

Taiwan Business Indicators in March 2007

Press Release

Council for Economic Planning and Development

April 27, 2007

In March 2007, Taiwan's business indicators continued to show signs of improvement. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.9% and 1.1%, respectively, from the previous month. The monitoring indicators flashed "green" for the first time since June 2006. It remains to be observed whether the upward momentum is being gathered.

1. **Leading Indicators:** The composite leading index stood at 109.4 (2001=100), increasing 0.9% from February, based on revised data. Among the seven indicators making up the composite index, six that made positive contributions were manufacturing new orders*, customs-cleared exports*, money supply M1B*, wholesale price change from six months earlier, average work hours in the manufacturing sector and stock price*. The item that made a 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 110.2 (2001=100), increasing 1.1% from February, based on revised data. Among the six indicators making up the composite index, five that made positive contributions were bank clearings*, manufacturing production*, industrial production*, manufacturing sales and average monthly wage of manufacturing workers*. Domestic freight was not included due to data unavailability.

3. Monitoring Indicators: March's total score was up by 4 points to 23, flashing the "green" signal for the first time since May 2007. Among the components, three showed gains in their individual lights. Bank clearings and remittances gained two points, and exports and industrial production gained one point, respectively. Money supply M1B, direct and indirect finance, stock price, manufacturing new orders, manufacturing inventory, and non-agricultural employment remained unchanged.
4. Business Expectations. The March survey of manufacturers indicated that 14% of the respondents expected the economy to become better over the next three months, down from 29% a month earlier, while another 13% held a negative view, up from 8% a month earlier; and 73% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 63% in the February survey.

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

Leading Indicators

	Seasonally adjusted						
	2006				2007		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index (2001=100)	110.4	109.1	109.1	107.8	108.6 _r	108.4 _r	109.4 _p
Change from preceding month (%)	0.5	-1.2	0.0	-1.2	0.7	-0.2 _r	0.9 _p
Indicators :							
Manufacturing new orders (yoy %)	3.8	2.5	5.8	7.0	7.8	5.9	9.0 _p
Manufacturing work hours (monthly average)	189.4	187.4	187.6	186.4	187.5	186.2 _r	186.4 _p
Customs-cleared exports (yoy %)	19.6	12.1	8.9 _r	1.8 _r	8.6	6.1	11.2 _p
Money supply M1B (yoy %)	4.6	5.7	5.8	5.4	5.8	6.7	7.7
Wholesale price (% change from 6 months earlier)	6.6	4.1	2.5	1.1	0.6	0.8 _r	1.5 _p
Stock price (yoy %)	11.8	19.6	20.6	19.6	18.2	18.2	18.3
Floor area of building construction permits (1000 m ²)	2,842	2,686	2,876	2,846	2,951	3,014 _r	2,712 _p

p: Preliminary. r: Revised.

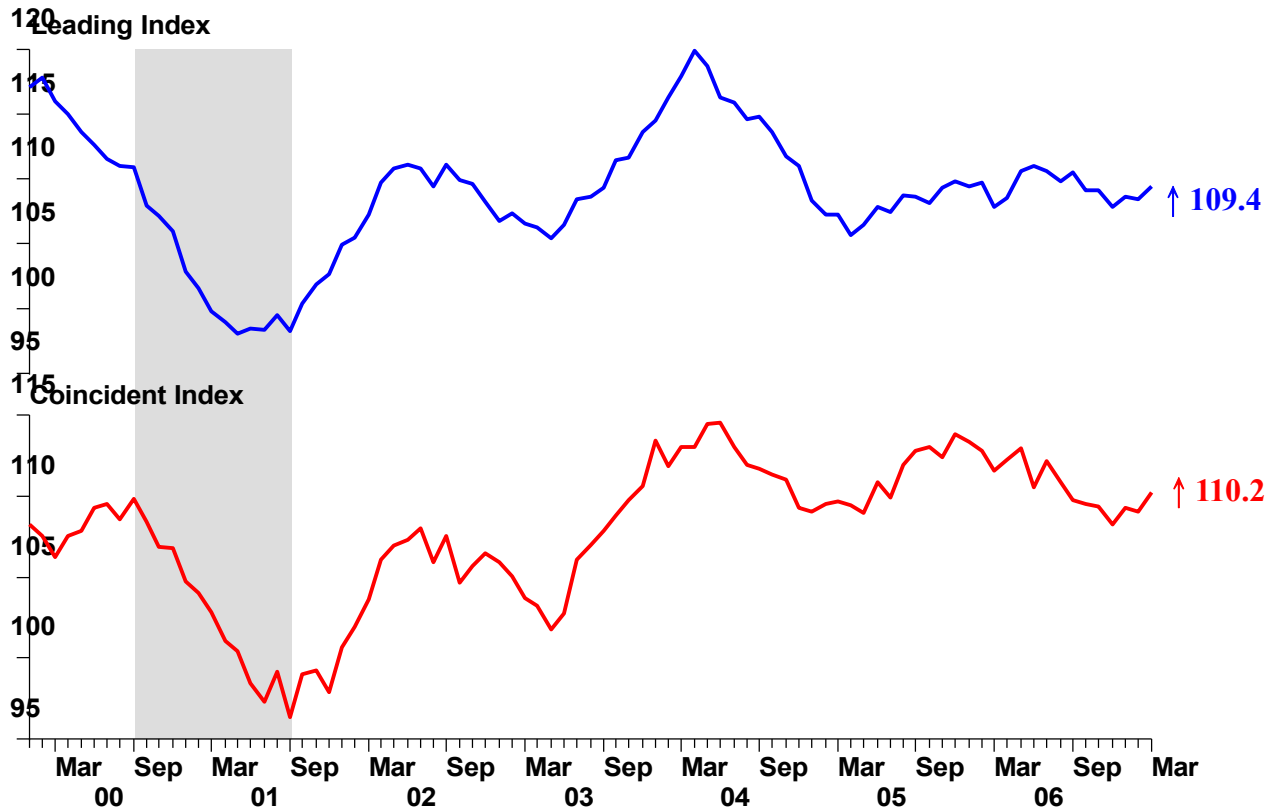
Coincident Indicators*

	Seasonally adjusted						
	2006				2007		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index (2001=100)	109.7	109.5	109.3 _r	108.2 _r	109.2 _r	109.0	110.2 _p
Change from preceding month (%)	-1.0	-0.2	-0.2 _r	-1.0 _r	0.9	-0.2 _r	1.1 _p
Indicators :							
Industrial production (yoy %)	3.5	1.7	1.3	-0.4	0.9	2.3 _r	4.1 _p
Manufacturing production (yoy %)	3.6	2.1	0.7	-0.7	0.7	1.8 _r	4.1 _p
Manufacturing sales (NT\$ billion)	784.9	785.8	804.3	809.9	806.0	800.3 _r	801.9 _p
Manufacturing average monthly wage (yoy %)	0.4	1.9	0.6	0.3	3.2	1.8 _r	1.9 _p
Bank clearings (yoy %)	-2.7	-1.5	-3.8	-8.4	-8.9	-11.4	-6.4
Domestic freight (million t-km)	1,739	1,735	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			
		3	4	5	6	7	8	9	10	11	12	1	2	3	
Total Scores															
		23	23	24	21	21	22	22	20	21	16	18	19	23	
Financial Sector	Monetary Aggregates M1B, yoy %														7.7
	Direct and Indirect Finance, yoy %														3.3
	Bank Clearings and Remittance, yoy %														5.3
	Stock Price Index, 1966=100, yoy %														18.3
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %														0.8
	Exports, 2001\$, yoy %														6.0
	Industrial Production Index, 2001=100, yoy %														4.1
	Manufacturing Inventory-to-Sales ratio, %														61.1
	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		
2006	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	17	71	12	5	1	80.4
Feb _r		29	63	8	21	2	76.8	4.3
Mar _p		14	73	13	1	-8	80.9	5.0