

## **Taiwan Business Indicators in August 2013**

Press Release

Council for Economic Planning and Development, Executive Yuan

September 27, 2013

In August 2013, the Taiwan Business Indicators showed the economic recovery to remain on the slower track. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the trend-adjusted leading index increased by 0.05%, the trend-adjusted coincident index decreased by 0.23% 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 102.92, up by 0.19% from July 2013. Its trend-adjusted index increased by 0.05% to 100.49. Among the seven indicators making up the trend-adjusted index, building permits, real monetary aggregates M1B, and the TIER manufacturing sector composite indicator had positive cyclical movements from the previous month, while SEMI book-to-bill ratio, net accession rate of employees on payrolls of industry and services, the index of export orders, and TAIEX average closing price had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 100.79, down by 0.1% from July 2013. Its trend-adjusted index decreased by 0.23% to 98.41. Among the seven indicators making up the trend-adjusted index, electric power consumption, the index of producer's shipment for manufacturing, and the industrial production index had positive cyclical movements from the previous month, while real machineries and electrical equipments imports, nonagricultural employment, sales of trade and food services, and real customs-cleared exports had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 100.62, down by 0.56% from July 2013. Its trend-adjusted index decreased by 0.69% to 98.25. All six indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were the manufacturing unit output labor cost index, the inventories to sales ratio for manufacturing, the unemployment rate (inverted), regular employees on payrolls in industry and services,

loans and investments of monetary financial institutions, and the interbank overnight call-loan rate.

4. The Monitoring Indicators: The total score in August dropped by one point to 19, flashing the “yellow-blue” signal for the second month. Among the nine components, TAIEX average closing price lost one point to change its individual light signal from “yellow-red” to “green”. The light signals for the rest of eight components remained unchanged.

~~ **The next release is scheduled for October 28 2013** ~~

**Table 1 Leading Indicators**

	Seasonally adjusted						
	2013						
	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Composite Index</b>	101.72	102.05	102.30	102.46	102.58	102.73	102.92
Change from preceding month (%)	0.49	0.33	0.24	0.16	0.11	0.15	0.19
Trend adjusted index	100.12	100.31	100.42	100.44	100.42	100.44	100.49
Change from preceding month (%)	0.35	0.19	0.11	0.03	-0.02	0.02	0.05
<b>Components</b>							
Index of export orders (2011=100)	103.0	99.8	102.8	102.9	102.6	103.0	104.2
Real monetary aggregates M1B (NT\$ billion)	11,908	12,234	12,250	12,418	12,542	12,643	12,661
TAIEX average closing price (1966=100)*	7,933	7,907	7,893	8,272	7,989	8,102	7,932
Net accession rate of employees on payrolls of industry and services ** (%)	0.15	0.13	0.14	0.08	-0.01	0.03	0.09 <sub>p</sub>
Building permits *** (1,000m <sup>2</sup> )	2,915	2,338	3,056	3,089	2,291	2,919	3,295
SEMI Book-to-Bill Ratio	1.10	1.11	1.08	1.08	1.10	1.00	0.98
The TIER manufacturing sector composite indicator (2006=100)	97.98	99.48	97.38	99.47	97.51	98.40	98.82

Note : 1. p = Preliminarily estimated.

2. \* TAIEX average closing price is not seasonally adjusted.

\*\* Net accession rate is equal to accession rate minus separation rate.

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

**Table 2 Coincident Indicators**

Seasonally adjusted

	2013						
	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Composite Index</b>	100.71	100.70	100.77	100.89	100.95	100.89	100.79
Change from preceding month (%)	-0.02	-0.01	0.07	0.11	0.06	-0.06	-0.10
Trend adjusted index	99.13	98.98	98.92	98.90	98.82	98.64	98.41
Change from preceding month (%)	-0.16	-0.15	-0.06	-0.02	-0.07	-0.19	-0.23
<b>Components</b>							
Industrial production index (2011=100)	100.1	99.2	98.2	99.0	99.7	100.5	100.2
Electric power consumption (billion kWh)	11.77	11.42	11.82	11.94	12.33	11.84	11.95
Index of producer's shipment for manufacturing (2011=100)	97.5	94.9	96.2	97.8	97.3	96.9	97.7 <sub>p</sub>
Sales of trade and food services (NT\$ billion)	1,173	1,177	1,183	1,183	1,180	1,178	1,177
Nonagricultural employment (thousand persons)	10,399	10,403	10,406	10,409	10,418	10,416	10,421
Real customs-cleared exports (NT\$ billion)	750.0	777.5	766.2	786.5	807.8	775.7	787.4
Real machineries and electrical equipments imports (NT\$ billion)	210.5	210.2	206.5	214.3	217.5	205.9	194.3

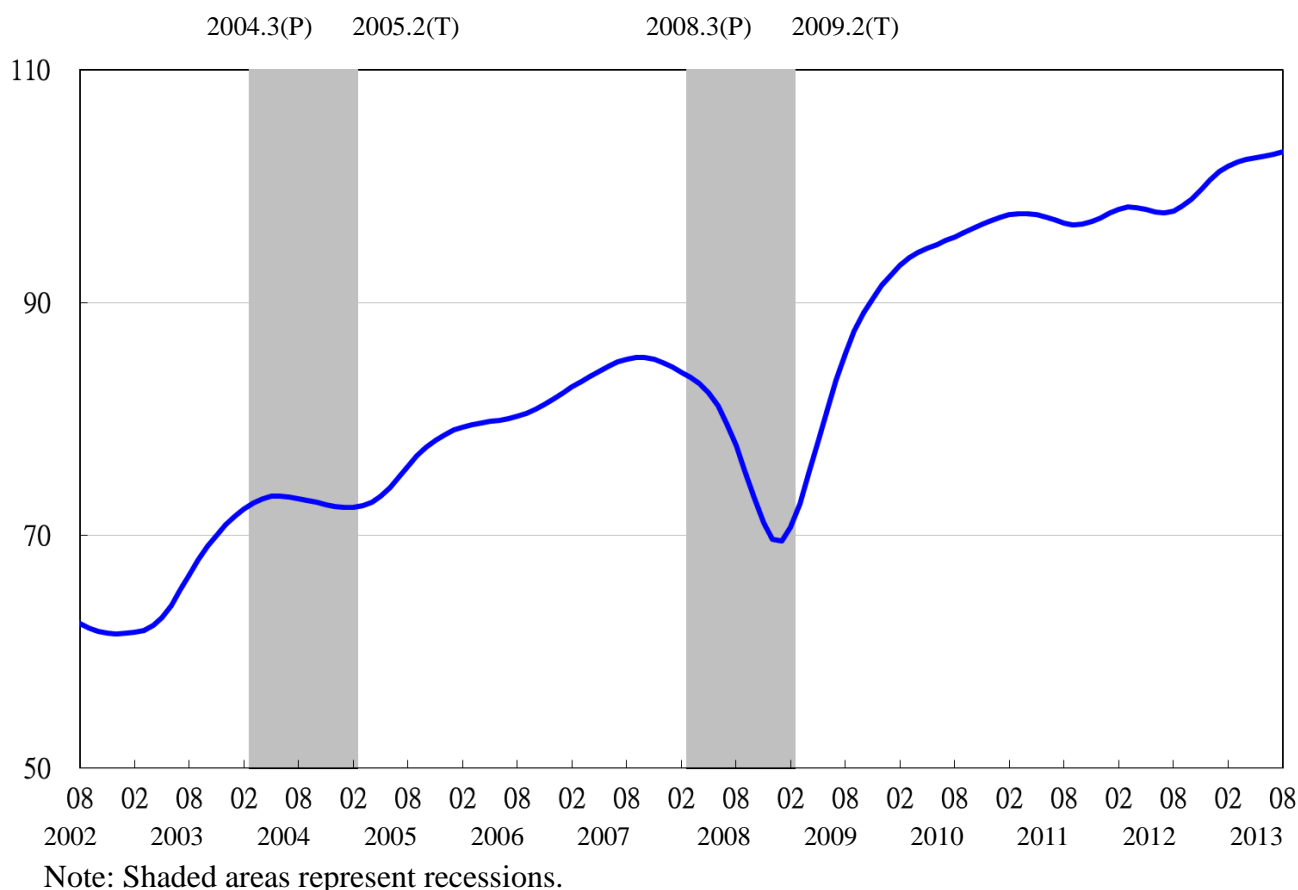
**Table 3 Lagging Indicators**

Seasonally adjusted

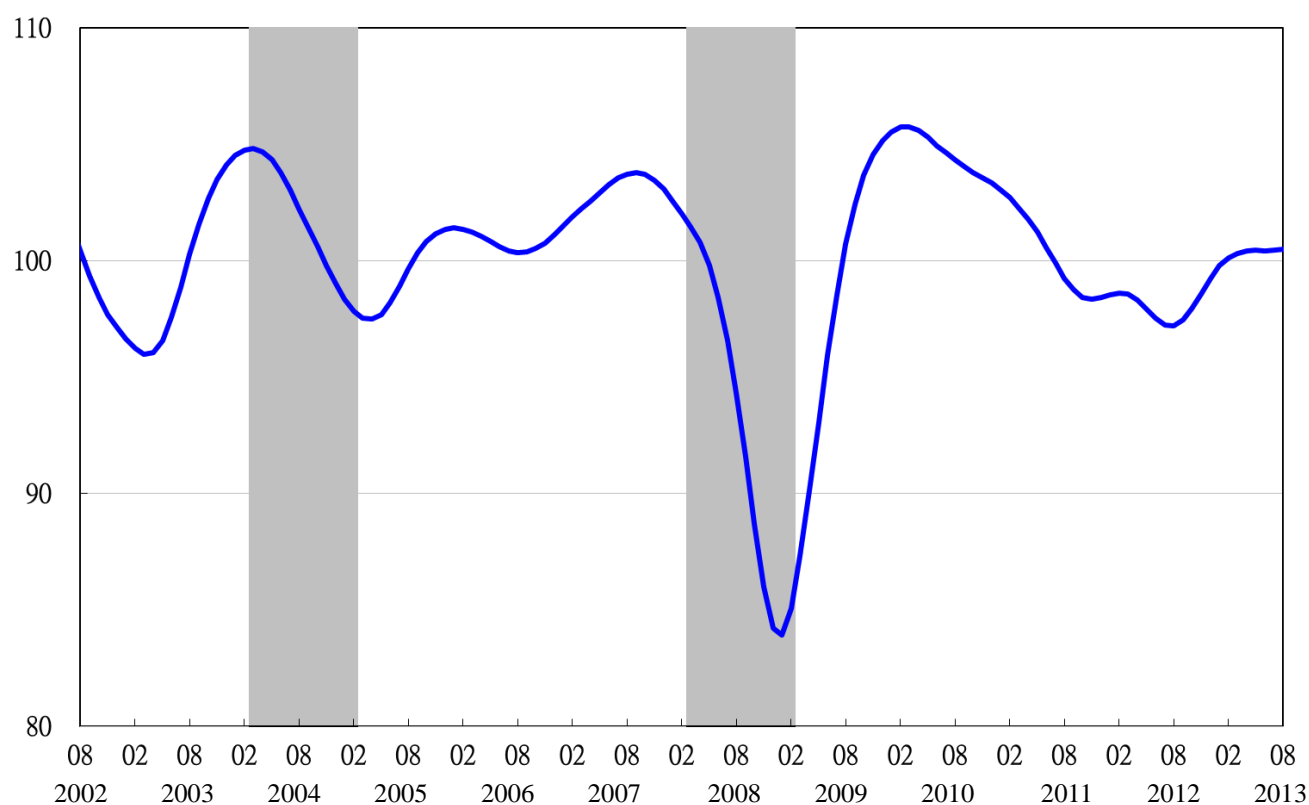
	2013						
	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Composite Index</b>	102.56	102.65	102.51	102.16	101.71	101.19	100.62
Change from preceding month (%)	0.22	0.08	-0.13	-0.34	-0.45	-0.51	-0.56
Trend adjusted index	100.94	100.89	100.62	100.15	99.57	98.93	98.25
Change from preceding month (%)	0.08	-0.05	-0.27	-0.47	-0.58	-0.64	-0.69
<b>Components</b>							
Unemployment rate* (%)	4.16	4.18	4.19	4.19	4.17	4.18	4.19
Regular employees on payrolls in industry & services (thousand persons)	6,819	6,819	6,826	6,834	6,841	6,845	6,855 <sub>p</sub>
The manufacturing unit output labor cost index (2006=100)	85.6	84.4	85.3	84.3	84.0	83.8	82.3 <sub>p</sub>
Interbank overnight call-loan rate** (percent per annum)	0.387	0.387	0.386	0.386	0.386	0.386	0.386
Loans and investments of monetary financial institutions (NT\$ billion)	25,718	25,934	25,986	25,979	26,160	26,349	26,421
Inventories to sales ratio for manufacturing (%)	70.2	73.5	72.1	67.3	67.4	68.6	67.4 <sub>p</sub>

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

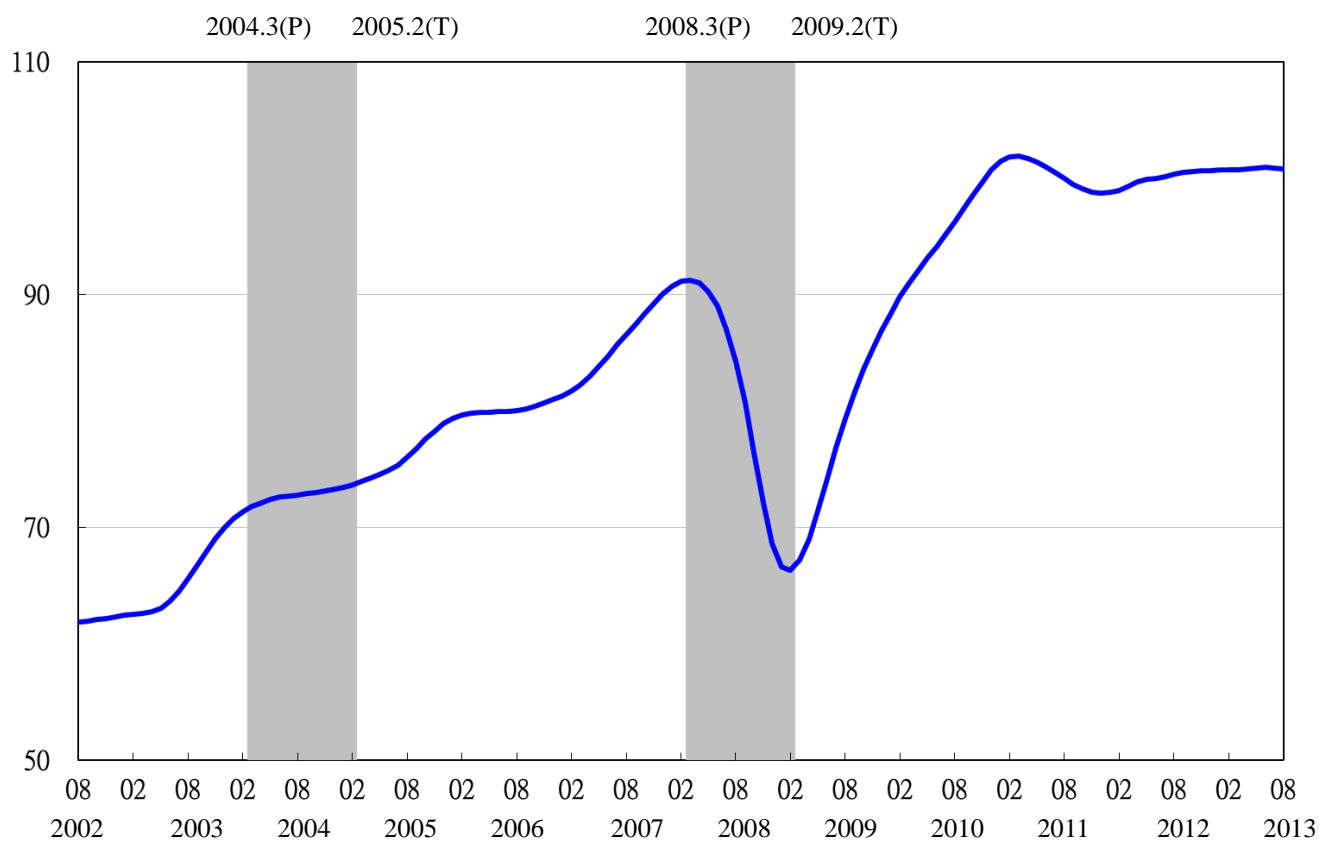
\*\* Interbank overnight call-loan rate is not seasonally adjusted.



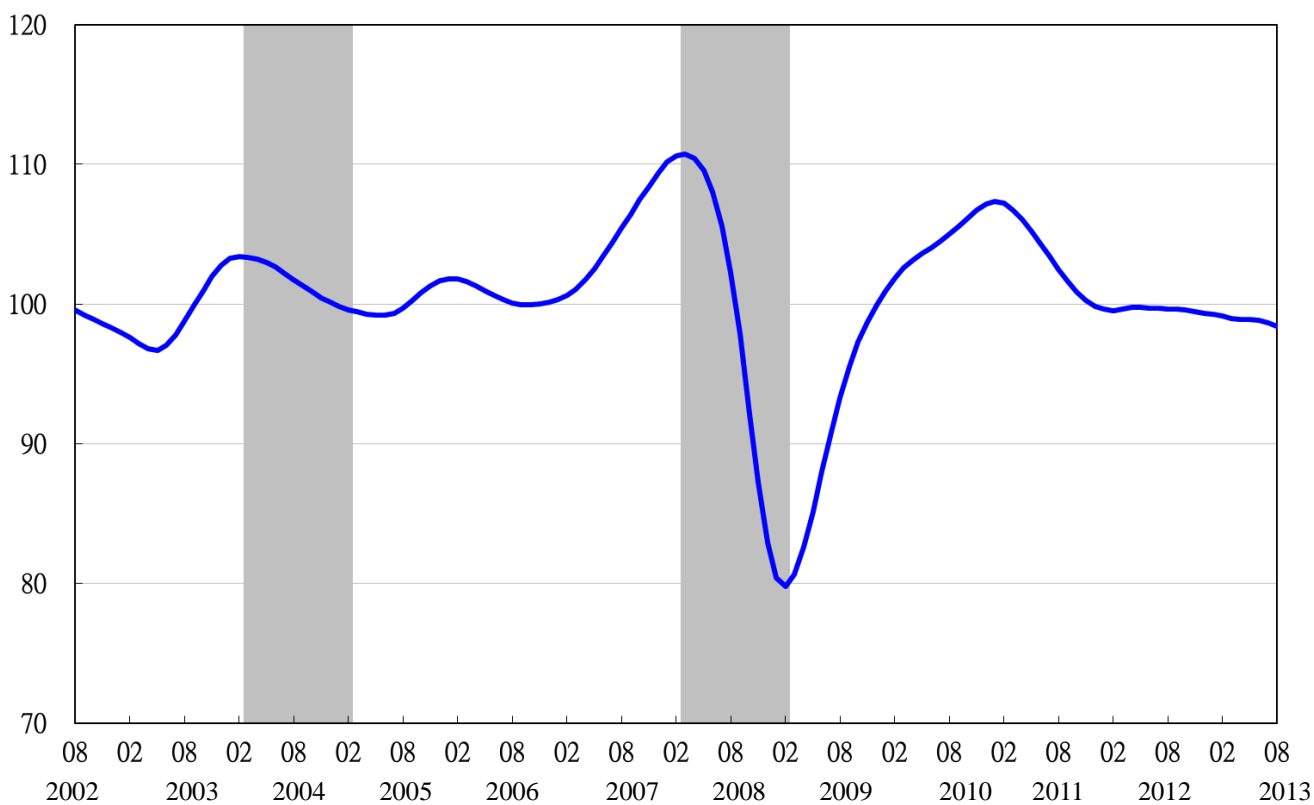
**Figure 1 Composite Leading Index**



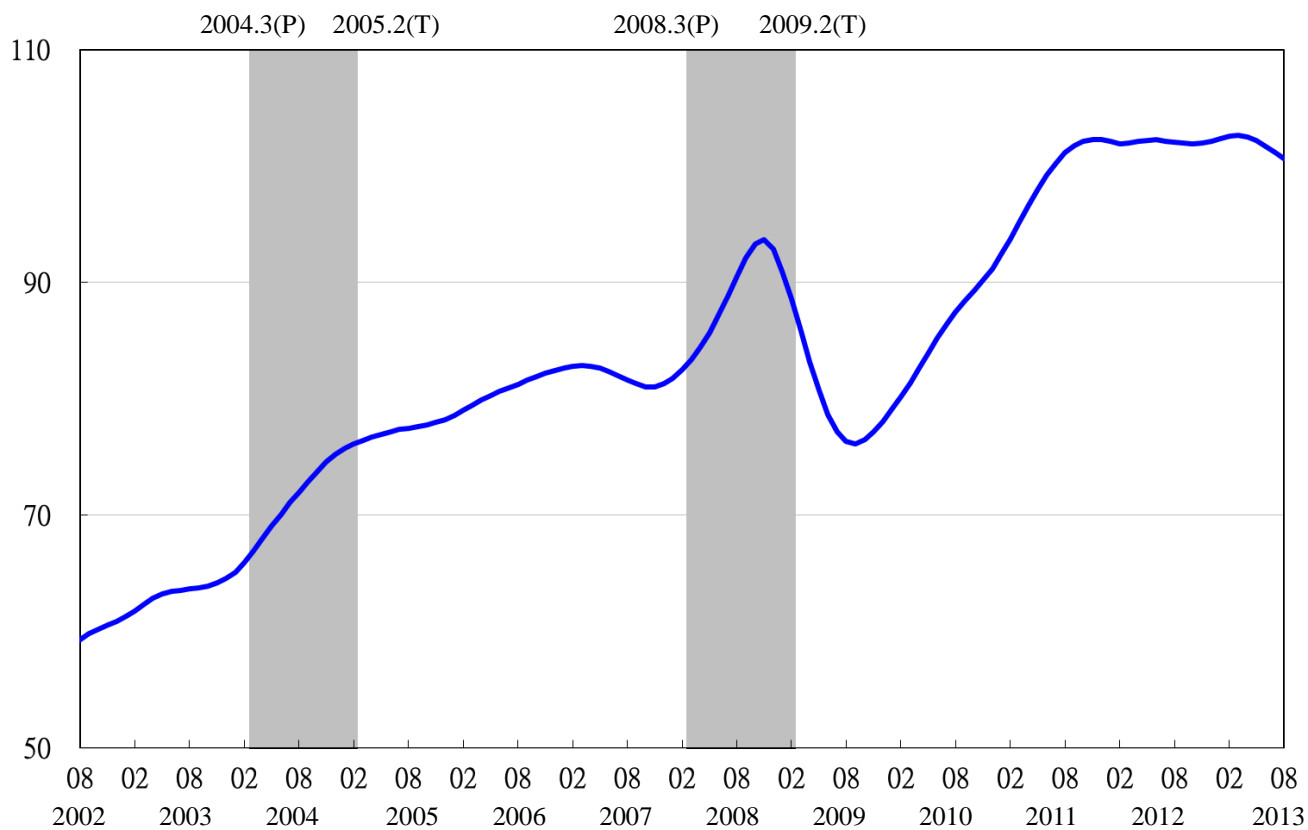
**Figure 2 Trend-adjusted Composite Leading Index**



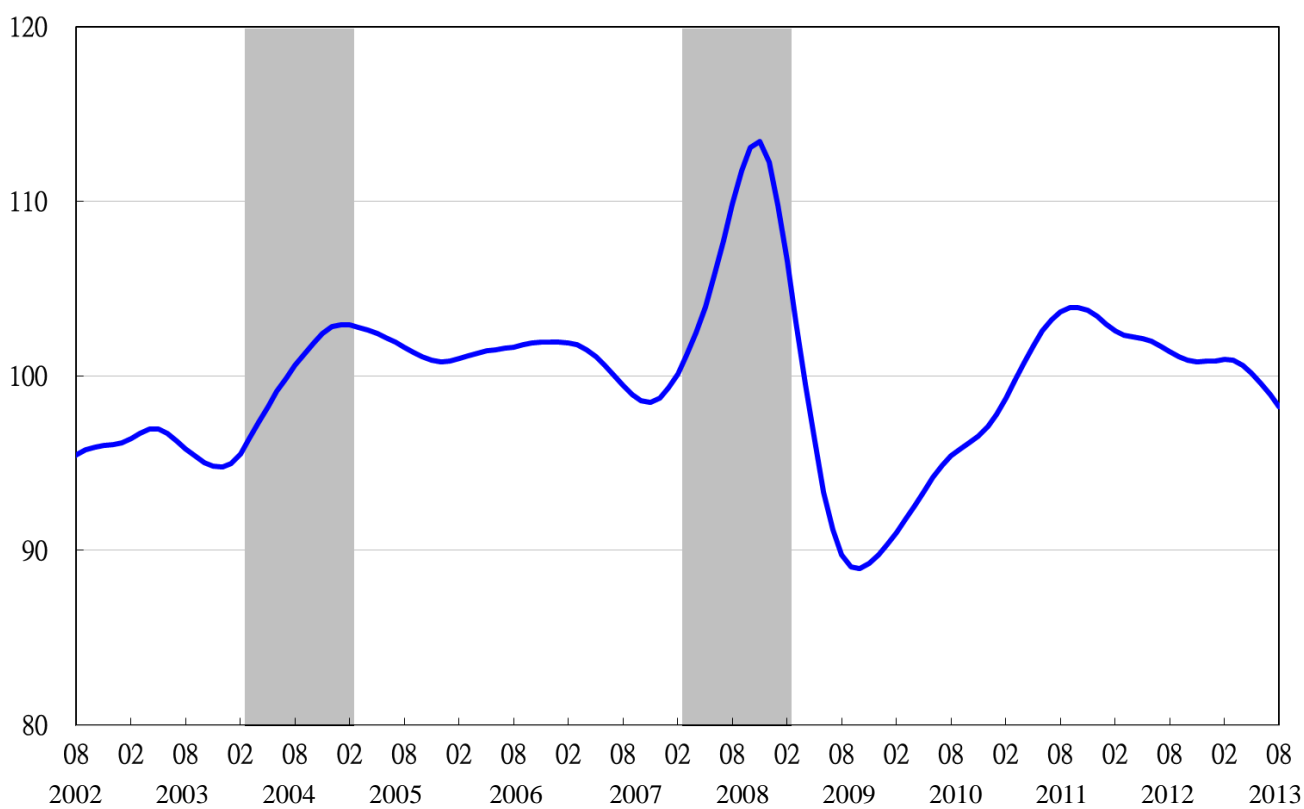
**Figure 3 Composite Coincident Index**



**Figure 4 Trend-adjusted Composite Coincident Index**



**Figure 5 Composite Lagging Index**



**Figure 6 Trend-adjusted Composite Lagging Index**

	Month	2012					2013													
		8	9	10	11	12	1	2	3	4	5	6	New Series beginning in July 2013*				7	8		
Total	Light											New Series beginning in July 2013*								
	Score	15	20	19	21	22	19	20	18	17	19					23	20	19		
Monetary Aggregates M1B													Monetary Aggregates M1B					8.6		8.3
Direct and Indirect Finance												—————				—————				
TAIEX average closing price													TAIEX average closing price					12.7		7.1
Industrial Production Index													Industrial Production Index					0.6		0.2
Nonagricultural Employment													Nonagricultural Employment					1.0		1.0
Customs-Cleared Exports													Customs-Cleared Exports					2.5		2.8
Imports of Machinery and Electrical Equipments													Imports of Machineries and Electrical Equipments					-8.2		-5.6
Manufacturing Sales													Index of producer's shipment for manufacturing					-2.5 <sub>r</sub>		-2.0 <sub>p</sub>
Sales Index of Trade and Food Services													Sales of Trade and Food Services					-0.5 <sub>r</sub>		-0.1
—————		—————											The TIER Manufacturing Sector Composite Indicator					98.4		98.8

● Booming ● Transitional ● stable ● Transitional ● sluggish

Notes : 1. Individual Componenets and check points are in terms of percentage changes over 1-year span, except that the TIER Manufacturing Sector Composite Indicator is points (2006=100).

2. All components, except TAIEX average closing price, have been seasonally adjusted.

3. p = Preliminarily estimated, r = Revised.

**Figure 7 Monitoring Indicators**