

## **Taiwan Business Indicators in July 2010**

Press Release

Council for Economic Planning and Development

August 27, 2010

In July 2010, Taiwan Business Indicators indicated that economy continued its mild growth. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of leading index decreased 3.1 points, the trend-adjusted coincident index rose by 0.5% from the previous month, and the overall monitoring indicator flashed the "red" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 117.6, down by 0.2% from Jun. Its annualized six-month rate of change declined by 3.1 points to 7.0%. Among the seven indicators making up the trend-adjusted index, index of producer's inventory for manufacturing, index of export orders, real monetary aggregates M1B, building permits, stock price index, and SEMI book-to-bill ratio had negative cyclical movements from previous month. Average monthly overtime in industry and services had positive cyclical movement from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 124.0, up by 1.0% from June. Its trend-adjusted index rose by 0.5% to 110.3, increasing for the seventeenth consecutive month. Among the seven indicators making up the trend-adjusted index, the nonagricultural employment, sales index of wholesale, retail, and food services, real customs-cleared exports, electric power consumption, and real imports of machineries and electrical equipments had positive cyclical movements from previous month. The industrial production index and the index of producer's shipment for manufacturing had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 118.5, up by 2.6% from June. Its trend-adjusted index rose by 2.0% to 105.3, increasing for the tenth consecutive month. All the six

indicators making up the trend-adjusted index had positive cyclical movements from previous month.

4. The Monitoring Indicators: The total score increased 1 point to 38, changing the overall light signal from "yellow-red" to "red". Among the nine components, nonagricultural employment gained one point and changed its individual light signal from "yellow-red" to "red". The light signals for the rest of eight components remained unchanged.

**~~ The next release is scheduled for September 27, 2010 ~~**

## Leading Indicators

Seasonally adjusted

|   | 2010   |       |        |        |        |        |                    |
|---|--------|-------|--------|--------|--------|--------|--------------------|
|   | Jan    | Feb   | Mar    | Apr    | May    | Jun    | Jul                |
| <b>Composite Index</b>  | 115.9  | 117.0 | 117.7  | 118.1  | 118.1  | 117.9  | 117.6              |
| Change from preceding month (%)                                 | 1.3    | 1.0   | 0.6    | 0.3    | 0.0    | -0.1   | -0.2               |
| Annualized 6-month rate of change (%)                           | 28.5   | 25.4  | 21.6   | 17.6   | 13.7   | 10.1   | 7.0                |
| Change from preceding month (point)                             | -2.3   | -3.1  | -3.7   | -4.0   | -3.9   | -3.6   | -3.1               |
| <b>Components</b>   |        |       |        |        |        |        |                    |
| Index of export orders (2006=100)                               | 132.0  | 138.1 | 135.4  | 132.9  | 137.1  | 136.2  | 134.2              |
| Real monetary aggregates M1B (NT\$ billion)                     | 10,029 | 9,916 | 10,002 | 10,022 | 10,059 | 10,143 | 10,258             |
| Stock price index(1966=100)                                     | 8,099  | 7,432 | 7,775  | 8,052  | 7,526  | 7,383  | 7,639              |
| Index of producer's Inventory for manufacturing*(2006=100)      | 100.1  | 102.9 | 103.5  | 101.9  | 105.6  | 108.8  | 109.1 <sub>p</sub> |
| Average monthly overtime in industry and services (hours/month) | 8.5    | 8.7   | 9.0    | 9.1    | 9.1    | 9.4    | 9.3 <sub>p</sub>   |
| Building Permits ** (1,000m2)                                   | 1,461  | 2,280 | 2,581  | 2,106  | 2,383  | 2,247  | 1,936              |
| SEMI Book-to-Bill Ratio   | 1.23   | 1.23  | 1.21   | 1.13   | 1.13   | 1.18   | 1.23               |

Note : 1. p=Preliminary.

2. \* This series is inverted while aggregating composite leading index.

\*\* Including only housing, mercantile, business and service, industry warehousing.

## Coincident Indicators

Seasonally adjusted

| Seasonally adjusted   | 2010  |       |       |       |       |       |                    |
|---|-------|-------|-------|-------|-------|-------|--------------------|
|   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul                |
| <b>Composite Index</b>  | 114.7 | 116.8 | 118.6 | 120.2 | 121.5 | 122.8 | 124.0              |
| Change from preceding month (%)                                   | 2.0   | 1.8   | 1.6   | 1.3   | 1.1   | 1.0   | 1.0                |
| Trend adjusted index  | 105.3 | 106.6 | 107.8 | 108.6 | 109.2 | 109.8 | 110.3              |
| Change from preceding month (%)                                   | 1.5   | 1.3   | 1.0   | 0.8   | 0.6   | 0.5   | 0.5                |
| <b>Components</b>   |       |       |       |       |       |       |                    |
| Industrial production index(2006=100)                             | 118.8 | 123.9 | 119.9 | 120.7 | 120.8 | 121.0 | 120.2              |
| Electric power consumption (billion kWh)                          | 10.74 | 10.98 | 11.47 | 10.94 | 11.32 | 10.81 | 11.30              |
| Index of producer's shipment for manufacturing (2006=100)         | 117.4 | 120.4 | 120.0 | 121.0 | 123.1 | 121.9 | 121.8 <sub>p</sub> |
| Sales index of wholesale, retail, and food services (2006=100)    | 101.5 | 105.3 | 106.0 | 105.7 | 107.5 | 108.4 | 109.5              |
| Nonagricultural employment (1,000)                                | 9,829 | 9,849 | 9,877 | 9,890 | 9,916 | 9,943 | 9,972              |
| Real customs-cleared exports (NT\$ billion)                       | 704.2 | 708.5 | 733.0 | 731.4 | 795.9 | 754.4 | 776.6              |
| Real machineries and electrical equipments imports (NT\$ billion) | 237.0 | 253.1 | 264.8 | 267.1 | 269.6 | 259.0 | 269.9              |

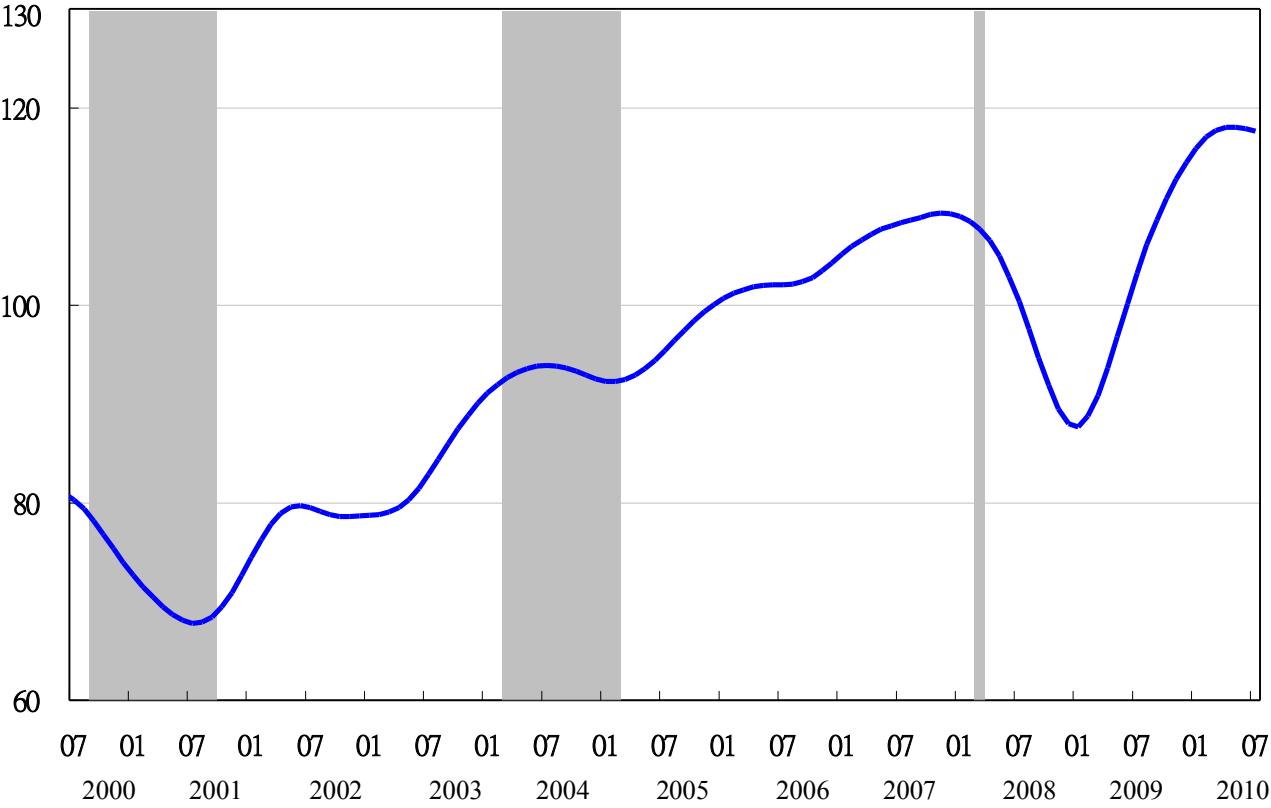
## Lagging Indicators

Seasonally adjusted

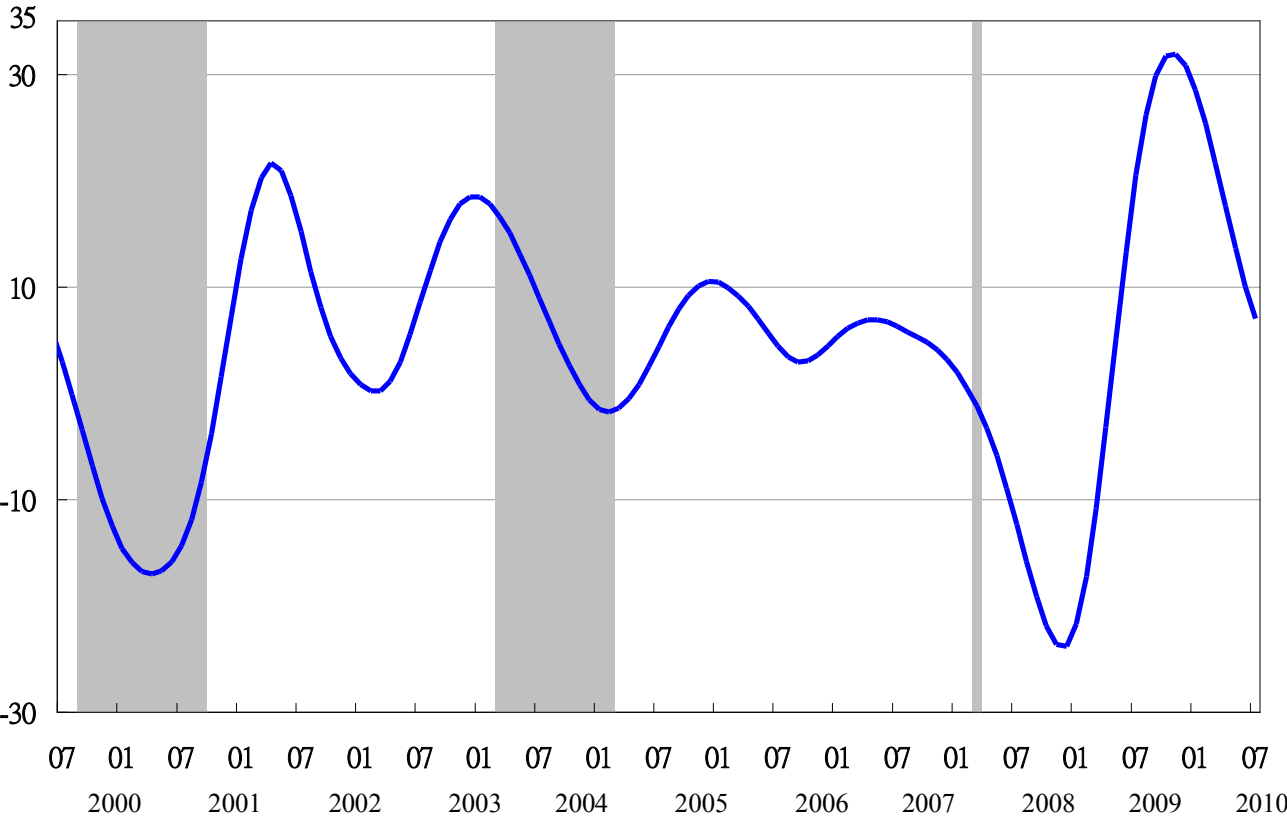
|   | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul                |
|---|--------|--------|--------|--------|--------|--------|--------------------|
| <b>Composite Index</b>  | 102.1  | 104.4  | 107.0  | 109.7  | 112.5  | 115.5  | 118.5              |
| Change from preceding month (%)   | 2.2    | 2.3    | 2.4    | 2.5    | 2.6    | 2.6    | 2.6                |
| Trend adjusted index  | 93.7   | 95.4   | 97.2   | 99.1   | 101.1  | 103.3  | 105.3              |
| Change from preceding month (%)   | 1.7    | 1.8    | 1.9    | 2.0    | 2.1    | 2.1    | 2.0                |
| <b>Components</b>   |        |        |        |        |        |        |                    |
| Unemployment rate** (%)   | 5.73   | 5.65   | 5.64   | 5.43   | 5.22   | 5.20   | 5.17               |
| Regular employees on payrolls in industry & services (Thousand persons) | 6,354  | 6,374  | 6,405  | 6,421  | 6,440  | 6,442  | 6,445 <sub>p</sub> |
| The manufacturing unit output labor cost index (index 2006=100)         | 87.64  | 81.80  | 82.54  | 80.99  | 79.28  | 81.91  | 80.66 <sub>p</sub> |
| Interbank overnight call-loan rate (percent per annum)                  | 0.108  | 0.104  | 0.130  | 0.164  | 0.174  | 0.183  | 0.196              |
| Loans and investments of major financial institutions (NT\$ billion)    | 21,453 | 21,580 | 21,530 | 21,668 | 21,798 | 21,900 | 22,035             |
| Inventories to sales ratio for manufacturing (%)                        | 54.59  | 56.35  | 57.26  | 58.02  | 59.87  | 63.09  | 64.20 <sub>p</sub> |

Note : \*\* This series is inverted while aggregating composite lagging index.

# Composite Leading Index

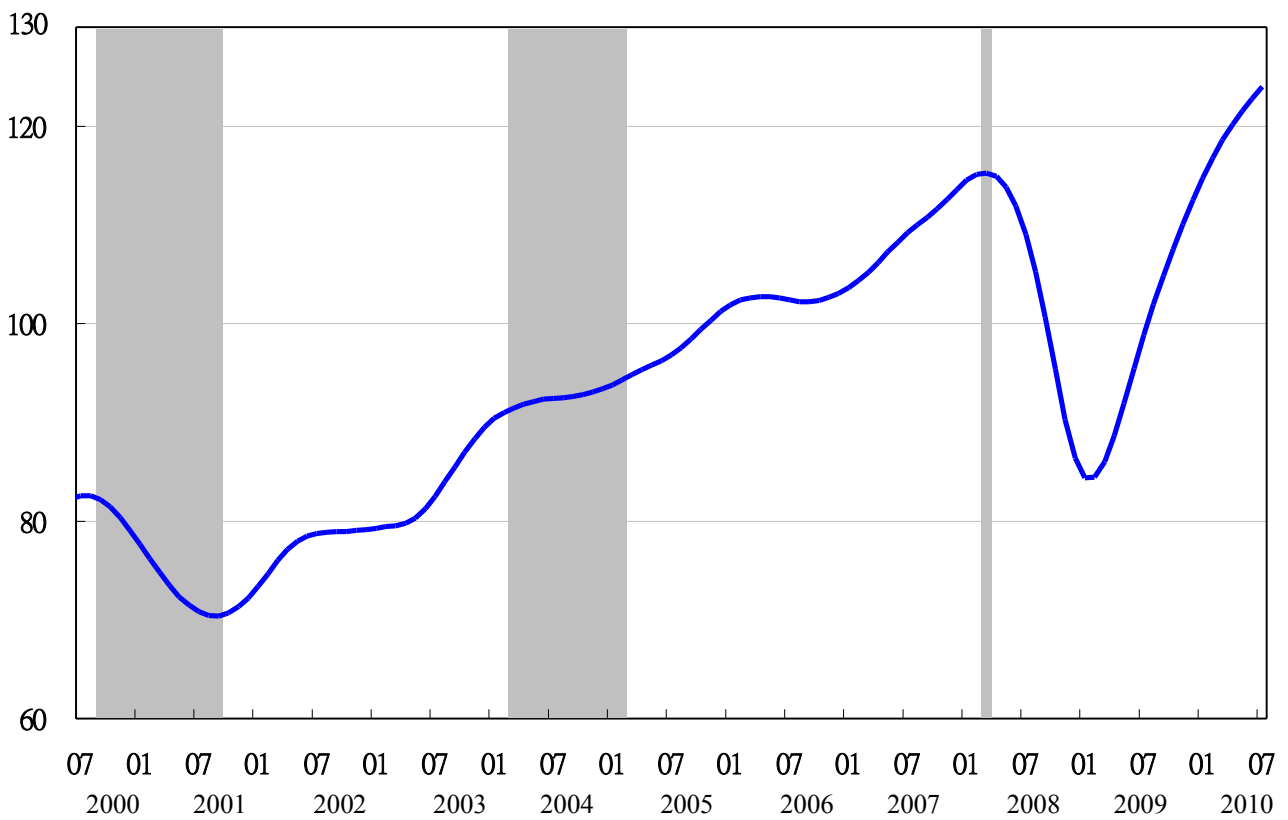


## Annualized 6-month rate of change of composite leading index

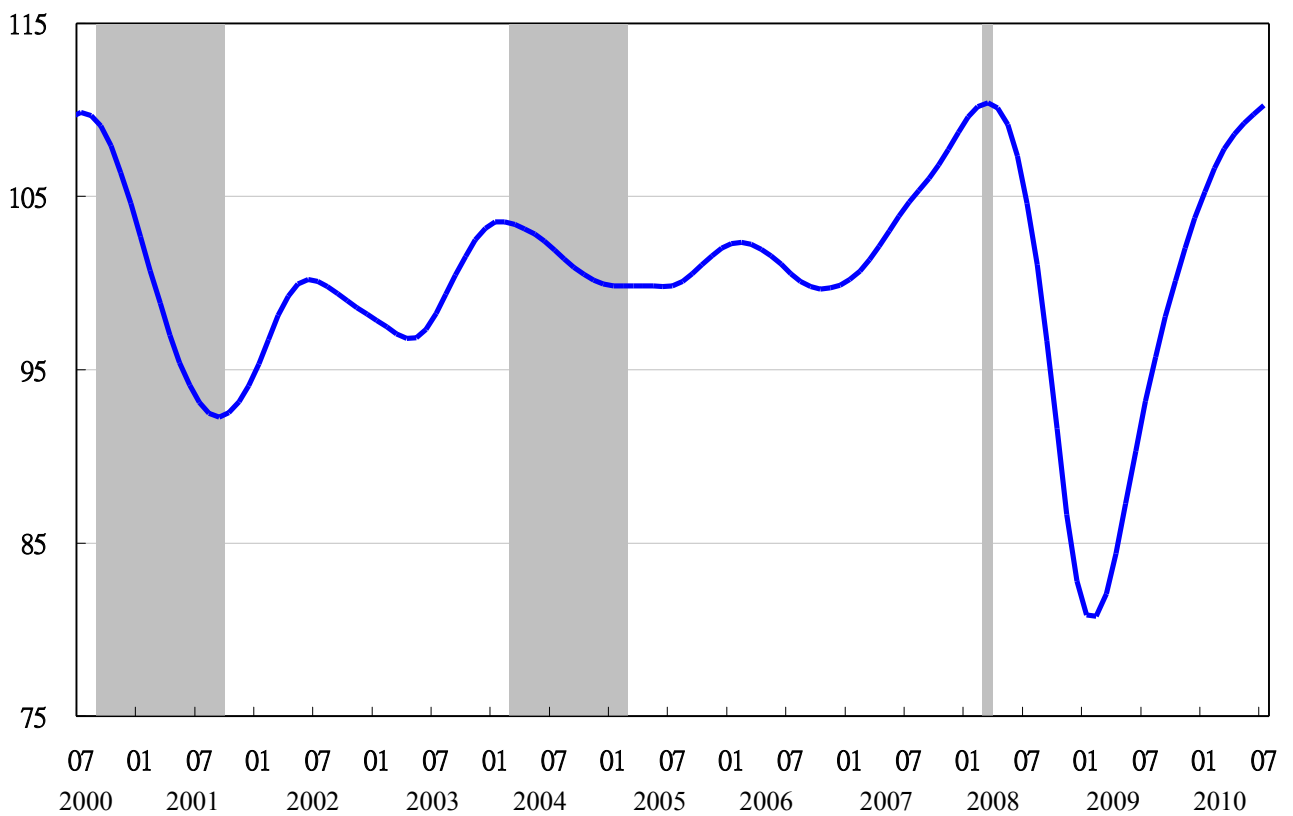


Shaded areas represent recessions.

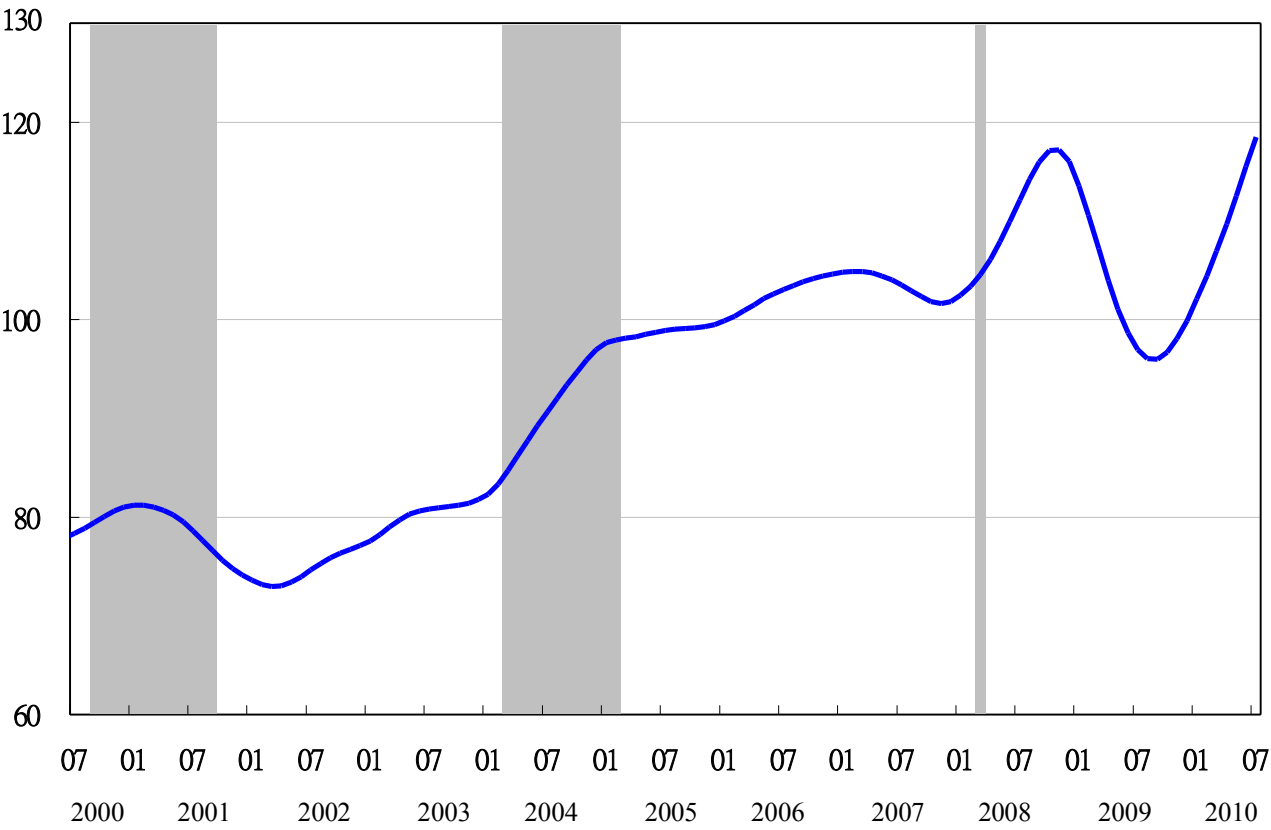
## Composite Coincident Index



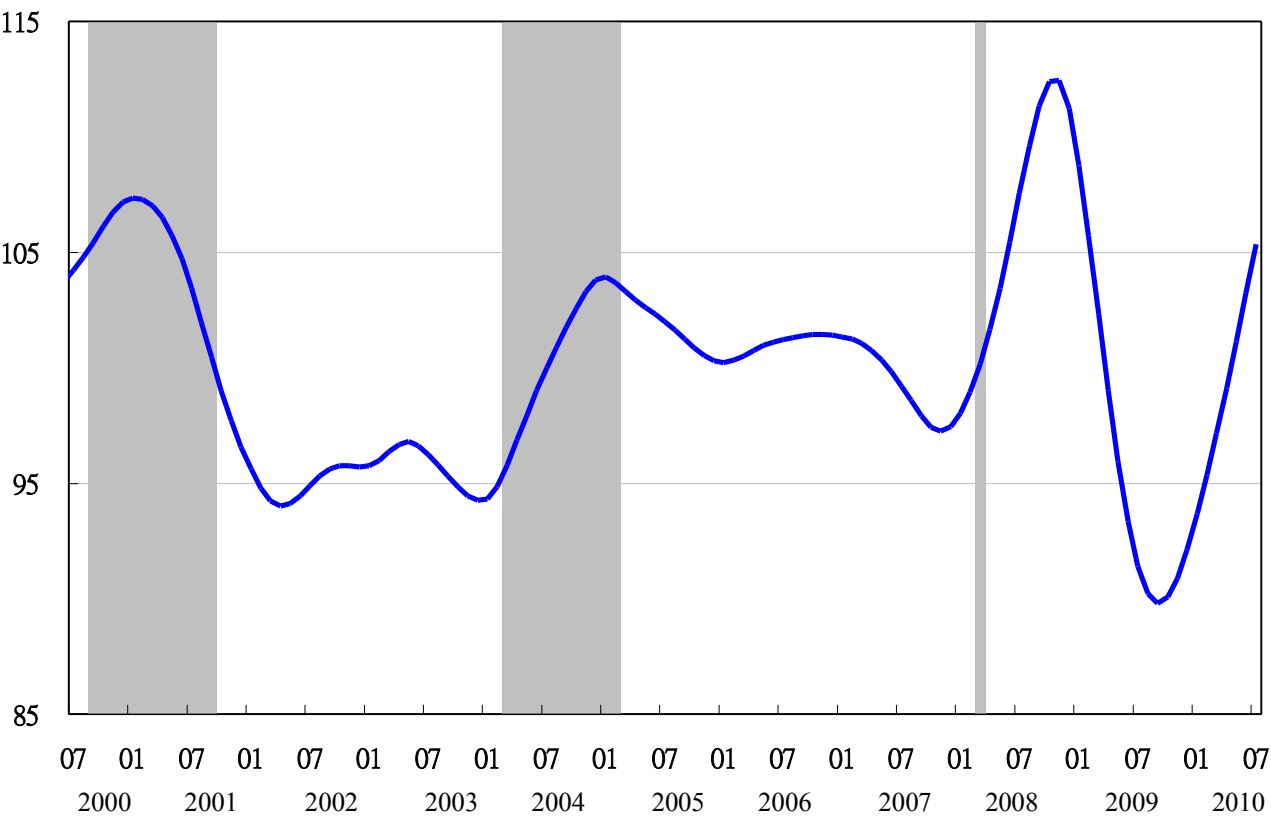
## Trend-adjusted composite coincident index





































































































































**Composite Lagging Index**



**Trend-adjusted composite lagging index**



# Monitoring Indicators

|   |       | 2009  |   |   |   |   |   | 2010  |   |   |   |   |   |   |                   |
|---|-------|---|---|---|---|---|---|---|---|---|---|---|---|---|-------------------|
|   |       | 7   | 8   | 9   | 10  | 11  | 12  | 1   | 2   | 3   | 4   | 5   | 6   | 7   |                   |
| Total   | Light |  |  |  |  |  |  |  |  |  |  |  |  |  |                   |
|   | Score | 18  | 18  | 20  | 26  | 37  | 37  | 38  | 38  | 39  | 39  | 37  | 37  | 38  |                   |
| Monetary Aggregates M1B                       |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 12.4              |
| Direct and Indirect Finance                   |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 4.1               |
| Stock Price Index                             |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 11.8              |
| Industrial Production Index                   |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 21.0              |
| Nonagricultural Employment                    |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 2.8               |
| Exports                                       |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 32.9              |
| Imports of Machinery and Electrical Equipment |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 48.0              |
| Manufacturing Sales                           |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 24.1 <sub>2</sub> |
| Wholesale, Retail and Food Services Sales     |       |  |  |  |  |  |  |  |  |  |  |  |  |  | 3.2               |

 Booming 
  Transitional 
  Stable 
  Transitional 
  Sluggish

\*C components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted.