

Taiwan Business Indicators in June 2006

Press Release

Council for Economic Planning and Development

July 26, 2006

In June 2006, Taiwan's business indicators displayed signals of slowdown 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 0.2% and 1.2%, respectively, from the previous month. The monitoring indicators flashed "yellow-blue," the first time after ten successive months of "green," signaling decelerations in major economic activities in June.

1. **Leading Indicators.** The leading index stood at 110.2 (2001=100), decreasing 0.2% from May, based on revised data. Among the seven indicators that made up the composite index, four that made positive contribution were wholesale price change from six months earlier, customs-cleared exports*, average work hours in the manufacturing sector, and floor area of building construction permits. Three that made negative contribution were stock prices*, money supply M1B*, and manufacturing new orders*.

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

2. **Coincident Indicators.** The coincident index stood at 111.7 (2001=100), declining 1.2% from May, based on revised data. Among the six indicators that made up the composite index, five that made negative contribution were bank clearings*, average monthly wage of manufacturing workers*, industrial production*, manufacturing production*, and manufacturing sales. Domestic freight was not included due to data unavailability.
3. **The Monitoring Indicators.** The total score lowered by 3 points to 21 in June from May, changing the overall light signal from "green" to

"yellow-blue." Among the nine indicators, five showed changes in their individual light signals, one with gain and four with losses. The improvement was recorded in customs-cleared exports, while the fall was recorded in money supply M1B, stock prices, bank clearings and remittance, and manufacturing new orders. The light signals for direct and indirect finance, industrial production, manufacturing inventory and non-agricultural employment remained unchanged.

4. Business Expectations. The June survey of manufacturers indicated that 16% of the respondents expected the economy to become better over the next three months, down from the revised 18% a month earlier, while another 14% held a negative view, up from the revised 13% a month earlier; and 70% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 69% in the May survey.

~~ The next release is scheduled for August 28, 2006 ~~

Leading Indicators

Seasonally adjusted

	2005	2006					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite index(2001=100)	109.6	109.3	109.8	107.6	108.3 _r	110.4 _r	110.2 _p
Change from prior month (%)	0.4	-0.3	0.5	-2.0	0.7	1.9 _r	-0.2 _p
Indicators :							
Manufacturing new orders (yoy %)	3.9	5.1	8.6	4.7	4.5	7.8	5.0 _p
Manufacturing work hours (monthly average)	187.4	187.1	190.0	189.0	185.7	188.7 _r	190.3 _p
Customs-cleared exports (yoy %)	20.5	16.1	17.4	13.6	12.0	13.1	21.3 _p
Money supply M1B (yoy %)	6.6	7.2	6.9	4.6	5.6	7.1	5.2
Wholesale price (% change from 6 month earlier)	2.8	1.3	1.7	-0.2	0.8 _r	3.5 _r	5.3 _p
Stock price (yoy %)	6.9	11.7	8.4	6.5	18.1	20.1	5.2
Floor area of building construction permits (1000 m ²)	3,463	3,439	3,166	3,223	3,150	3,069 _r	3,070 _p

p: Preliminary. r: Revised.

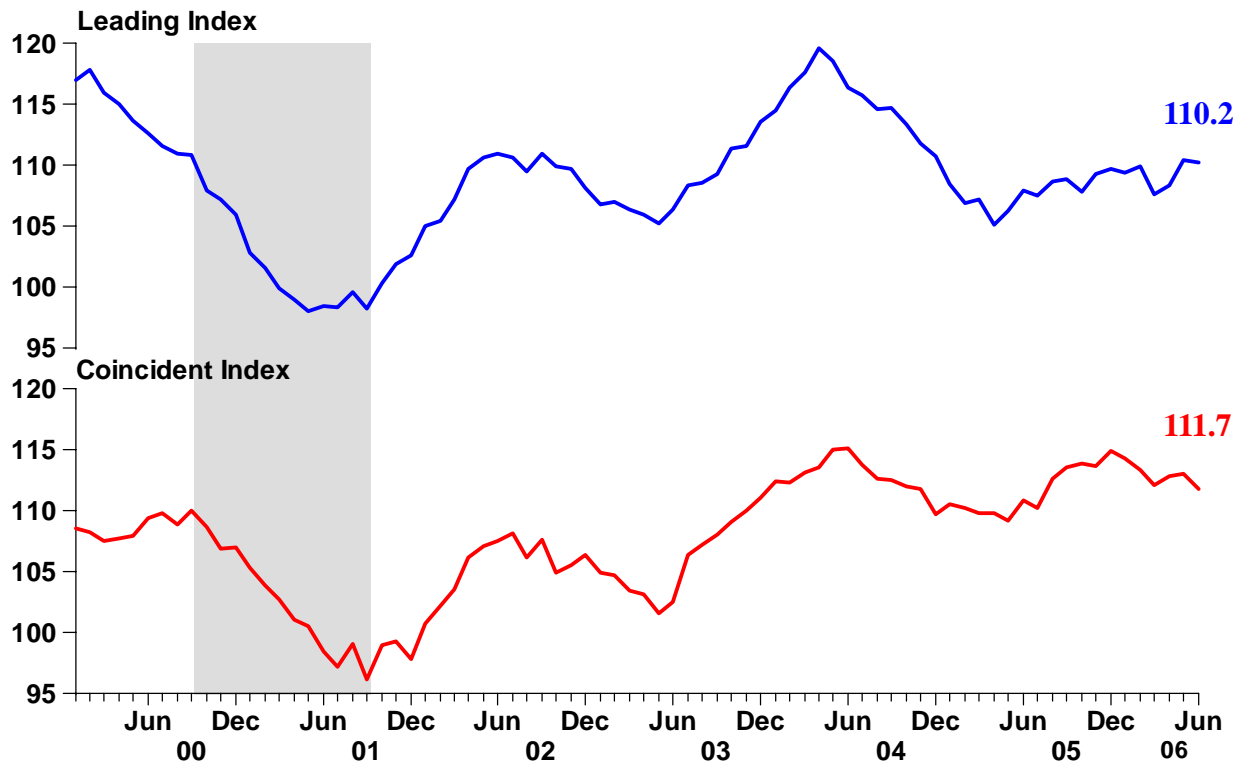
Coincident Indicators

Seasonally adjusted

	2005	2006					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite index(2001=100)	114.8	114.2 _r	113.3 _r	112.0 _r	112.8 _r	113.0 _r	111.7 _p
Change from prior month (%)	1.1	-0.5 _r	-0.8 _r	-1.1 _r	0.7 _r	0.2 _r	-1.2 _p
Indicators :							
Industrial production (yoy %)	10.6	9.6	8.3	6.8	7.6	7.4 _r	5.8 _p
Manufacturing production (yoy %)	11.1	10.4	9.8	6.2	7.9	7.3 _r	6.0 _p
Manufacturing sales (NT\$ billion)	798.3	799.4	793.5	784.9	799.1	793.9 _r	792.1 _p
Manufacturing average monthly wage (yoy %)	2.4	1.6	1.8	2.3	2.5	4.5 _r	3.0 _p
Bank clearings (yoy %)	-0.7	6.7	4.2	0.4	2.0	0.9	-4.0
Domestic freight (million t-km)	1,827	1,806	1,788	1,771	1,771	-	-

p: Preliminary. r: Revised.

Composite Indices of Cyclical Indicators



Monitoring Indications

		2005						2006							
		6	7	8	9	10	11	12	1	2	3	4	5	6	
Total Scores															
		20	19	23	23	24	24	27	28	28	23	23	24	21	
Financial Sector	Monetary Aggregates M1B, yoy%														5.2
	Direct and Indirect Finance, yoy%														5.3
	Bank Clearings and Remittance, yoy%														-4.0
	Stock Price Index, 1966=100, yoy%														5.2
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %														-3.0 _p
	Exports, 2001\$, yoy%														14.7
	Industrial Production Index, 2001=100, yoy %														5.8
	Manufacturing Inventory-to-Sales ratio, %														63.3 _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
2005	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	18	73	9	9	4	81.0	4.9
	Apr	15	70	15	0	3	80.4	4.9
	May _r	18	69	13	5	5	80.8	5.0
	Jun _p	16	70	14	2	5	80.5	5.0