

## Taiwan Business Indicators in January 2007

Press Release

Council for Economic Planning and Development

March 2, 2007

In January 2007, Taiwan's business indicators improved slightly from the previous month. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.6% and 0.4%, respectively. The monitoring indicators returned to "yellow-blue" after a surprise showing of "blue" the month before. However, industrial production remained weak and it remains to be observed whether upward momentum is being gathered.

1. **Leading Indicators:** The composite leading index stood at 108.4 (2001=100), increasing 0.6% from December in 2006, based on revised data. Among the seven indicators that made up the composite index, five that made positive contribution were customs-cleared exports\*, average work hours in the manufacturing sector, manufacturing new orders\*, floor area of building construction permits, and money supply M1B\*. Two that made negative contribution were wholesale price change from six months earlier and stock prices\*.

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

2. **Coincident Indicators:** The coincident index stood at 109.2 (2001=100), increasing 0.4% from December, based on revised data. Among the six indicators that made up the composite index, four that made positive contribution were average monthly wage of manufacturing workers\*, manufacturing production\* ,industrial production\* and bank clearings\*. One that made negative contribution was manufacturing sales. Domestic freight was not included due to data unavailability.

3. The Monitoring Indicators: January's total score was up by one point to 17, returning to the "yellow-blue" signal after December's unexpected appearance of the first "blue" recessionary signal in 44 months. Among the components, exports gained one point and changed its light signal, while the signals for money supply M1B, direct and indirect finance, bank clearings and remittances, stock price, manufacturing new orders, industrial production, manufacturing inventory, and non-agricultural employment remained unchanged.
4. Business Expectations. The January survey of manufacturers indicated that 15% of the respondents expected the economy to become better over the next three months, down from 17% a month earlier, while another 13% held a negative view, down from 19% a month earlier; and 72% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 64% in December.

**~~ The next release is scheduled for March 27, 2007 ~~**

## Leading Indicators

Seasonally adjusted

	2006						2007
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite index(2001=100)	110.5	109.7 <sub>r</sub>	110.2	109.1	109.0	107.7 <sub>r</sub>	108.4 <sub>p</sub>
Change from prior month (%)	-0.3	-0.7 <sub>r</sub>	0.5	-1.0	-0.1	-1.2 <sub>r</sub>	0.6 <sub>p</sub>
Indicators :							
Manufacturing new orders (yoy %)	5.6	6.1	3.7	2.4	5.8	6.9	8.0 <sub>p</sub>
Manufacturing work hours (monthly average)	187.0	190.2	189.4	188.4	187.8	186.3 <sub>r</sub>	187.6 <sub>p</sub>
Customs-cleared exports (yoy %)	20.2	25.0	19.6	12.1	9.0	1.6	8.6 <sub>p</sub>
Money supply M1B (yoy %)	3.1	2.7	4.6	5.7 <sub>r</sub>	5.8	5.4 <sub>r</sub>	5.8
Wholesale price ( % change from 6 month earlier )	7.3	6.8	6.6	4.1	2.5 <sub>r</sub>	1.1 <sub>r</sub>	0.7 <sub>p</sub>
Stock price (yoy %)	2.7	4.9	11.8	19.6	20.6	19.6	18.2
Floor area of building construction permits (1000 m <sup>2</sup> )	3,685	2,374	2,767	2,636	2,838	2,822 <sub>r</sub>	2,834 <sub>p</sub>

p: Preliminary. r: Revised.

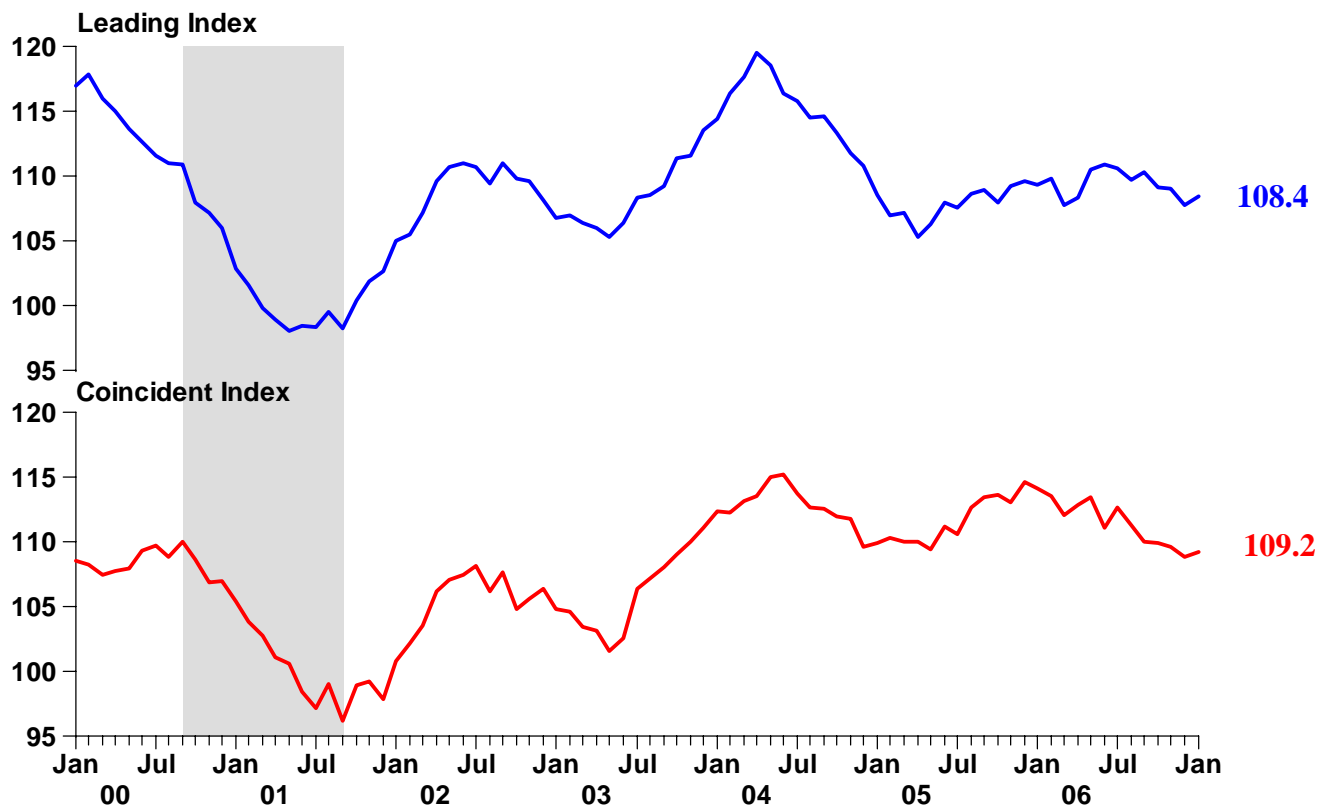
## Coincident Indicators

Seasonally adjusted

	2006						2007
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite index(2001=100)	112.6 <sub>r</sub>	111.2 <sub>r</sub>	110.0 <sub>r</sub>	109.9 <sub>r</sub>	109.6 <sub>r</sub>	108.8 <sub>r</sub>	109.2 <sub>p</sub>
Change from prior month (%)	1.4	-1.2 <sub>r</sub>	-1.1	-0.1 <sub>r</sub>	-0.3 <sub>r</sub>	-0.7 <sub>r</sub>	0.4 <sub>p</sub>
Indicators :							
Industrial production (yoy %)	7.5 <sub>r</sub>	5.2 <sub>r</sub>	3.5 <sub>r</sub>	1.7 <sub>r</sub>	1.2 <sub>r</sub>	-0.5 <sub>r</sub>	-0.1 <sub>p</sub>
Manufacturing production (yoy %)	7.6 <sub>r</sub>	5.4 <sub>r</sub>	3.4 <sub>r</sub>	2.1 <sub>r</sub>	0.8 <sub>r</sub>	-0.6 <sub>r</sub>	-0.0 <sub>p</sub>
Manufacturing sales (NT\$ billion)	806.6	804.6	782.1	786.3	805.4	813.9	808.8 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	0.6	1.0	0.4	1.9	0.6	0.2 <sub>r</sub>	1.4 <sub>p</sub>
Bank clearings (yoy %)	5.2	-5.6	-2.8	-1.5	-3.5	-8.5	-7.9
Domestic freight (million t-km)	1,756	1,748	1,741	1,736	-	-	-

p: Preliminary. r: Revised.

## Composite Indices of Cyclical Indicators



## Monitoring Indications

		2006												2007	
		1	2	3	4	5	6	7	8	9	10	11	12	1	
Total Scores															
		28	28	23	23	24	21	21	22	22	20	21	16	17	
Financial Sector	Monetary Aggregates M1B, yoy%														5.8
	Direct and Indirect Finance, yoy%														3.1
	Bank Clearings and Remittance, yoy%														-5.9
	Stock Price Index, 1966=100, yoy%														18.2
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %														-1.2 <sub>p</sub>
	Exports, 2001\$, yoy%														2.9
	Industrial Production Index, 2001=100, yoy%														-0.1
	Manufacturing Inventory-to-Sales ratio, %														57.1 <sub>p</sub>
	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	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	8	68	24	-16	-10	80.6	4.8
	Oct	6	75	19	-13	-8	80.8	4.7
	Nov	11	69	20	-9	-1	80.8	4.6
	Dec <sub>r</sub>	17	64	19	-2	2	80.4	4.4
2007	Jan <sub>p</sub>	15	72	13	2	-3	80.4	4.6