

## Taiwan Business Indicators in February 2007

Press Release

Council for Economic Planning and Development

March 27, 2007

In February 2007, Taiwan's business indicators continued to show signs of gradual improvement. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index decreased 0.1% and the coincident index remained unchanged from the previous month. The monitoring indicators flashed "yellow-blue" for the second consecutive month since an isolated appearance of the recessionary "blue" last December. It remains to be observed whether an upward trend is firming.

1. **Leading Indicators:** The composite leading index stood at 108.5 (2001=100), a little decreasing 0.1% from January, based on revised data. Among the seven indicators making up the composite index, three that made positive contributions were money supply M1B\*, average work hours in the manufacturing sector, and wholesale price change from six months earlier. Four that made negative contributions were manufacturing new orders\*, customs-cleared exports\*, floor area of building construction permits, and stock price\*.

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

2. **Coincident Indicators:** The coincident index stood at 109.0 (2001=100), remaining at the same level as January, based on revised data. Among the six indicators making up the composite index, two that made positive contributions were industrial production\* and manufacturing production\*. Three that made negative contribution were average monthly wage of manufacturing workers\*, bank clearings\*, and manufacturing sales. Domestic freight was not included due to data unavailability.

3. **Monitoring Indicators:** February's total score was up by one point to 19, flashing the "yellow-blue" signal for the second consecutive month after December's unexpected appearance of the first "blue" signal in 44 months. Among the components, money supply M1B gained one point and changed its light signal, while the signals for direct and indirect finance, bank clearings and remittances, stock price, manufacturing new orders, exports, industrial production, manufacturing inventory, and non-agricultural employment remained unchanged.
4. **Business Expectations.** The February survey of manufacturers indicated that 29% of the respondents expected the economy to become better over the next three months, up from 17% a month earlier, while another 8% held a negative view, down from 12% a month earlier; and 63% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from 71% in the January survey.

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

## Leading Indicators\*

	Seasonally adjusted						
	2006					2007	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite index (2001=100)	109.8 <sub>r</sub>	110.4 <sub>r</sub>	109.1	109.1 <sub>r</sub>	107.8 <sub>r</sub>	108.6 <sub>r</sub>	108.5 <sub>p</sub>
Change from preceding month (%)	-0.6 <sub>r</sub>	0.5	-1.2 <sub>r</sub>	0.0 <sub>r</sub>	-1.2	0.7 <sub>r</sub>	-0.1 <sub>p</sub>
Indicators :							
Manufacturing new orders (yoy %)	6.1	3.8 <sub>r</sub>	2.5 <sub>r</sub>	5.8	7.0 <sub>r</sub>	7.8 <sub>r</sub>	5.9 <sub>p</sub>
Manufacturing work hours (monthly average)	190.0 <sub>r</sub>	189.4	187.4 <sub>r</sub>	187.6 <sub>r</sub>	186.4 <sub>r</sub>	187.5 <sub>r</sub>	188.0 <sub>p</sub>
Customs-cleared exports (yoy %)	25.0	19.6	12.1	8.9 <sub>r</sub>	1.8 <sub>r</sub>	8.6	6.1 <sub>p</sub>
Money supply M1B (yoy %)	2.7	4.6	5.7	5.8	5.4	5.8	6.7
Wholesale price ( % change from 6 months earlier )	6.8	6.6	4.1	2.5	1.1	0.6 <sub>r</sub>	0.7 <sub>p</sub>
Stock price (yoy %)	4.9	11.8	19.6	20.6	19.6	18.2	18.2
Floor area of building construction permits (1000 m <sup>2</sup> )	2,413 <sub>r</sub>	2,842 <sub>r</sub>	2,686 <sub>r</sub>	2,876 <sub>r</sub>	2,846 <sub>r</sub>	2,951 <sub>r</sub>	2,912 <sub>p</sub>

p: Preliminary. r: Revised.

\*All figures were updated to incorporate annual seasonal adjustment.

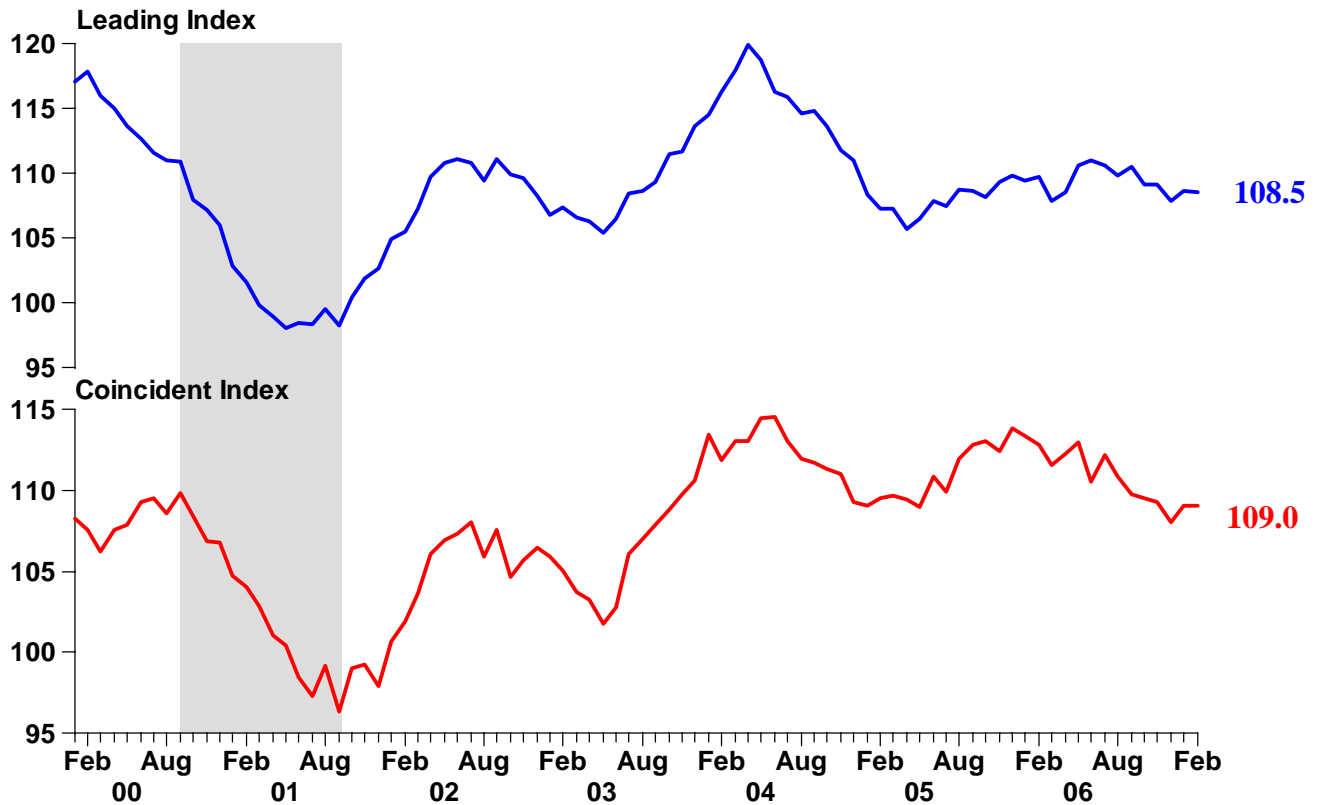
## Coincident Indicators\*

	Seasonally adjusted						
	2006					2007	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite index (2001=100)	110.8 <sub>r</sub>	109.7 <sub>r</sub>	109.5 <sub>r</sub>	109.2 <sub>r</sub>	108.0 <sub>r</sub>	109.0 <sub>r</sub>	109.0 <sub>p</sub>
Change from preceding month (%)	-1.2	-1.0 <sub>r</sub>	-0.2 <sub>r</sub>	-0.3	-1.1 <sub>r</sub>	0.9 <sub>r</sub>	0.0 <sub>p</sub>
Indicators :							
Industrial production (yoy %)	5.2	3.5	1.7	1.3 <sub>r</sub>	-0.4 <sub>r</sub>	0.9 <sub>r</sub>	2.9 <sub>p</sub>
Manufacturing production (yoy %)	5.9 <sub>r</sub>	3.6 <sub>r</sub>	2.1	0.7 <sub>r</sub>	-0.7 <sub>r</sub>	0.7 <sub>r</sub>	2.1 <sub>p</sub>
Manufacturing sales (NT\$ billion)	806.5 <sub>r</sub>	784.9 <sub>r</sub>	785.8 <sub>r</sub>	804.3 <sub>r</sub>	809.9 <sub>r</sub>	806.0 <sub>r</sub>	802.4 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	1.0	0.4	1.9	0.6	0.3 <sub>r</sub>	3.2 <sub>r</sub>	2.0 <sub>p</sub>
Bank clearings (yoy %)	-5.5 <sub>r</sub>	-2.7 <sub>r</sub>	-1.5	-3.8 <sub>r</sub>	-8.4 <sub>r</sub>	-8.9 <sub>r</sub>	-11.4
Domestic freight (million t-km)	1,745 <sub>r</sub>	1,739 <sub>r</sub>	1,735 <sub>r</sub>	1,735	1,713	-	-

p: Preliminary. r: Revised.

\*All figures were updated to incorporate annual seasonal adjustment.

## Composite Indices of Cyclical Indicators



## Monitoring Indications

		2006										2007		
		2	3	4	5	6	7	8	9	10	11	12	1	2
Total Scores		28	23	23	24	21	21	22	22	20	21	16	18	19
Financial Sector	Monetary Aggregates M1B, yoy %	Green	Blue	Blue	Green	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Green
	Direct and Indirect Finance, yoy %	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
	Bank Clearings and Remittance, yoy %	Green	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
	Stock Price Index, 1966=100, yoy %	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Green
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %	Green	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
	Exports, 2001\$, yoy %	Red	Yellow	Green	Green	Yellow	Yellow	Red	Yellow	Green	Green	Blue	Blue	Blue
	Industrial Production Index, 2001=100, yoy %	Yellow	Green	Yellow	Green	Green	Green	Green	Blue	Blue	Blue	Blue	Blue	Blue
	Manufacturing Inventory-to-Sales ratio, %	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Nonagricultural Employment, yoy %		Green	Green	Green	Green	Green	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green

● 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
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	17	64	19	-2	2	80.4	4.4
2007	Jan <sub>r</sub>	17	71	12	5	1	80.4	4.6
	Feb <sub>p</sub>	29	63	8	21	3	76.8	4.3