

Taiwan Business Indicators in August 2011

Press Release

Council for Economic Planning and Development

September 27, 2011

In August 2011, Taiwan Business Indicators indicated that the economy has been on the downgrade and become more uncertain. 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 by 0.9 points, the trend-adjusted coincident index decreased by 1.1% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 127.4, down by 0.3% from July. Its annualized six-month rate of change decreased by 0.9 points to 0.2%. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were index of export orders, average monthly overtime in industry and services, building permits, stock price index, SEMI book-to-bill ratio, index of producer's inventory for manufacturing (inverted), and real monetary aggregates M1B.
2. **Coincident Indicators:** With revised data, the coincident index stood at 133.0, down by 0.1% from July. Its trend-adjusted index decreased by 1.1% to 98.2. Among the seven indicators making up the trend-adjusted index, electric power consumption and nonagricultural employment had positive cyclical movements from previous month. Real machineries and electrical equipments imports, the industrial production index, real customs-cleared exports, index of producer's shipment for manufacturing, and the sales index of wholesale, retail and food services had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 148.3, up by 2.0% from July. Its trend-adjusted index rose by 1.0% to 109.5. Among the six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, inventories to sales ratio for manufacturing, interbank overnight call-loan rate, loans and investments of major financial institutions, and regular employees on

payrolls in industry and services had positive cyclical movements from previous month. Unemployment rate (inverted) had negative cyclical movement from previous month.

4. The Monitoring Indicators: The total score in August was down by 1 point to 22, changing the overall light signal from "green" to "yellow-blue". Among the nine components, direct and indirect finance gained one point and changed its individual light signal from "yellow-blue" to "green", stock price index lost one point and changed its individual light signal from "yellow-red" to "green", customs-cleared exports lost one point and changed its individual light signal from "yellow-blue" to "blue". The light signals for the rest of six components remained unchanged.

~~ **The next release is scheduled for October 27 2011** ~~

Leading Indicators

Seasonally adjusted

	2011						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Composite Index	127.9	128.1	128.3	128.2	128.1	127.8	127.4
Change from preceding month (%)	0.2	0.2	0.1	-0.01	-0.1	-0.2	-0.3
Annualized 6-month rate of change (%)	4.2	3.8	3.3	2.6	1.9	1.1	0.2
Change from preceding month (point)	-0.6	-0.5	-0.5	-0.6	-0.7	-0.8	-0.9
Components							
Index of export orders (2006=100)	136.2	139.8	136.7	138.2	134.3	137.5	132.1
Real monetary aggregates M1B (NT\$ billion)	10,688	10,700	10,642	10,654	10,738	10,830	10,945
Stock price index(1966=100)	8,743	8,575	8,861	8,911	8,749	8,681	7,763
Index of producer's Inventory for manufacturing*(2006=100)	119.1	121.4	121.8	123.2	124.5	125.0	125.8 _p
Average monthly overtime in industry and services (hours/month)	9.2	8.9	9.0	8.6	8.7	8.5	8.4 _p
Building Permits ** (1,000m2)	2,190	2,341	2,540	2,177	2,444	2,232	2,129
SEMI Book-to-Bill Ratio	0.87	0.95	0.98	0.97	0.94	0.85	0.80

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

	2011						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Composite Index	133.2	133.6	133.6	133.6	133.4	133.2	133.0
Change from preceding month (%)	0.6	0.3	0.1	-0.04	-0.1	-0.1	-0.1
Trend adjusted index	104.5	103.8	102.8	101.7	100.5	99.4	98.2
Change from preceding month (%)	-0.4	-0.7	-1.0	-1.0	-1.1	-1.1	-1.1
Components							
Industrial production index(2006=100)	138.1	136.8	132.0	130.8	126.9	129.6	127.2
Electric power consumption (billion kWh)	11.38	11.58	11.21	11.75	11.65	11.41	12.06
Index of producer's shipment for manufacturing (2006=100)	135.4	133.2	127.8	128.1	126.0	128.1	129.1 _p
Sales index of wholesale, retail, and food services (2006=100)	108.0	109.9	109.2	110.1	110.5	110.6	111.2
Nonagricultural employment (1,000)	10,103	10,118	10,135	10,146	10,166	10,186	10,194
Real customs-cleared exports (NT\$ billion)	820.9	786.8	818.3	802.9	770.3	807.9	753.0
Real machineries and electrical equipments imports (NT\$ billion)	297.2	292.5	278.9	317.1	281.8	273.4	248.3

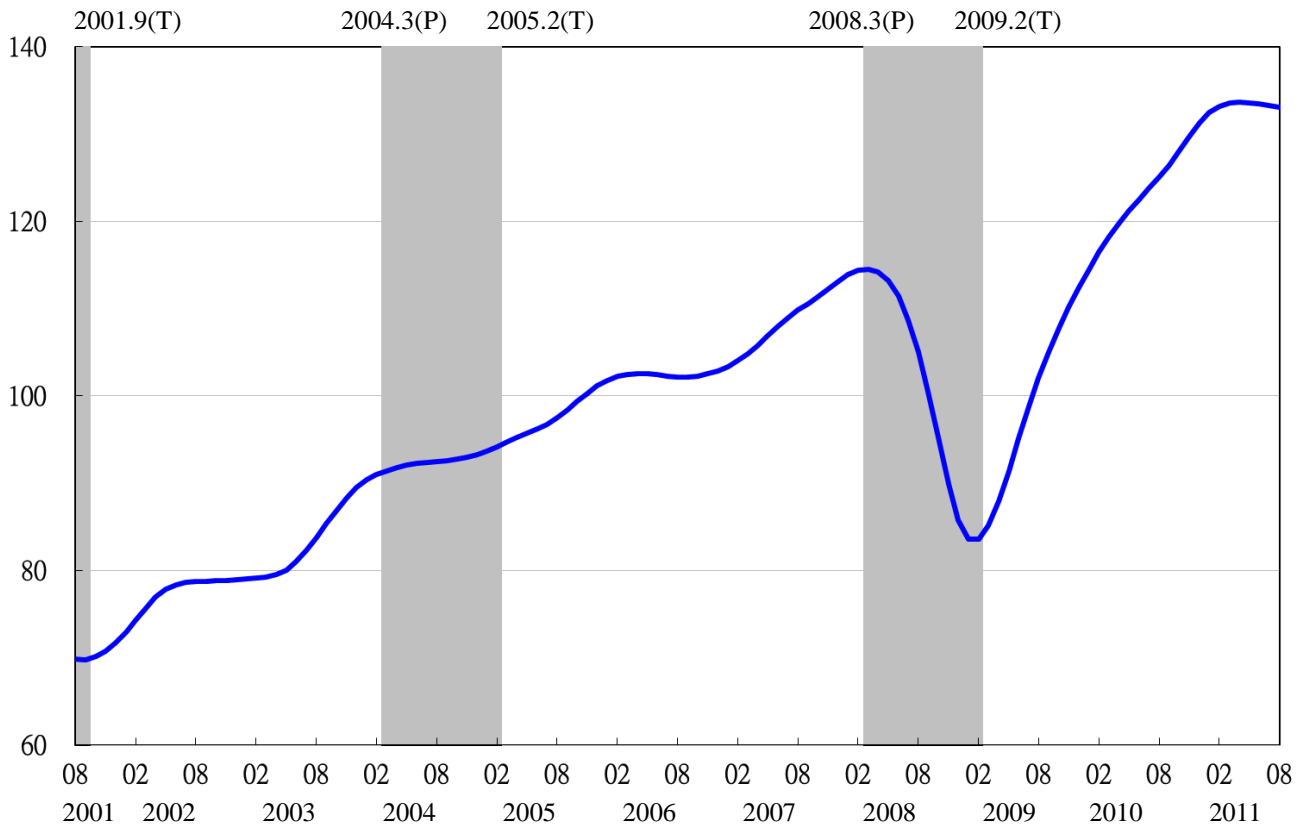
Lagging Indicators

Seasonally adjusted

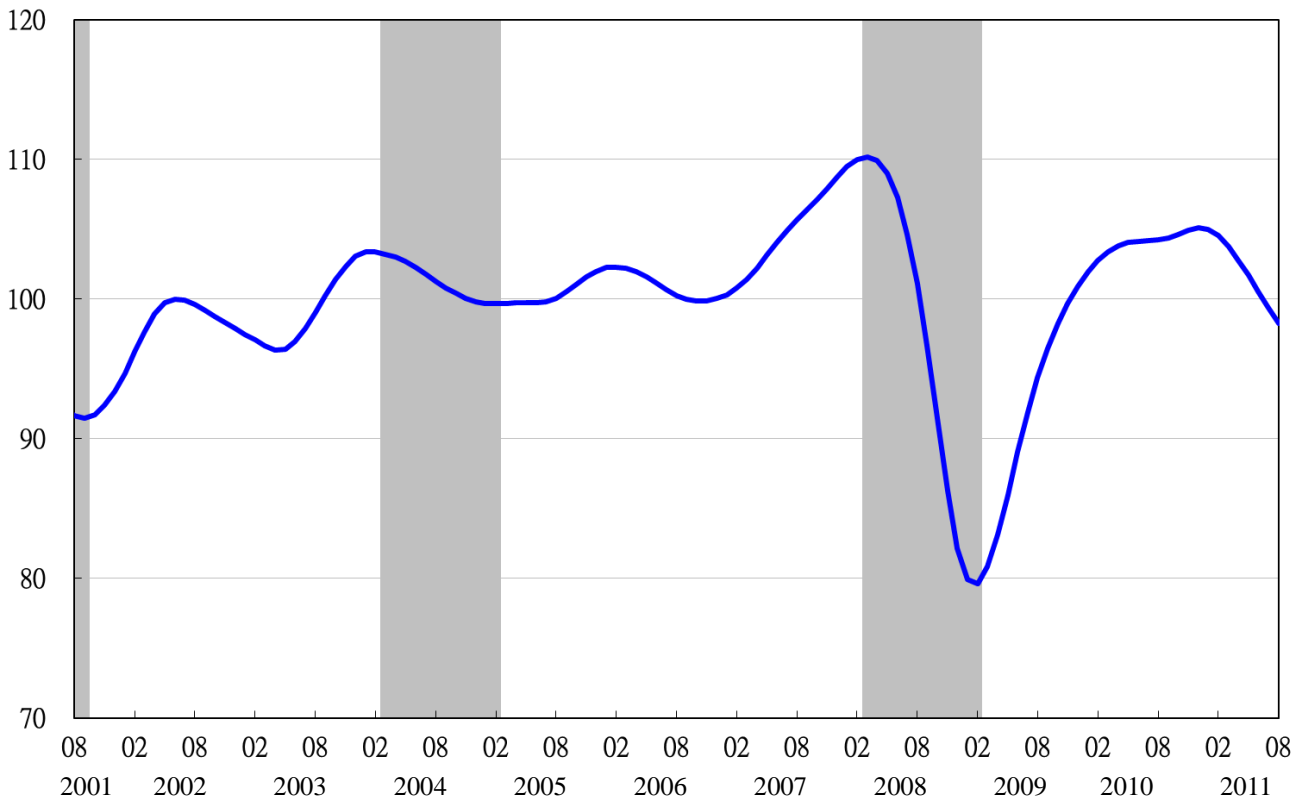
	2011						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Composite Index	130.0	133.1	136.3	139.4	142.4	145.3	148.3
Change from preceding month (%)	2.3	2.4	2.4	2.3	2.1	2.1	2.0
Trend adjusted index	102.0	103.4	104.8	106.1	107.3	108.4	109.5
Change from preceding month (%)	1.3	1.4	1.4	1.3	1.1	1.0	1.0
Components							
Unemployment rate** (%)	4.59	4.42	4.35	4.41	4.40	4.37	4.36
Regular employees on payrolls in industry & services (Thousand persons)	6,609	6,635	6,650	6,670	6,683	6,689	6,699 _p
The manufacturing unit output labor cost index (index 2006=100)	80.0	75.5	79.3	81.4	79.5	81.2	82.6 _p
Interbank overnight call-loan rate (percent per annum)	0.262	0.274	0.296	0.319	0.344	0.375	0.388
Loans and investments of major financial institutions (NT\$ billion)	23,171	23,282	23,360	23,482	23,561	23,701	23,894
Inventories to sales ratio for manufacturing (%)	61.3	62.9	66.4	67.0	67.3	66.4	66.8 _p

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

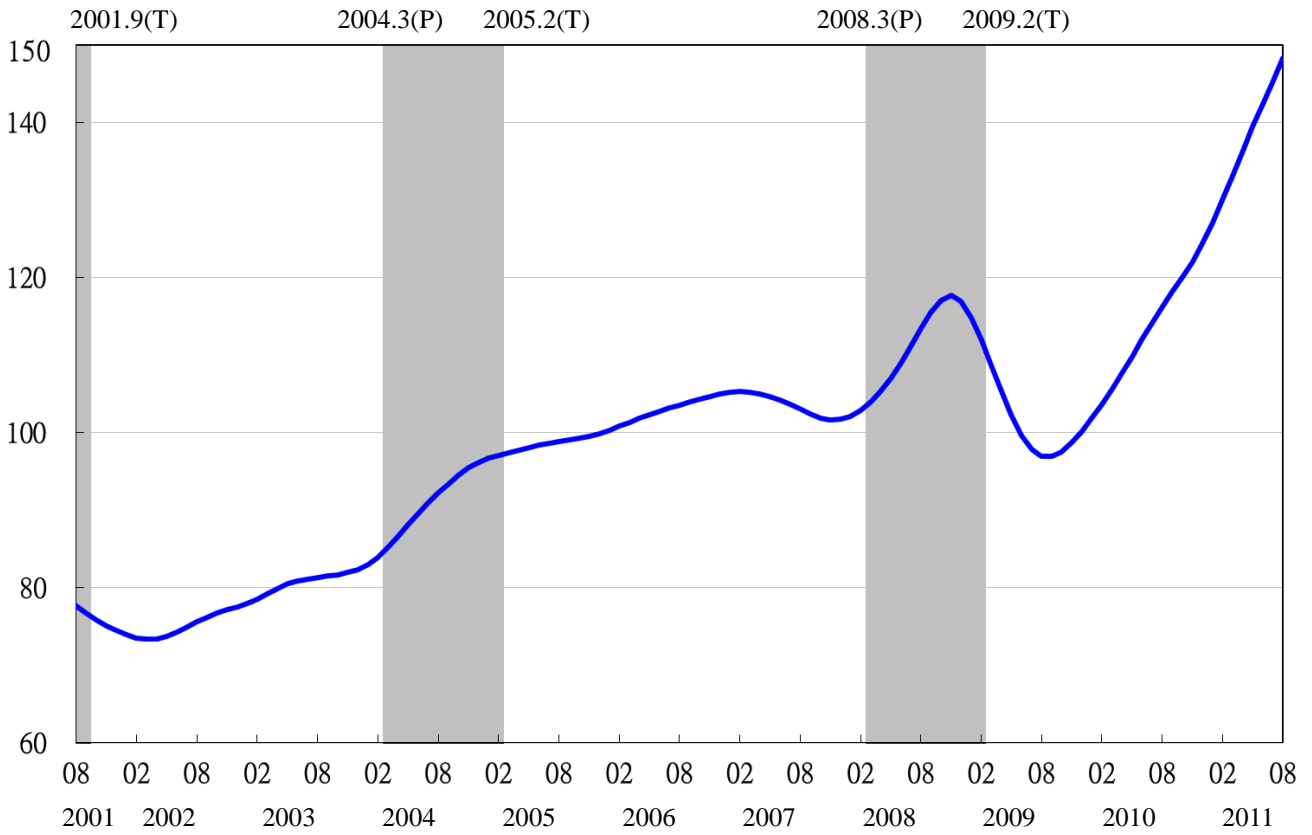
Composite Coincident Index



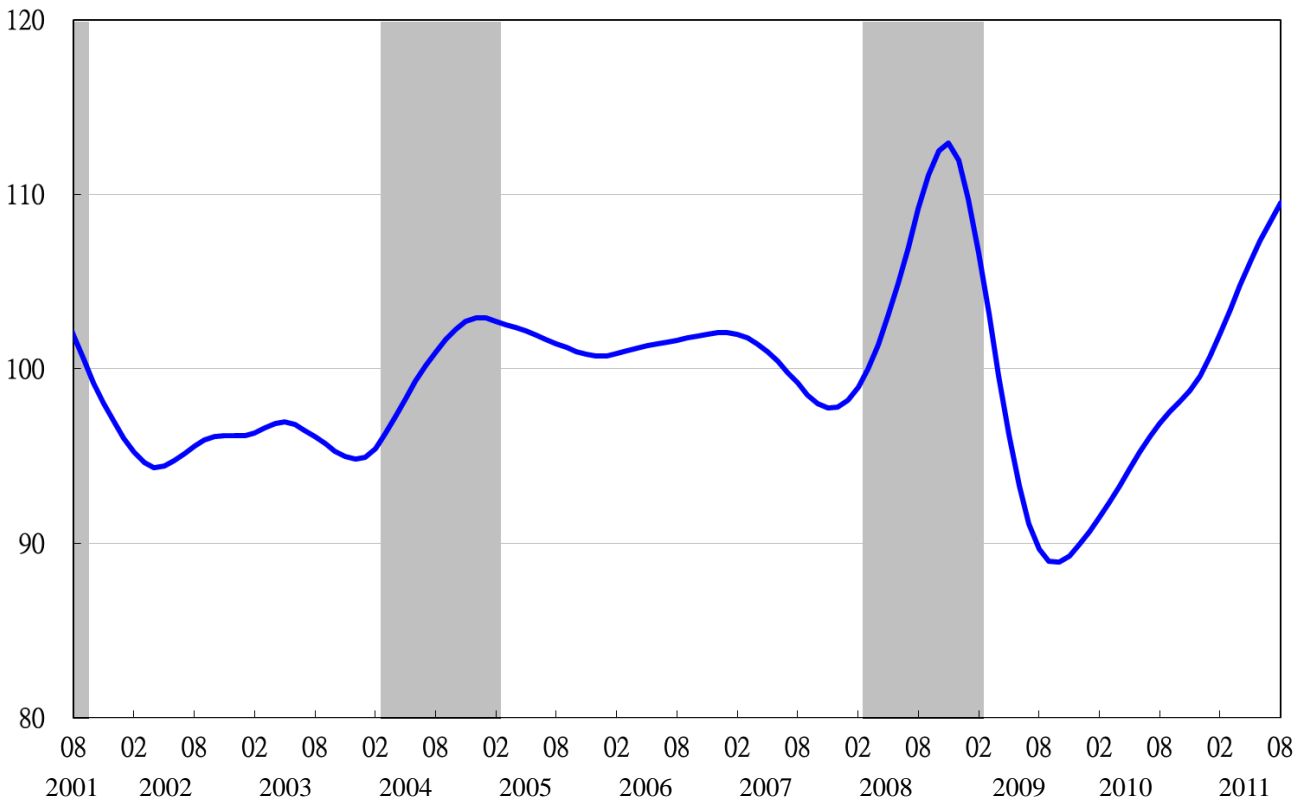
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2010						2011								
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	
Total	Light														
	Score	38	38	37	34	32	34	34	34	31	29	27	25	23 _r	22
Monetary Aggregates M1B															7.5
Direct and Indirect Finance															5.3
Stock Price Index															-1.5
Industrial Production Index															4.1
Nonagricultural Employment															2.15
Customs-Cleared Exports															-2.1
Imports of Machineries and Electrical Equipments															-17.8
Manufacturing Sales															3.7 _p
Sales Index of Wholesale, Retail and Food Services															1.7

● Booming
 ● Transitional
 ● Stable
 ● Transitional
 ● Sluggish

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