

## Taiwan Business Indicators in April 2007

Press Release

Council for Economic Planning and Development

May 28, 2007

In April 2007, Taiwan's business indicators showed signs of deceleration. 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 0.4%, respectively, from the previous month. The monitoring indicators returned to "yellow-blue" in April after a surprised show of "green" last month. It remains to be observed whether the weakening is temporary.

1. **Leading Indicators:** The composite leading index stood at 110.0 (2001=100), a little decreasing 0.2% from March, based on revised data. Among the seven indicators making up the composite index, two that made positive contributions were wholesale price change from six months earlier and money supply M1B\*. Five that made a negative contribution were customs-cleared exports\*, stock price\*, floor area of building construction permits, manufacturing new orders\*, and average work hours in the manufacturing sector.

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

2. **Coincident Indicators:** The coincident index stood at 109.6 (2001=100), decreasing 0.4% from March, based on revised data. Among the six indicators making up the composite index, three that made positive contributions were bank clearings\*, manufacturing sales, and average monthly wage of manufacturing workers\*. Two that made negative contribution were industrial production\* and manufacturing production\*. Domestic freight was not included due to data unavailability.

3. **Monitoring Indicators:** April's total score was down by 5 points to 18, flashing the "yellow-blue" signal. Among the components, three showed losses in their individual lights. Bank clearings and remittances and exports lost two points, respectively, and industrial production lost one point. Money supply M1B, direct and indirect finance, stock price, manufacturing new orders, manufacturing inventory, and non-agricultural employment remained unchanged.
4. **Business Expectations.** The April survey of manufacturers indicated that 16% of the respondents expected the economy to become better over the next three months, up from 14% a month earlier, while another 14% held a negative view, up from the revised 12% a month earlier; and 70% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from the revised 74% in the March survey.

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

## Leading Indicators

Seasonally adjusted

	2006			2007			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index (2001=100)	108.9 <sub>r</sub>	109.0 <sub>r</sub>	107.9 <sub>r</sub>	108.7 <sub>r</sub>	108.4	110.2 <sub>r</sub>	110.0 <sub>p</sub>
Change from preceding month (%)	-1.1 <sub>r</sub>	0.1 <sub>r</sub>	-1.0 <sub>r</sub>	0.7	-0.3 <sub>r</sub>	1.7 <sub>r</sub>	-0.2 <sub>p</sub>
Indicators :							
Manufacturing new orders (yoy %)	2.5	5.8	7.0	7.8	5.9	7.8 <sub>r</sub>	7.2 <sub>p</sub>
Manufacturing work hours (monthly average)	187.4	187.6	186.4	187.5	186.2	188.5 <sub>r</sub>	188.2 <sub>p</sub>
Customs-cleared exports (yoy %)	12.1	8.9 <sub>r</sub>	1.8	8.6	5.4 <sub>r</sub>	11.2	5.4 <sub>p</sub>
Money supply M1B (yoy %)	5.7	5.8	5.4	5.8	6.7	7.7	8.4
Wholesale price ( % change from 6 months earlier )	3.4 <sub>r</sub>	2.2 <sub>r</sub>	1.2 <sub>r</sub>	0.7 <sub>r</sub>	0.9 <sub>r</sub>	2.5 <sub>r</sub>	4.2 <sub>p</sub>
Stock price (yoy %)	19.6	20.6	19.6	18.2	18.2	18.3	15.1
Floor area of building construction permits (1000 m <sup>2</sup> )	2,686	2,876	2,846	2,951	3,014	2,931 <sub>r</sub>	2,804 <sub>p</sub>

p: Preliminary. r: Revised.

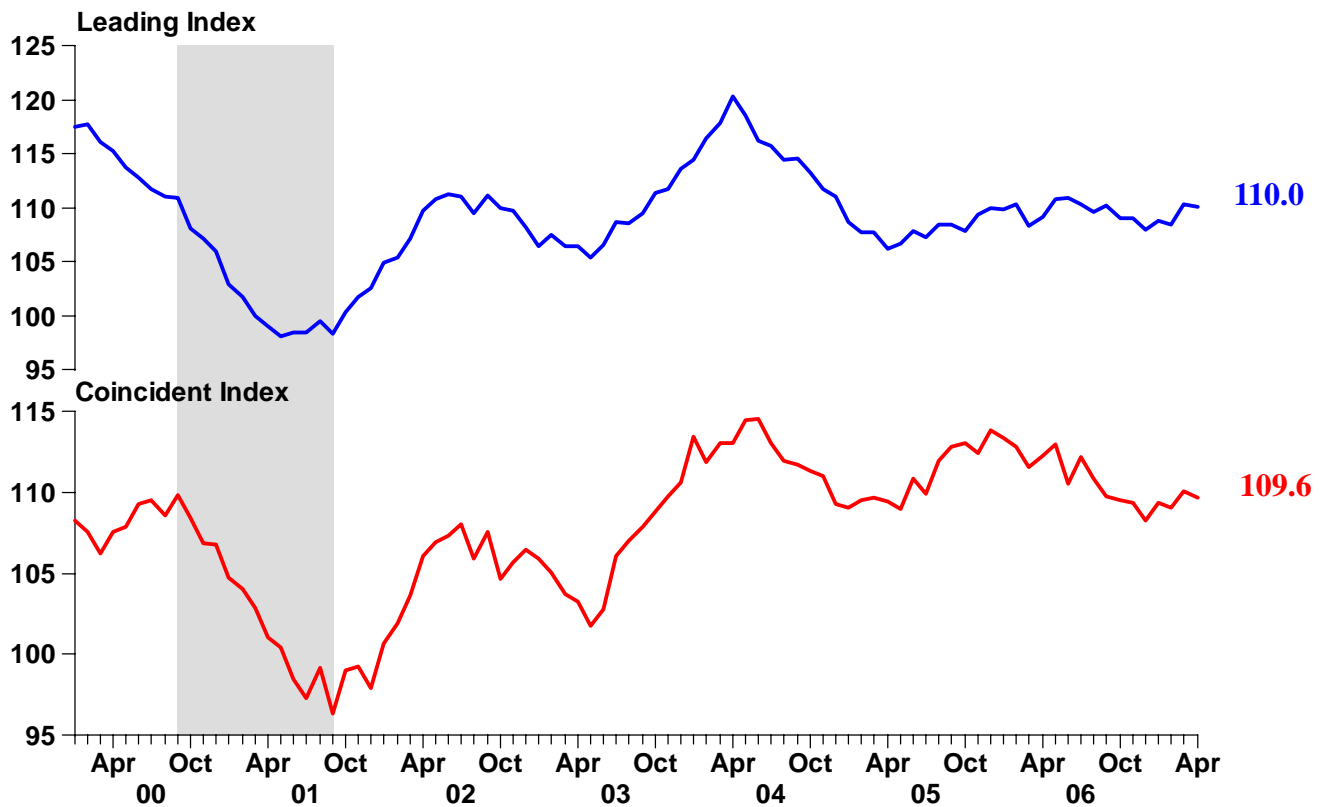
## Coincident Indicators\*

Seasonally adjusted

	2006			2007			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index (2001=100)	109.6 <sub>r</sub>	109.3	108.2	109.3 <sub>r</sub>	109.0	110.0 <sub>r</sub>	109.6 <sub>p</sub>
Change from preceding month (%)	-0.1 <sub>r</sub>	-0.3 <sub>r</sub>	-1.0	1.0 <sub>r</sub>	-0.3 <sub>r</sub>	0.9 <sub>r</sub>	-0.4 <sub>p</sub>
Indicators :							
Industrial production (yoy %)	1.7	1.3	-0.4	0.9	2.3	4.2 <sub>r</sub>	1.9 <sub>p</sub>
Manufacturing production (yoy %)	2.1	0.7	-0.7	0.7	1.8	4.3 <sub>r</sub>	2.3 <sub>p</sub>
Manufacturing sales (NT\$ billion)	786.8 <sub>r</sub>	804.7 <sub>r</sub>	809.7 <sub>r</sub>	805.6 <sub>r</sub>	800.9 <sub>r</sub>	802.5 <sub>r</sub>	808.4 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	1.9	0.6	0.3	3.2	1.8	0.3 <sub>r</sub>	0.4 <sub>p</sub>
Bank clearings (yoy %)	-1.5	-3.8	-8.4	-8.9	-11.4	-6.4	-3.0
Domestic freight (million t-km)	1,735	1,735	1,713	1,728	1,720	-	-

p: Preliminary. r: Revised.

## Composite Indices of Cyclical Indicators



## Monitoring Indications

		2006										2007			
		4	5	6	7	8	9	10	11	12	1	2	3	4	
Total Scores															
		23	24	21	21	22	22	20	21	16	18	19	23	18	
Financial Sector	Monetary Aggregates M1B, yoy%														8.4
	Direct and Indirect Finance, yoy%														3.2
	Bank Clearings and Remittance, yoy%														-0.3
	Stock Price Index, 1966=100, yoy%														15.1
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%														-1.4 <sub>p</sub>
	Exports, 2001\$, yoy%														0.3
	Industrial Production Index, 2001=100, yoy%														1.9
	Manufacturing Inventory-to-Sales ratio, %														59.9 <sub>p</sub>
Nonagricultural Employment, yoy%															2.3

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	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	4.6
		Feb	29	63	8	21	2	76.8	4.3
Mar <sub>r</sub>		14	74	12	2	-6	80.9	5.0	
Apr <sub>p</sub>		16	70	14	2	2	80.5	4.9	