy%													2.0	

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	
2005	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	13	69	18	-5	-5	81.2	4.9	
	2006	Jan	19	63	18	1	-4	78.9	4.9
		Feb	31	59	10	21	4	78.1	4.6
Mar _r		18	73	9	9	4	81.0	4.9	
Apr _p		18	68	14	4	6	80.4	4.9	