

## Taiwan Business Indicators in May 2007

Press Release

Council for Economic Planning and Development

June 27, 2007

In May 2007, Taiwan's business indicators showed signs of acceleration. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.3% and 1.3%, respectively, from the previous month. The monitoring indicators continued to flash "yellow-blue." It remains unclear whether an upward trend is developing.

1. **Leading Indicators:** The composite leading index stood at 110.2 (2001=100), increasing 0.3% from April, based on revised data. Among the seven indicators making up the composite index, five that made positive contributions were floor area of building construction permits, customs-cleared exports\*, wholesale price change from six months earlier, average work hours in the manufacturing sector, and manufacturing new orders\*. Two that made negative contributions were money supply M1B\* and stock price\*.

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

2. **Coincident Indicators:** The coincident index stood at 111.3 (2001=100), increasing 1.3% from April, based on revised data. Among the six indicators making up the composite index, four that made positive contribution were industrial production\*, manufacturing production\*, manufacturing sales, and average monthly wage of manufacturing workers\*, while the sole contribution was from bank clearings\*. Domestic freight was not included due to data unavailability.

3. Monitoring Indicators: May's total score was up by 2 points to 20, continuing to flash the "yellow-blue" signal. Among the components, two showed gains in their individual lights. Exports and industrial production each increased 1 point. Money supply M1B, direct and indirect finance, bank clearings and remittance, stock price, manufacturing new orders, manufacturing inventory, and non-agricultural employment remained unchanged.
4. Business Expectations. In the May survey of manufacturers, 10% of the respondents expected the economy to improve over the next three months, down from the revised 18% a month earlier; 22% held a negative view, up from 14% a month earlier; and 68% expected the economy's performance to remain unchanged, same as the revised 68% in the April survey.

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

## Leading Indicators

Seasonally adjusted

	2006		2007				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite index (2001=100)	109.0	107.9	108.7	108.4	110.0 <sub>r</sub>	109.9 <sub>r</sub>	110.2 <sub>p</sub>
Change from preceding month (%)	0.1	-1.0	0.7	-0.3	1.5 <sub>r</sub>	-0.1 <sub>r</sub>	0.3 <sub>p</sub>
Indicators :							
Manufacturing new orders (yoy %)	5.8	7.0	7.8	5.9	7.8	7.2	7.4 <sub>p</sub>
Manufacturing work hours (monthly average)	187.6	186.4	187.5	186.2	188.5	187.7 <sub>r</sub>	188.5 <sub>p</sub>
Customs-cleared exports (yoy %)	8.9	1.8	8.6	5.4	11.9 <sub>r</sub>	5.4	8.2 <sub>p</sub>
Money supply M1B (yoy %)	5.8	5.4	5.8	6.7	7.7	8.4	6.6
Wholesale price ( % change from 6 months earlier )	2.2	1.2	0.7	0.9	1.9 <sub>r</sub>	4.2	4.7 <sub>p</sub>
Stock price (yoy %)	20.6	19.6	18.2	18.2	18.3	15.1	13.5
Floor area of building construction permits (1000 m <sup>2</sup> )	2,876	2,846	2,951	3,014	2,931	2,804	3,082 <sub>p</sub>

p: Preliminary. r: Revised.

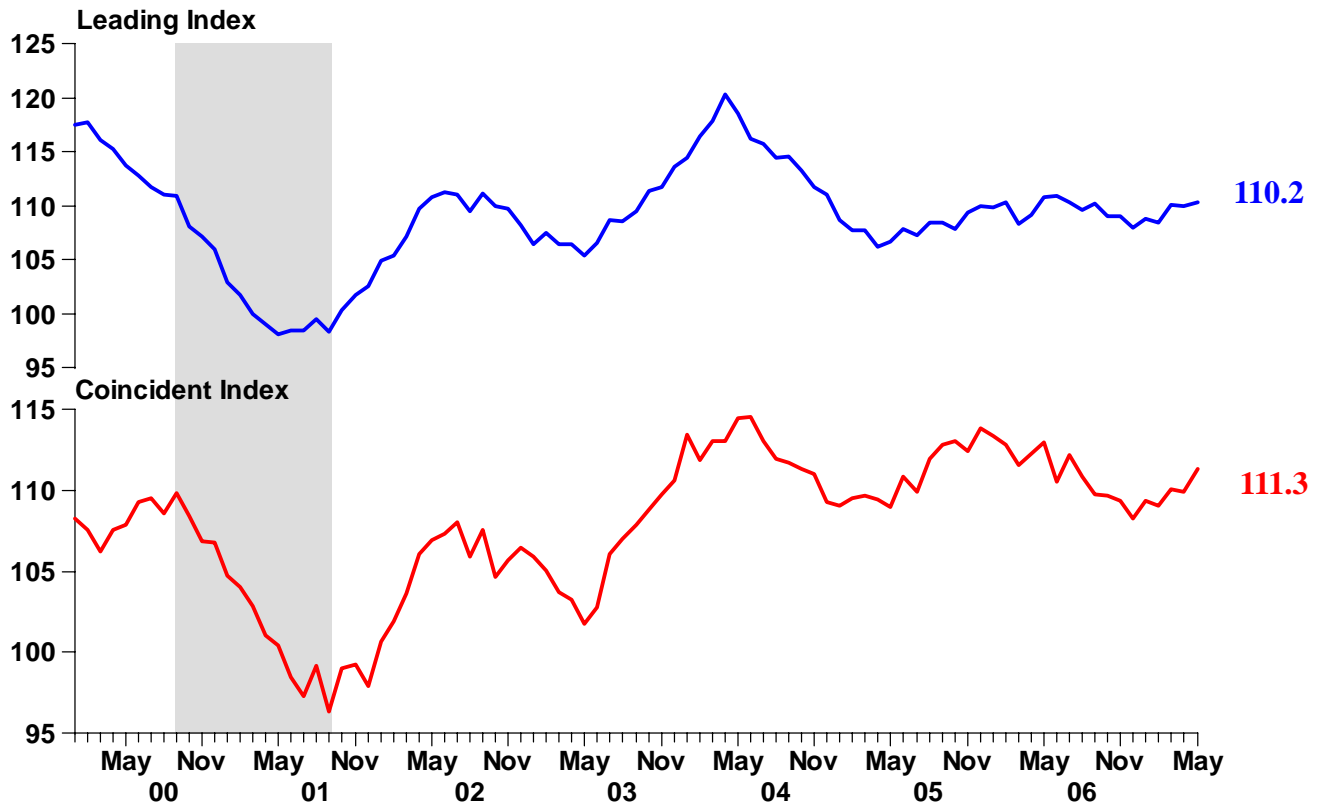
## Coincident Indicators

Seasonally adjusted

	2006		2007				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite index (2001=100)	109.3	108.2	109.3	109.0	110.0	109.9 <sub>r</sub>	111.3 <sub>p</sub>
Change from preceding month (%)	-0.3	-1.0	1.0	-0.3	0.9	-0.1 <sub>r</sub>	1.3 <sub>p</sub>
Indicators :							
Industrial production (yoy %)	1.3	-0.4	0.9	2.3	4.2	2.7 <sub>r</sub>	6.2 <sub>p</sub>
Manufacturing production (yoy %)	0.7	-0.7	0.7	1.8	4.3	3.1 <sub>r</sub>	6.8 <sub>p</sub>
Manufacturing sales (NT\$ billion)	804.7	809.7	805.6	800.9	802.5	808.4	821.8 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	0.6	0.3	3.2	1.8	0.3	0.2 <sub>r</sub>	0.8 <sub>p</sub>
Bank clearings (yoy %)	-3.8	-8.4	-8.9	-11.4	-6.4	-3.0	-8.6
Domestic freight (million t-km)	1,735	1,713	1,728	1,720	-	-	-

p: Preliminary. r: Revised.

## Composite Indices of Cyclical Indicators



## Monitoring Indications

		2006												2007				
		5	6	7	8	9	10	11	12	1	2	3	4	5				
Total Scores																		
		24	21	21	22	22	20	21	16	18	19	23	18	20				
Financial Sector	Monetary Aggregates M1B, yoy%													6.6				
	Direct and Indirect Finance, yoy%													3.3				
	Bank Clearings and Remittance, yoy%													-4.9				
	Stock Price Index, 1966=100, yoy%													13.5				
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													-1.3 <sub>p</sub>				
	Exports, 2001\$, yoy%													1.9				
	Industrial Production Index, 2001=100, yoy%													6.2				
	Manufacturing Inventory-to-Sales ratio, %													58.9 <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
2006	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	14	74	12	2	-6	80.9	5.0
	Apr <sub>r</sub>	18	68	14	4	6	80.5	4.9
	May <sub>p</sub>	10	68	22	-12	-12	81.2	5.1