

Taiwan Business Indicators in December 2011

Press Release

Council for Economic Planning and Development

January 31, 2012

In December 2011, Taiwan Business Indicators indicated that the economy has entered a phase characterized by significant downside risks and fragility. 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 increased by 0.8 points, the trend-adjusted coincident index decreased by 1.4% from the previous month, and the overall monitoring indicator flashed the "blue" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 128.3, up by 0.5% from November. Its annualized six-month rate of change increased by 0.8 points to 2.2%. Among the seven indicators making up the trend-adjusted index, index of producer's inventory for manufacturing (inverted), building permits, SEMI book-to-bill ratio, and index of export orders had positive cyclical movements from previous month. Average monthly overtime in industry and services, stock price index, and real monetary aggregates M1B had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 127.0, down by 0.6% from November. Its trend-adjusted index decreased by 1.4% to 94.0. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were the sales index of wholesale, retail and food services, electric power consumption, the industrial production index, real machineries and electrical equipments imports, real customs-cleared exports, index of producer's shipment for manufacturing, and nonagricultural employment.
3. **Lagging Indicators:** With revised data, the lagging index stood at 144.8, up by 1.2% from November. Its trend-adjusted index rose by 0.4% to 107.2. 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 had positive cyclical movements from previous month. Regular employees

on payrolls in industry and services, unemployment rate (inverted), loans and investments of major financial institutions had negative cyclical movements from previous month.

4. The Monitoring Indicators: The total score in November was adjusted downward by one point to 16, following the revision of manufacturing sales and the overall light signal was adjusted from "yellow-blue" to "blue". The total score in December was down by 2 points to 14, flashing the "blue" signal for the second consecutive month. Among the nine components, direct and indirect finance, customs-cleared exports each lost one point and changed their individual light signals. The light signals for the rest of seven components remained unchanged.

~~ The next release is scheduled for February 29 2012 ~~

Leading Indicators

Seasonally adjusted

	2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	126.7	126.5	126.5	126.6	127.0	127.6	128.3
Change from preceding month (%)	-0.1	-0.1	-0.04	0.1	0.3	0.5	0.5
Annualized 6-month rate of change (%)	1.2	0.6	0.31	0.34	0.7	1.4	2.2
Change from preceding month (point)	-0.6	-0.5	-0.3	0.03	0.4	0.7	0.8
Components							
Index of export orders (2006=100)	134.0	137.2	131.9	130.6	135.2	137.0	137.4
Real monetary aggregates M1B (NT\$ billion)	10,736	10,821	10,914	10,912	10,872	10,887	10,925
Stock price index(1966=100)	8,749	8,681	7,763	7,385	7,345	7,275	6,969
Index of producer's Inventory for manufacturing*(2006=100)	124.5	124.9	125.8	123.7	126.3	126.1	126.8 _p
Average monthly overtime in industry and services (hours/month)	8.7	8.4	8.4	8.2	8.0	7.9	7.9 _p
Building Permits ** (1,000m2)	2,449	2,250	2,164	2,481	2,265	2,460	2,662
SEMI Book-to-Bill Ratio	0.94	0.85	0.80	0.71	0.74	0.83	0.88

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						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	131.5	130.9	130.1	129.3	128.6	127.8	127.0
Change from preceding month (%)	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6
Trend adjusted index	102.1	100.8	99.5	98.1	96.7	95.4	94.0
Change from preceding month (%)	-1.2	-1.3	-1.4	-1.4	-1.4	-1.4	-1.4
Components							
Industrial production index(2006=100)	126.9	129.6	127.3	124.4	127.1	125.6	125.3
Electric power consumption (billion kWh)	11.61	11.32	11.99	11.18	11.48	11.90	11.25
Index of producer's shipment for manufacturing (2006=100)	126.1	128.2	126.1	125.4	126.0	125.7	126.2 _p
Sales index of wholesale, retail, and food services (2006=100)	110.2	110.1	110.3	109.4	107.5	106.1	106.1
Nonagricultural employment (1,000)	10,166	10,187	10,197	10,212	10,219	10,216	10,236
Real customs-cleared exports (NT\$ billion)	764.9	801.4	756.4	741.8	800.9	750.6	755.6
Real machineries and electrical equipments imports (NT\$ billion)	280.8	273.3	249.0	251.7	248.7	244.5	251.1

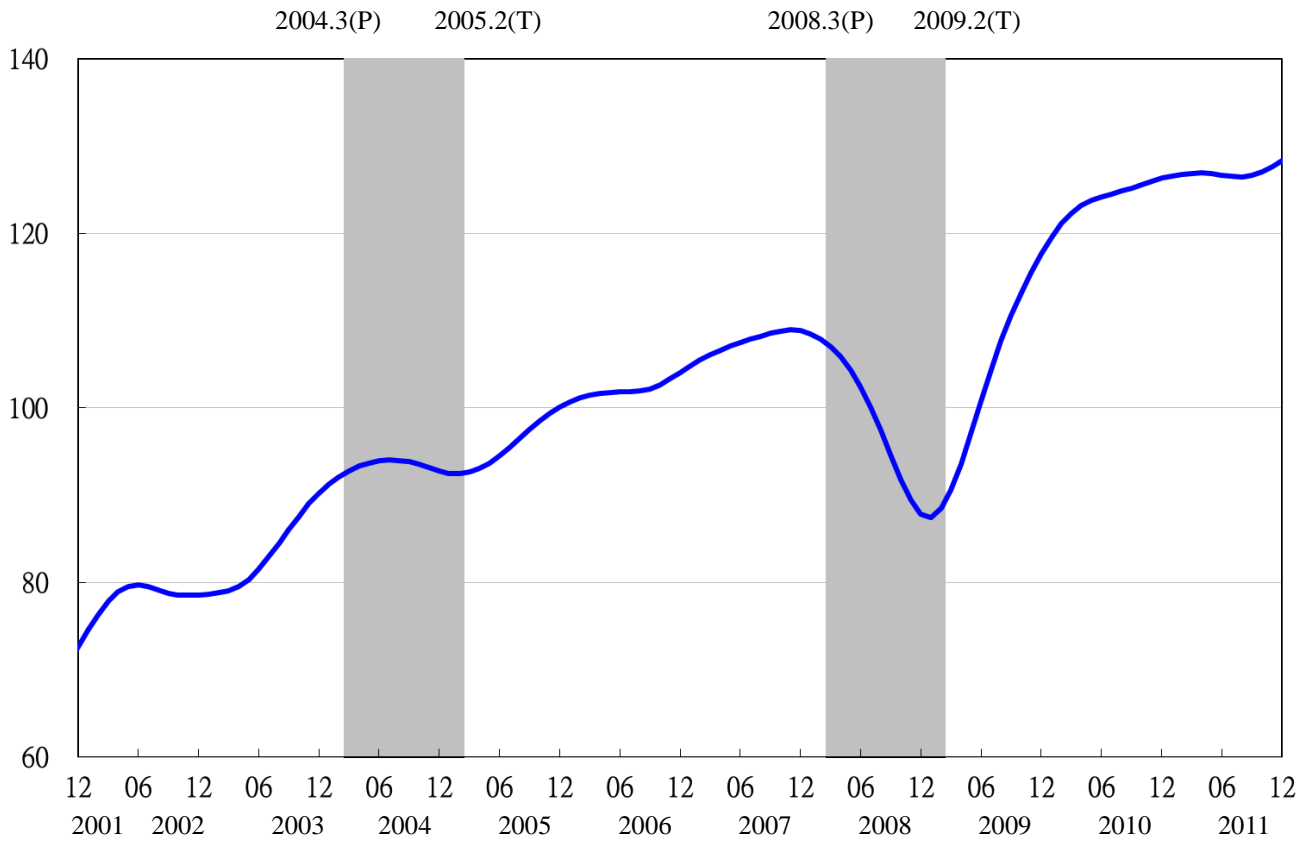
Lagging Indicators

Seasonally adjusted

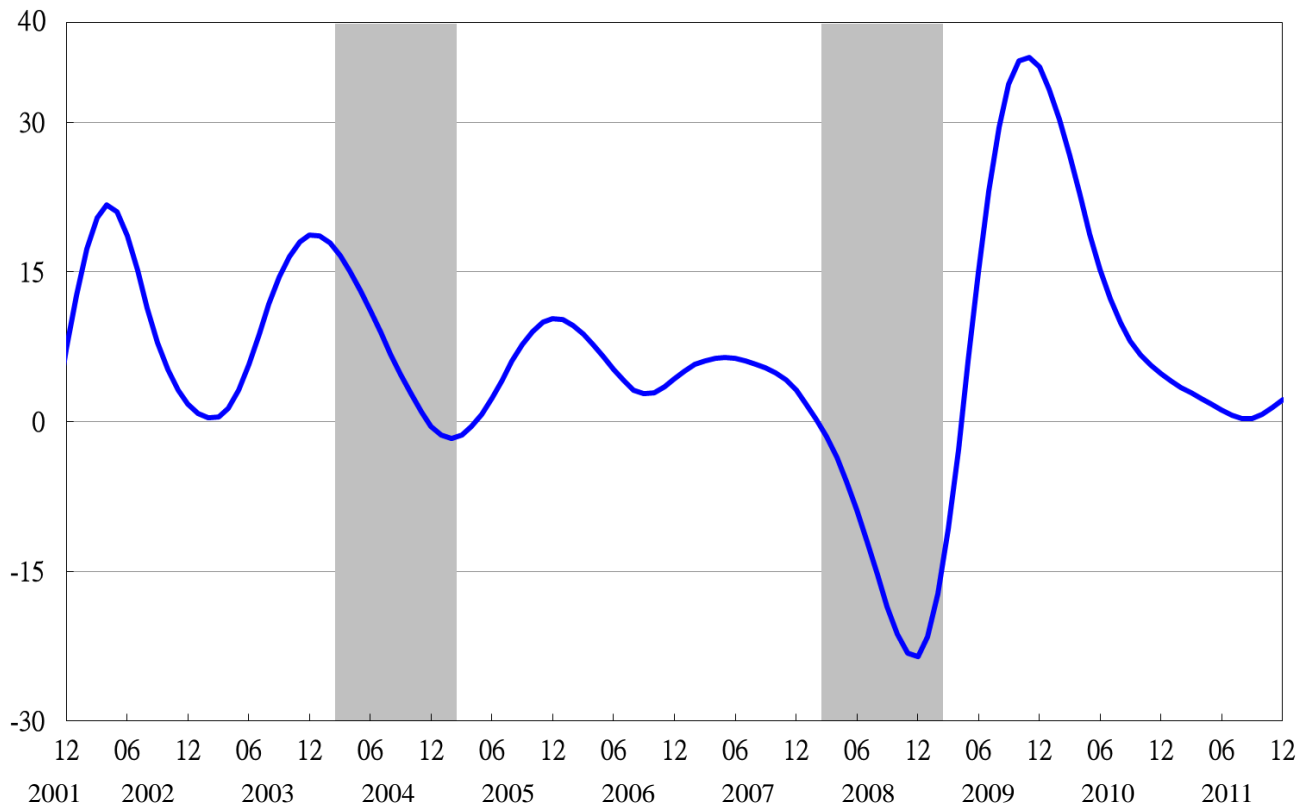
	2011						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	134.5	136.5	138.3	140.0	141.5	143.2	144.8
Change from preceding month (%)	1.7	1.5	1.3	1.2	1.1	1.1	1.2
Trend adjusted index	104.4	105.1	105.7	106.1	106.5	106.9	107.2
Change from preceding month (%)	0.8	0.7	0.5	0.4	0.3	0.3	0.4
Components							
Unemployment rate** (%)	4.40	4.37	4.36	4.27	4.30	4.32	4.22
Regular employees on payrolls in industry & services (Thousand persons)	6,682	6,688	6,698	6,706	6,715	6,725	6,738 _p
The manufacturing unit output labor cost index (index 2006=100)	80.0	80.9	83.2	83.0	80.5	83.0	84.3 _p
Interbank overnight call-loan rate (percent per annum)	0.344	0.375	0.388	0.394	0.395	0.396	0.400
Loans and investments of major financial institutions (NT\$ billion)	23,573	23,692	23,881	23,974	24,070	24,132	24,131
Inventories to sales ratio for manufacturing (%)	67.2	66.4	67.3	66.4	67.7	67.8	68.1 _p

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

Composite Leading Index

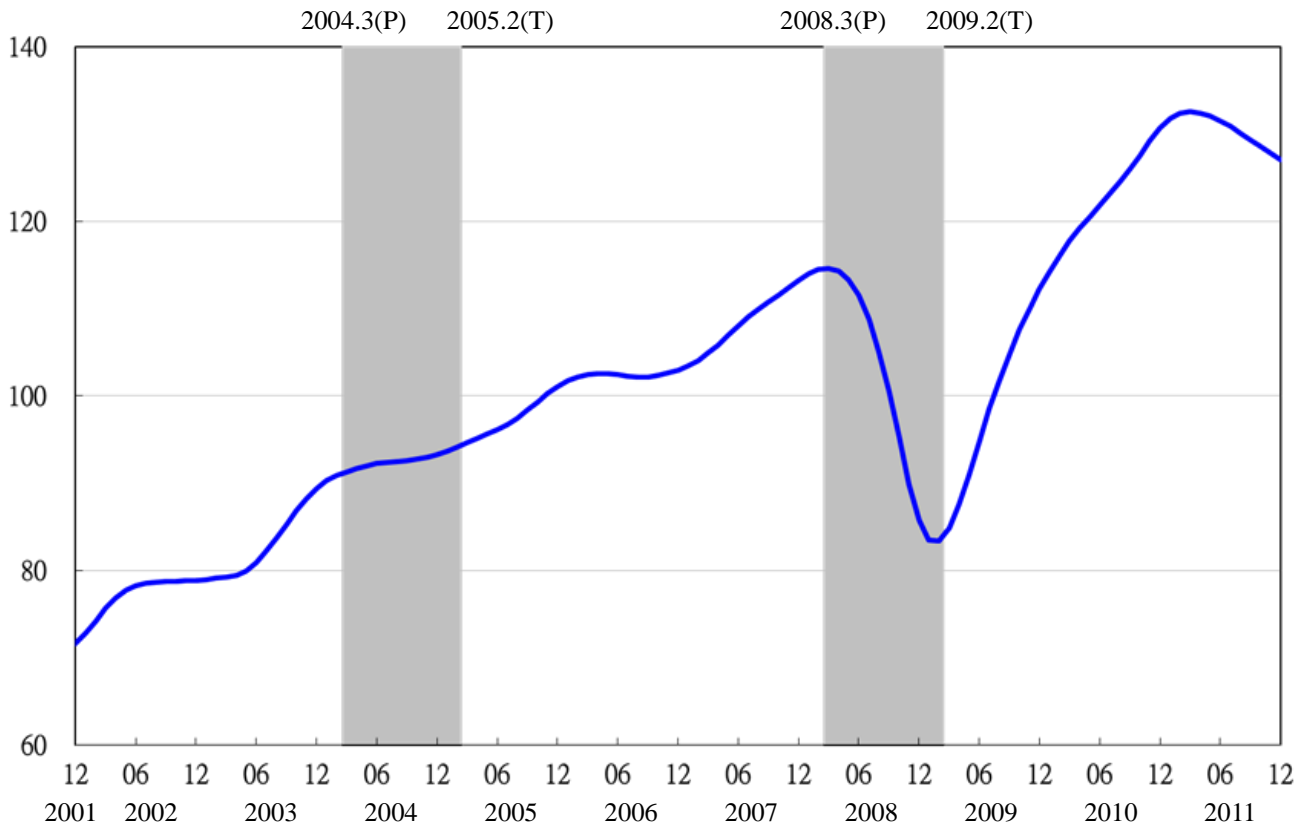


Annualized 6-month rate of change of composite leading index

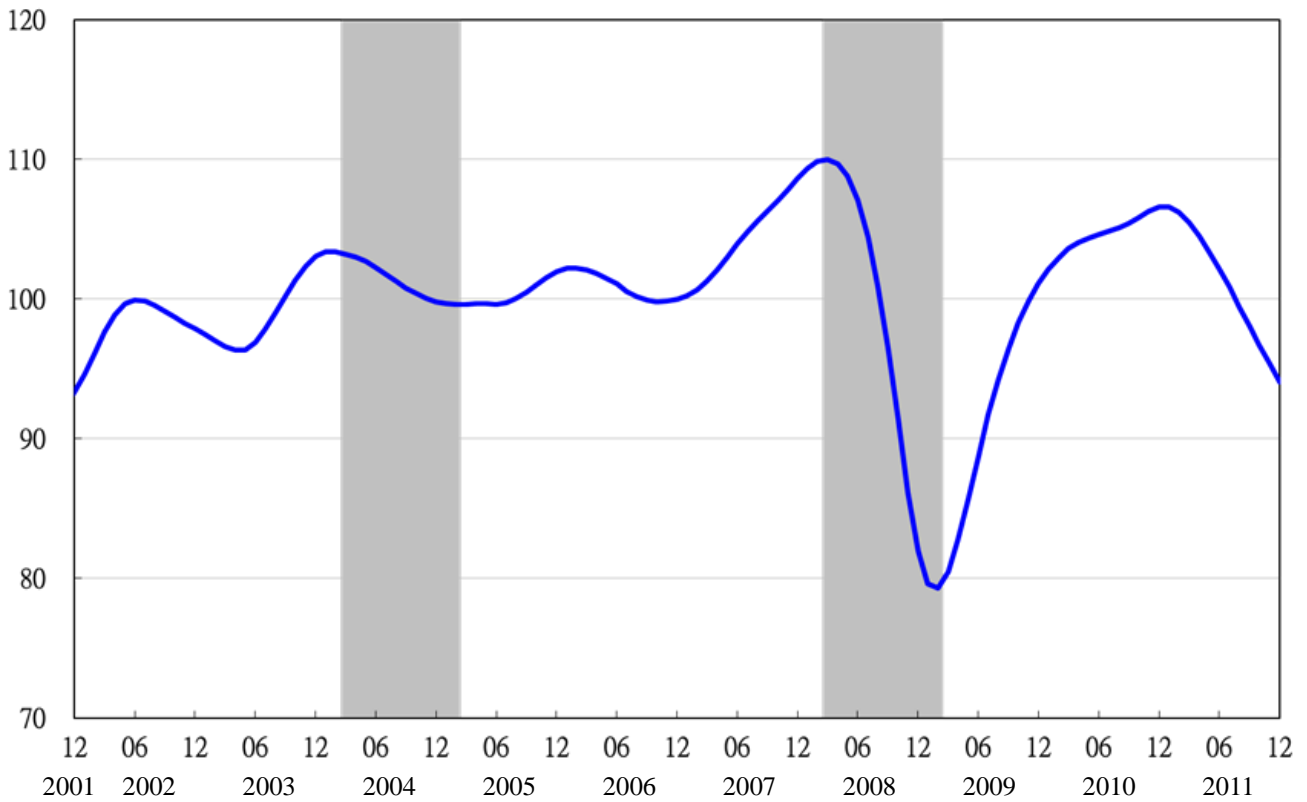


Shaded areas represent recessions.

Composite Coincident Index

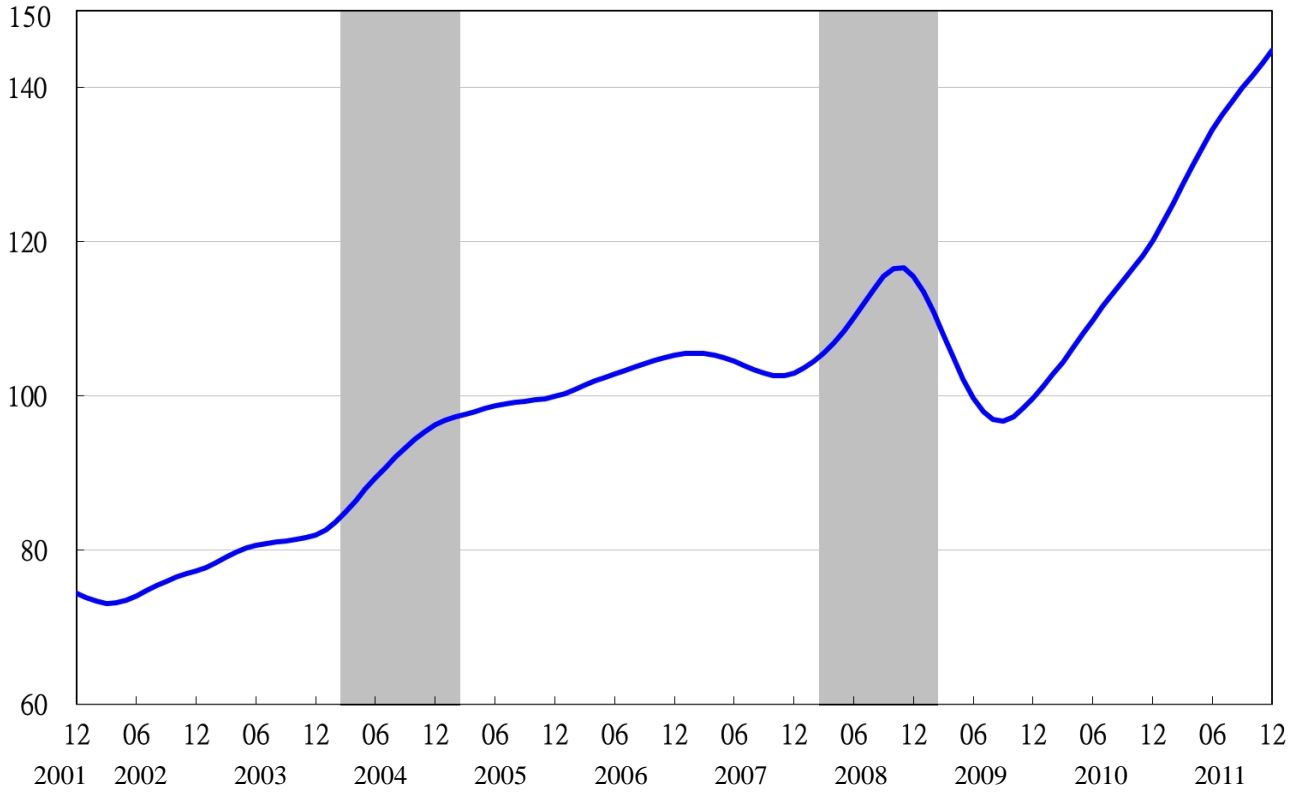


Trend-adjusted composite coincident index

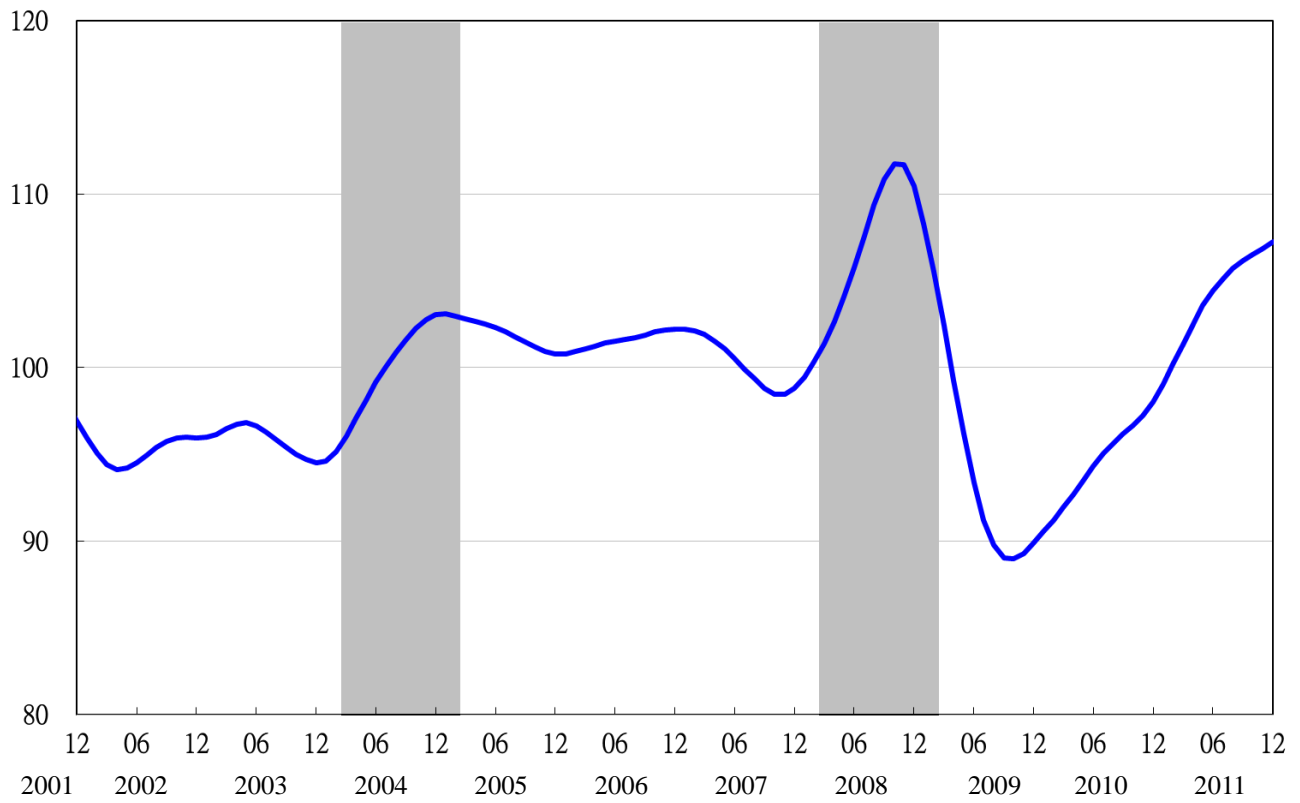


Composite Lagging Index

2004.3(P) 2005.2(T) 2008.3(P) 2009.2(T)



Trend-adjusted composite lagging index



Monitoring Indicators

	2010		2011												
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Total	Light														
	Score	32	34	34	34	31	29	27	25	23	20	21	19	16 _r	14
Monetary Aggregates M1B															3.4
Direct and Indirect Finance															4.9
Stock Price Index															-20.6
Industrial Production Index															-8.5
Nonagricultural Employment															1.9
Customs-Cleared Exports															0.6
Imports of Machineries and Electrical Equipments															-11.3
Manufacturing Sales															-8.3 _p
Sales Index of Wholesale, Retail and Food Services															-4.4

● 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.