

Taiwan Business Indicators in May 2006

Press Release

Council for Economic Planning and Development

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In May 2006, Taiwan's business indicators displayed mixed signals of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index increased 1.2% and the coincident index decreased 0.4%, from the previous month. The monitoring indicators flashed "green" in May for the tenth successive month, with the total score up one point from April. The positive movements of most indicators suggest a continued steady expansion of the economy.

1. **Leading Indicators.** The leading index stood at 109.7 (2001=100), increasing 1.2% from April, based on revised data. Among the seven indicators that made up the composite index, six that made positive contribution were wholesale price change from six months earlier, money supply M1B*, manufacturing new orders*, stock prices*, customs-cleared exports*, and average work hours in the manufacturing sector. One that made negative contribution was 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 113.6 (2001=100), declining 0.4% from April, based on revised data. Among the six indicators that made up the composite index, five that made negative contribution were manufacturing production*, average monthly wage of manufacturing workers*, industrial production*, manufacturing sales, and bank clearings*. Domestic freight was not included due to data unavailability.

3. The Monitoring Indicators. The total score in April was readjusted upward by one point, after the revision of industrial production. It went up higher by one point to 24 in May. Among the nine indicators, three showed changes in their individual light signals, two with gains and one with loss. The improvement was recorded in money supply M1B and stock prices. While the fall was recorded in industrial production. The light signals for bank clearings and remittance, direct and indirect finance, customs-cleared exports, manufacturing new orders, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. The May survey of manufacturers indicated that 17% of manufacturing businesses expected the economy to become better over the next three months, up from the revised 15% a month earlier, while another 13% held a negative view, down from the revised 15% a month earlier; and 70% of the manufacturers surveyed expected the economy's performance to remain unchanged, same as the April survey.

~~ The next release is scheduled for July 26, 2006 ~~

Leading Indicators

	Seasonally adjusted						
	2005		2006				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite index(2001=100)	109.2	109.6	109.3	109.8 _r	107.6	108.4 _r	109.7 _p
Change from prior month (%)	1.3	0.4	-0.3	0.5 _r	-2.0 _r	0.7 _r	1.2 _p
Indicators :							
Manufacturing new orders (yoy %)	4.2	3.9	5.1	8.6	4.7	4.5	7.8 _p
Manufacturing work hours (monthly average)	189.9	187.4	187.1	190.0	189.0	185.7 _r	185.8 _p
Customs-cleared exports (yoy %)	13.2	20.5	16.1	17.4	13.6 _r	12.0	13.1 _p
Money supply M1B (yoy %)	5.4	6.6	7.2	6.9	4.6	5.6	7.1
Wholesale price (% change from 6 month earlier)	3.0	2.8	1.3	1.7	-0.2	1.1 _r	3.0 _p
Stock price (yoy %)	2.4	6.9	11.7	8.4	6.5	18.1	20.1
Floor area of building construction permits (1000 m ²)	3,766	3,463	3,439	3,166	3,223	3,150 _r	2,879 _p

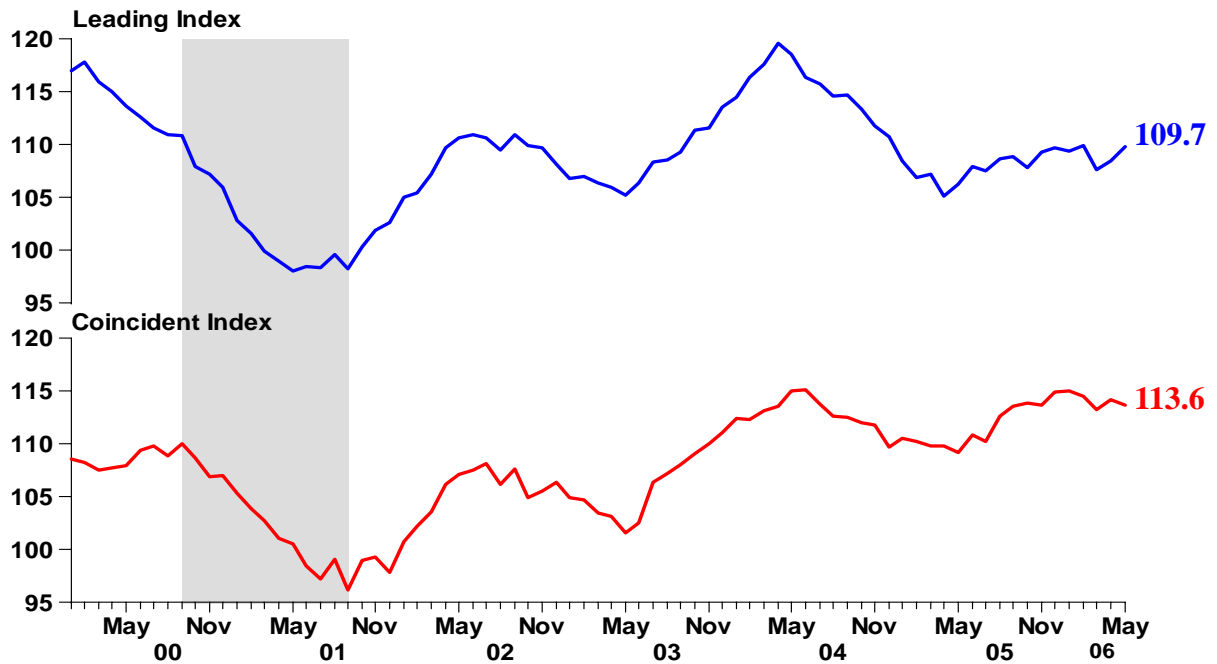
p: Preliminary. r: Revised.

Coincident Indicators

	Seasonally adjusted						
	2005		2006				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite index(2001=100)	113.6	114.8	115.0 _r	114.4 _r	113.2 _r	114.1 _r	113.6 _p
Change from prior month (%)	-0.2	1.1	0.2 _r	-0.5	-1.0 _r	0.8	-0.4 _p
Indicators :							
Industrial production (yoy %)	9.2	10.6	9.6	8.3	6.8	7.6 _r	7.1 _p
Manufacturing production (yoy %)	10.4	11.1	10.4	9.8	6.2	7.9 _r	6.9 _p
Manufacturing sales (NT\$ billion)	795.2	798.3	799.4	793.5	784.9	799.1	795.9 _p
Manufacturing average monthly wage (yoy %)	0.7	2.4	1.6	1.8	2.3	2.5 _r	2.0 _p
Bank clearings (yoy %)	-5.9	-0.7	6.7	4.2	0.4	2.0	0.9
Domestic freight (million t-km)	1,790	1,827	1,861	1,860	-	-	-

p: Preliminary. r: Revised.

Composite Indices of Cyclical Indicators



Monitoring Indications

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

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	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
Feb		31	59	10	21	4	78.1	4.6
Mar		18	73	9	9	4	81.0	4.9
Apr _r		15	70	15	0	3	80.4	4.9
May _p		17	70	13	4	5	80.8	5.0