

Taiwan Business Indicators in October 2006

Press Release

Council for Economic Planning and Development

November 27, 2006

In October 2006, Taiwan's business indicators showed a slackening on the real side 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 1.2% and 0.4%, respectively, from the previous month. The monitoring indicators signaled "yellow-blue" for the fifth successive month. Despite strengthening tendency in monetary and financial indicators, most other indicators appear weaker.

1. **Leading Indicators.** The leading index stood at 108.9 (2001=100), decreasing 1.2% from September, based on revised data. Among the seven indicators that made up the composite index, two that made positive contribution were stock prices* and money supply M1B*. Five that made negative contribution were wholesale price change from six months earlier, customs-cleared exports*, average work hours in the manufacturing sector, floor area of building construction permits, and manufacturing new orders*.

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

2. **Coincident Indicators.** The coincident index stood at 109.2 (2001=100), decreasing 0.4% from September, based on revised data. Among the six indicators that made up the composite index, three that made positive contribution were average monthly wage of manufacturing workers*, bank clearings*, and manufacturing sales. Two that made negative contribution were industrial production* and manufacturing production*. Domestic freight was not included due to data unavailability.
3. **The Monitoring Indicators.** The total score in September was revised to 22, following a downward adjustment in exports. The total score in

October decreased 2 points to 20, flashing the signal of "yellow-blue" for the fifth consecutive month. Among the nine indicators, two showed loss in their individual light signals. The fall was recorded in exports and non-agricultural employment. The light signals for money supply M1B, direct and indirect finance, bank clearings and remittance, stock prices, industrial production, manufacturing new orders, and manufacturing inventory remained unchanged.

4. Business Expectations. The October survey of manufacturers indicated that 7% of the respondents expected the economy to become better over the next three months, down from the revised 8% a month earlier, while another 17% held a negative view, down from the revised 24% a month earlier; and 76% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from the revised 68% in September.

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

Leading Indicators

Seasonally adjusted

	2006						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite index(2001=100)	108.3	110.4	110.8	110.4 _r	109.6	110.2 _r	108.9 _p
Change from prior month (%)	0.7	1.9	0.4	-0.4 _r	-0.7 _r	0.5 _r	-1.2 _p
Indicators :							
Manufacturing new orders (yoy %)	4.5	7.8	5.0	5.6	6.1	3.7	2.4 _p
Manufacturing work hours (monthly average)	185.7	188.7	192.3	187.0	190.2	189.4 _r	186.5 _p
Customs-cleared exports (yoy %)	12.0	13.2	21.5	20.2	25.0 _r	20.9	12.5 _p
Money supply M1B (yoy %)	5.6	7.1	5.2	3.1	2.7	4.6	5.8
Wholesale price (% change from 6 month earlier)	0.8	3.3	5.4	7.3	6.8 _r	6.5 _r	4.2 _p
Stock price (yoy %)	18.1	20.1	5.2	2.7	4.9	11.8	19.6
Floor area of building construction permits (1000 m ²)	3,150	3,069	3,305	3,685	2,374	2,767 _r	2,644 _p

p: Preliminary. r: Revised.

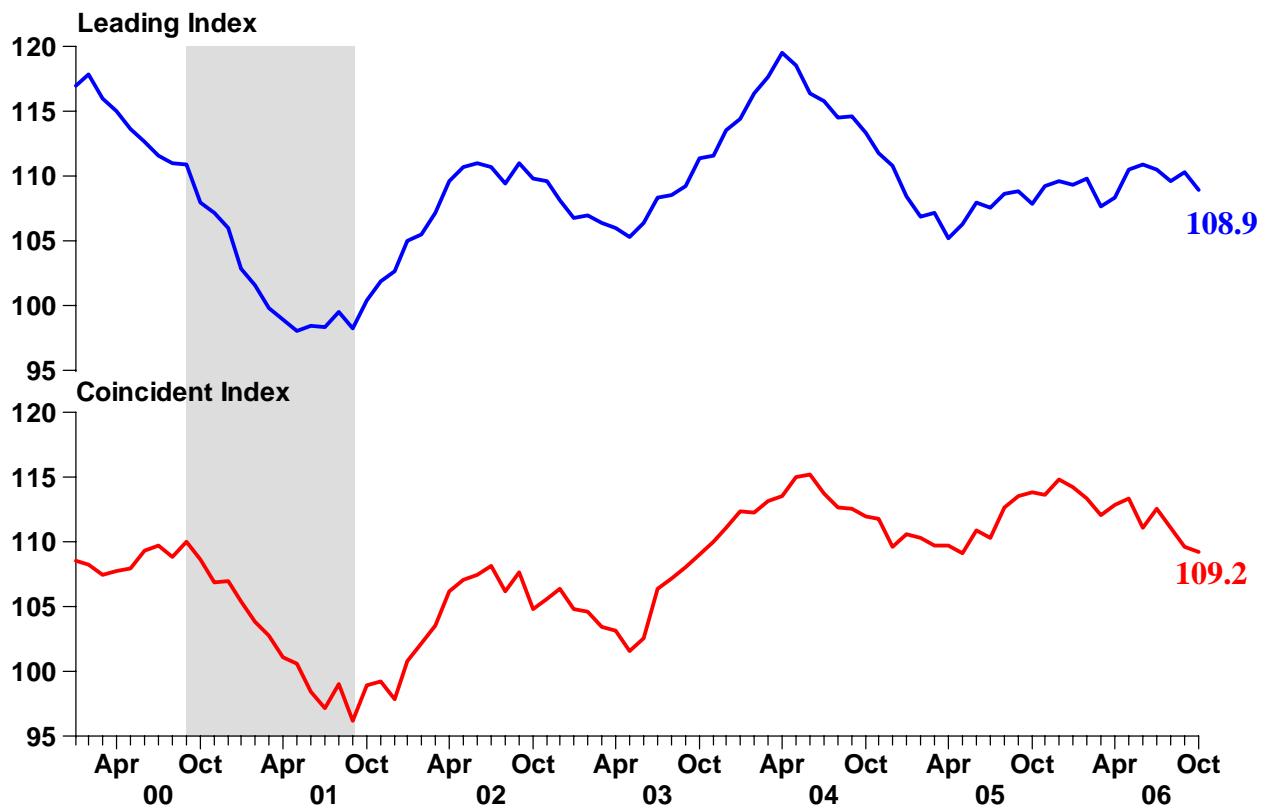
Coincident Indicators

Seasonally adjusted

	2006						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite index(2001=100)	112.8	113.3	111.0	112.5 _r	111.0	109.6 _r	109.2 _p
Change from prior month (%)	0.7	0.4	-2.0	1.4 _r	-1.3 _r	-1.3 _r	-0.4 _p
Indicators :							
Industrial production (yoy %)	7.6	7.4	6.0	7.4	4.6	2.8 _r	1.0 _p
Manufacturing production (yoy %)	7.9	7.3	6.2	7.5	4.8	2.6 _r	1.3 _p
Manufacturing sales (NT\$ billion)	799.1	793.9	792.1	806.6	804.6	782.1	782.7 _p
Manufacturing average monthly wage (yoy %)	2.5	4.5	-0.2	0.6	1.0	0.4 _r	0.9 _p
Bank clearings (yoy %)	2.0	0.9	-4.0	5.2	-5.6	-2.8	-1.5
Domestic freight (million t-km)	1,771	1,800	1,756	1,756	1,748	-	-

p: Preliminary. r: Revised.

Composite Indices of Cyclical Indicators



Monitoring Indications

		2005			2006									
		10	11	12	1	2	3	4	5	6	7	8	9	10
Total Scores														
		24	24	27	28	28	23	23	24	21	21	22	22	20
Financial Sector	Monetary Aggregates M1B, yoy%													5.8
	Direct and Indirect Finance, yoy%													4.0
	Bank Clearings and Remittance, yoy%													2.1
	Stock Price Index, 1966=100, yoy%													19.6
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													-5.0
	Exports, 2001\$, yoy%													9.6 _p
	Industrial Production Index, 2001=100, yoy%													1.0
	Manufacturing Inventory-to-Sales ratio, %													65.1 _p
	Nonagricultural Employment, yoy%													2.3

● Overheating
 ● Transition in need of watching
 ● Steadily moving forward
 ● Transition in need of watching
 ▼ Transition in need of watching

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	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	18	69	13	5	5	80.8	5.0
	Jun	14	69	17	-3	2	80.5	5.0
	Jul	18	69	13	5	8	80.4	4.9
	Aug	12	70	18	-6	-6	80.8	4.9
	Sep _r	8	68	24	-16	-10	80.6	4.8
	Oct _p	7	76	17	-10	-5	80.5	4.7