

## **Taiwan Business Indicators in February 2011**

Press Release

Council for Economic Planning and Development

March 28, 2011

In February 2011, Taiwan Business Indicators indicated that the economy continued its steady 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 0.6 points, the trend-adjusted coincident index increased by 0.3% from the previous month, and the overall monitoring indicator flashed the "yellow-red" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 125.0, up by 0.04% from January. Its annualized six-month rate of change decreased by 0.6 points to 1.9%. Among the seven indicators making up the trend-adjusted index, index of producer's inventory for manufacturing, SEMI book-to-bill ratio, index of export orders, average monthly overtime in industry and services, real monetary aggregates M1B, and building permits had negative cyclical movement from previous month. Stock price index had positive cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 135.9, up by 1.3% from January. Its trend-adjusted index increased by 0.3% to 106.4. Among the seven indicators making up the trend-adjusted index, the industrial production index, real customs-cleared exports, nonagricultural employment, index of producer's shipment for manufacturing, real machineries and electrical equipments imports had positive cyclical movements from previous month. The sales index of wholesale, retail and food services and electric power consumption had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 135.3, up by 1.9% from January. Its trend-adjusted index rose by 0.9% to 105.9. Among the six indicators making up the trend-adjusted index, unemployment rate, loans and investments of major financial institutions, regular employees on payrolls in industry and services,

interbank overnight call-loan rate, and the manufacturing unit output labor cost index had positive cyclical movements from previous month.

4. The Monitoring Indicators: The total score in February was down by 1 point to 33, flashing the "yellow-red" signal for the sixth consecutive month. Among the nine components, stock price gained one point and changed its individual light signal from "green" to "yellow-red", customs cleared exports gained two points and changed its individual light signal from "green" to "red". Imports of machineries and electrical equipments lost one point and changed its individual light signal from "green" to "yellow-blue", manufacturing sales lost one point and changed its individual light signal from "red" to "yellow-red", sales index of wholesale, retail and food services lost two points and changed its individual light signal from "red" to "green". The light signals for the rest of four components remained unchanged.

~~ The next release is scheduled for April 27 2011 ~~

### Leading Indicators

	Seasonally adjusted						
	2010					2011	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	124.0	124.2	124.4	124.6	124.8	125.0	125.0
Change from preceding month (%)	0.1	0.1	0.2	0.2	0.2	0.1	0.0
Annualized 6-month rate of change (%)	8.6	6.7	5.2	4.1	3.2	2.5	1.9
Change from preceding month (point)	-2.5	-2.0	-1.5	-1.1	-0.9	-0.7	-0.6
<b>Components</b>							
Index of export orders (2006=100)	138.1	135.9	135.5	138.2	140.4	141.1	136.6
Real monetary aggregates M1B (NT\$ billion)	10,421	10,530	10,586	10,707	10,806	10,836	10,779
Stock price index(1966=100)	7,884	8,040	8,210	8,350	8,777	8,971	8,743
Index of producer's Inventory for manufacturing*(2006=100)	111.2	110.7	110.7	113.1	114.4	117.4	118.0 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	8.9	8.7	8.8	8.8	8.7	8.8	9.1
Building Permits ** (1,000m2)	2,261	2,303	2,301	2,252	2,570	2,575	2,174
SEMI Book-to-Bill Ratio	1.17	1.03	0.98	0.97	0.90	0.85	0.87

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

	2010					2011	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	125.5	126.9	128.6	130.4	132.3	134.1	135.9
Change from preceding month (%)	1.1	1.1	1.3	1.4	1.4	1.4	1.3
Trend adjusted index	104.2	104.4	104.7	105.2	105.6	106.0	106.4
Change from preceding month (%)	0.1	0.2	0.3	0.4	0.4	0.4	0.3
<b>Components</b>							
Industrial production index(2006=100)	122.2	119.3	124.6	132.5	137.0	139.2	138.5
Electric power consumption (billion kWh)	11.33	11.35	11.35	11.36	11.78	11.56	11.34
Index of producer's shipment for manufacturing (2006=100)	124.5	121.5	126.7	130.1	130.5	131.4	132.0 <sub>p</sub>
Sales index of wholesale, retail, and food services (2006=100)	109.3	109.5	110.7	110.6	111.0	111.7	108.1
Nonagricultural employment (1,000)	9,980	9,990	10,006	10,020	10,044	10,071	10,102
Real customs-cleared exports (NT\$ billion)	758.5	744.0	749.9	753.7	767.2	774.8	837.9
Real machineries and electrical equipments imports (NT\$ billion)	276.4	281.2	278.4	282.3	290.7	300.5	301.0

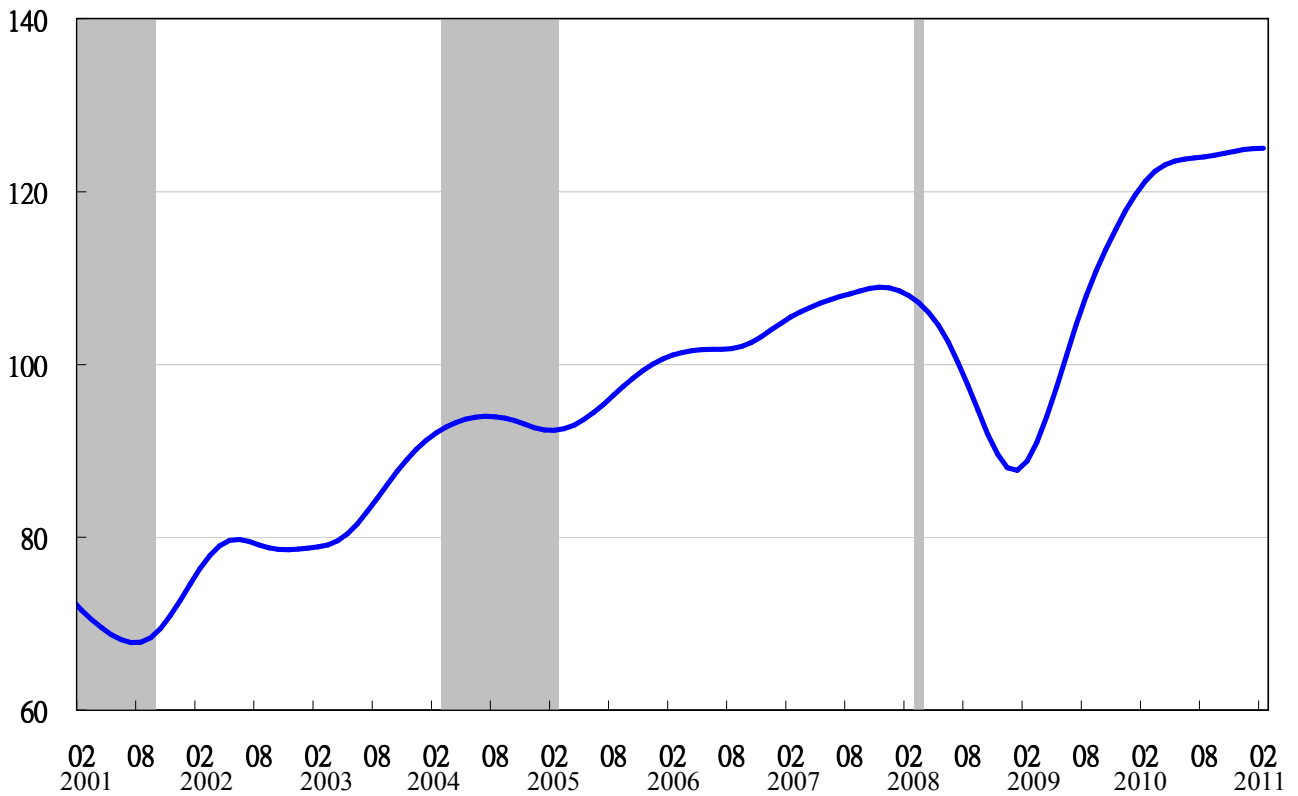
## Lagging Indicators

Seasonally adjusted

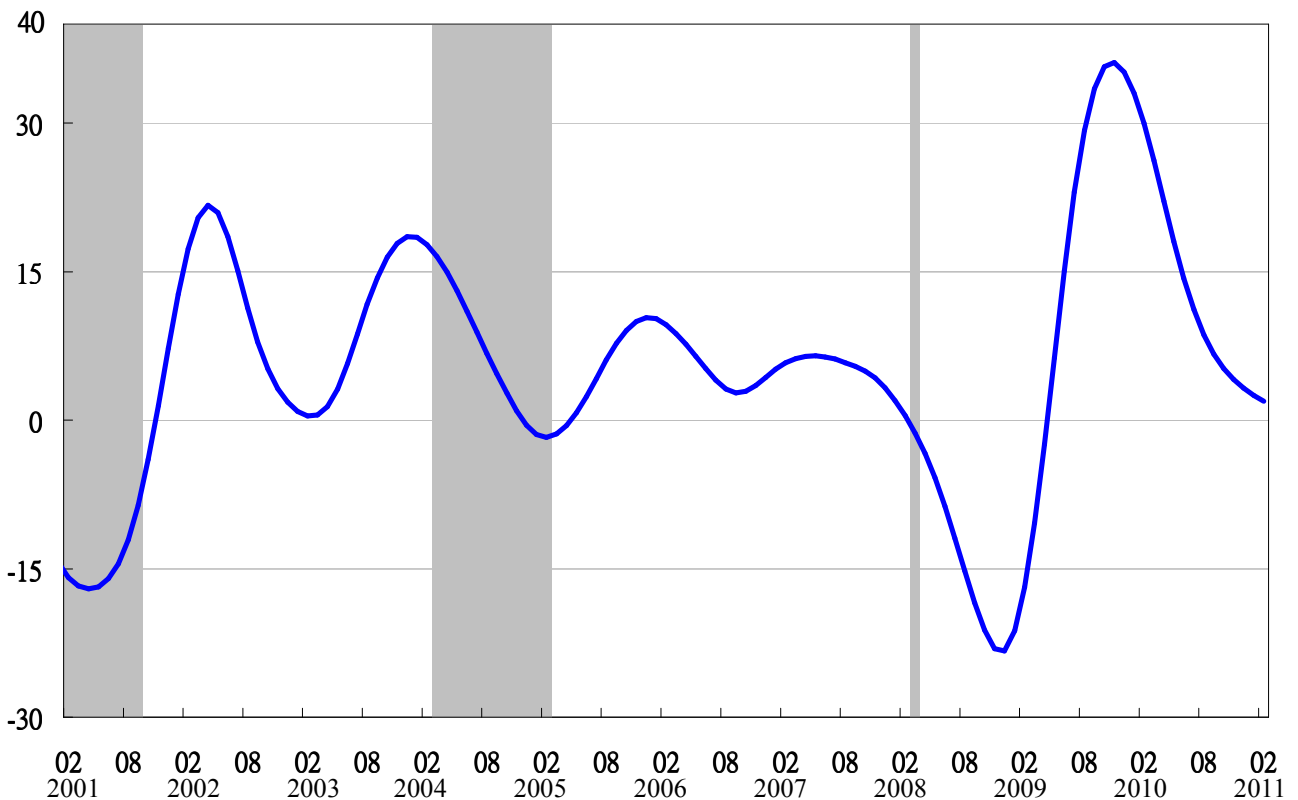
	2010					2011	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	121.4	123.7	125.8	128.0	130.3	132.8	135.3
Change from preceding month (%)	2.1	1.9	1.8	1.7	1.8	1.9	1.9
Trend adjusted index	100.8	101.8	102.5	103.3	104.1	105.0	105.9
Change from preceding month (%)	1.1	0.9	0.8	0.7	0.8	0.9	0.9
<b>Components</b>							
Unemployment rate** (%)	5.07	5.05	4.96	4.83	4.72	4.71	4.59
Regular employees on payrolls in industry & services (Thousand persons)	6,493	6,514	6,534	6,553	6,571	6,588	6,606 <sub>p</sub>
The manufacturing unit output labor cost index (index 2006=100)	79.0	82.5	78.1	76.7	76.4	75.3	77.1 <sub>p</sub>
Interbank overnight call-loan rate (percent per annum)	0.203	0.210	0.226	0.231	0.239	0.257	0.262
Loans and investments of major financial institutions (NT\$ billion)	22,266	22,198	22,404	22,578	22,773	23,073	23,204
Inventories to sales ratio for manufacturing (%)	61.30	60.52	59.54	56.75	57.29	57.49	57.11 <sub>p</sub>

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

## Composite Leading Index

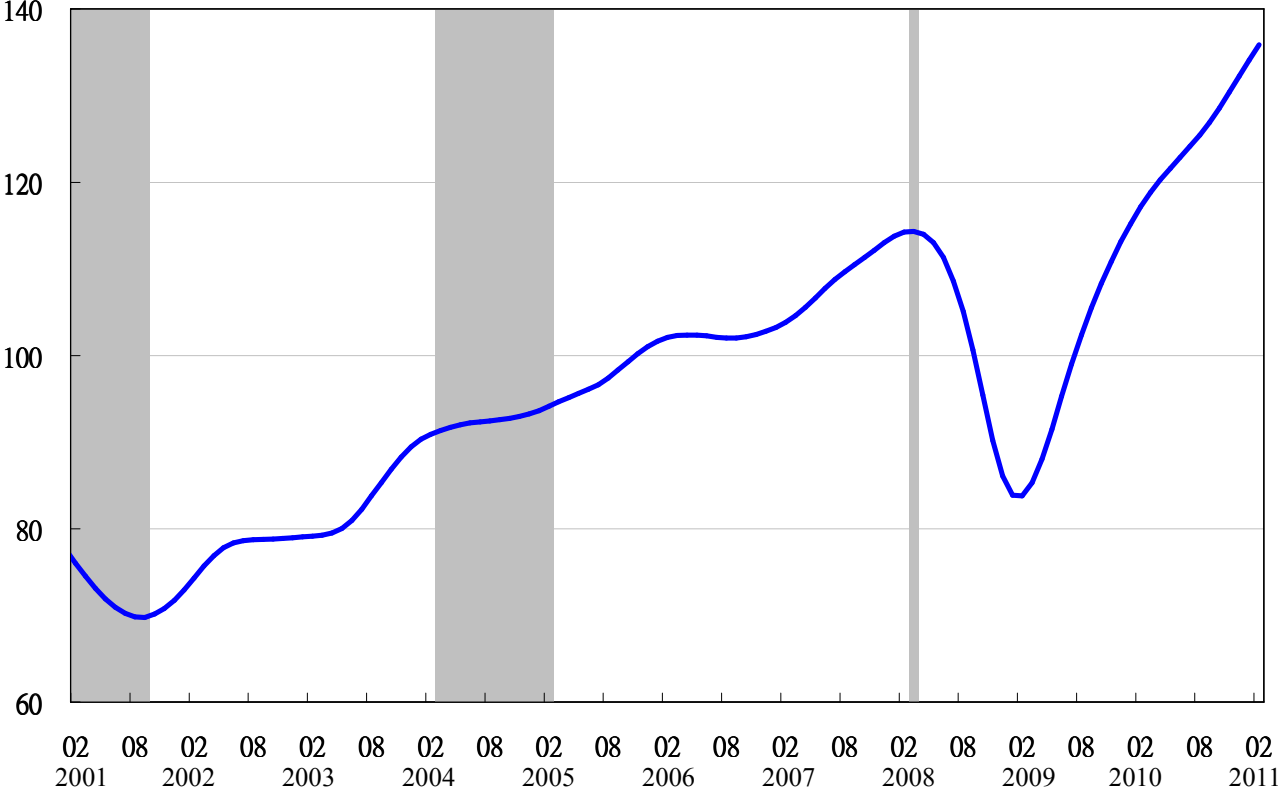


## Annualized 6-month rate of change of composite leading index

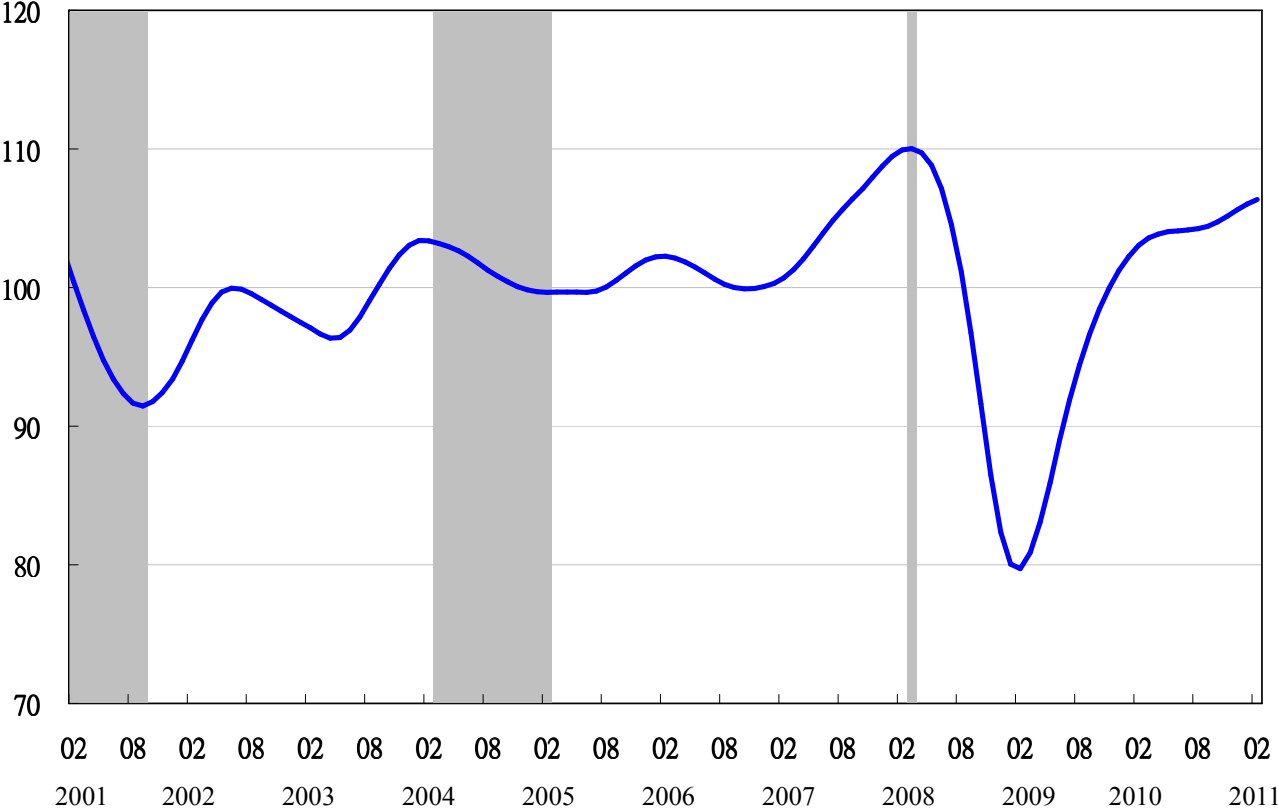


Shaded areas represent recessions.

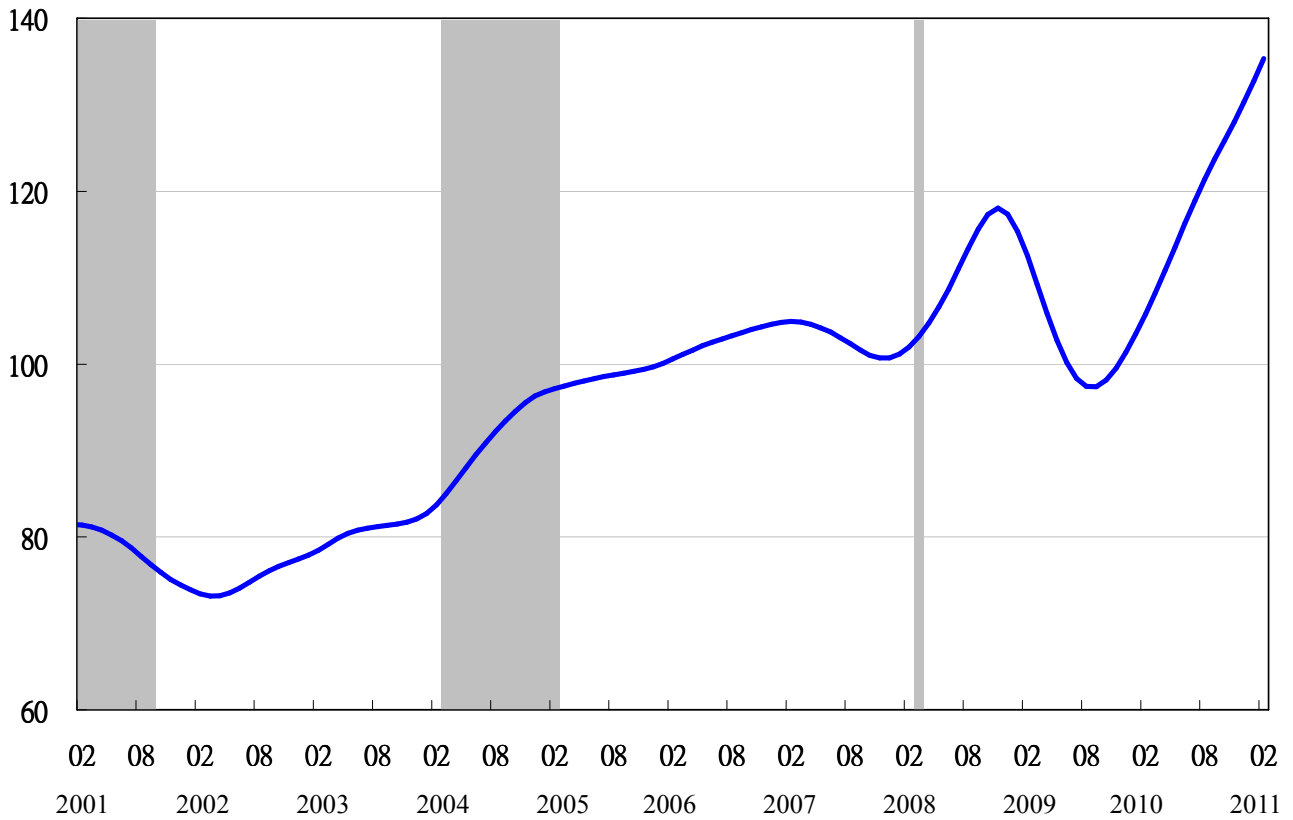
# Composite Coincident Index



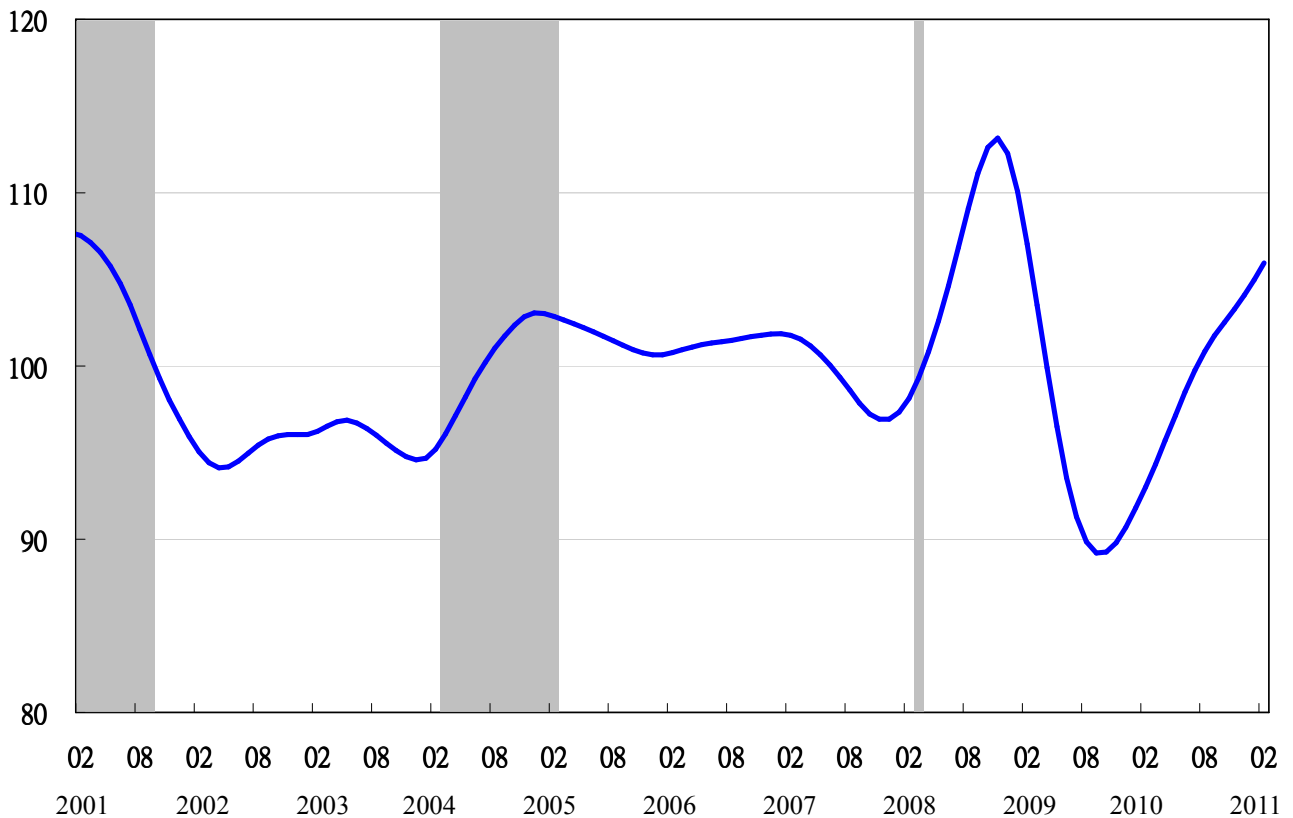
# Trend-adjusted composite coincident index



## Composite Lagging Index



## Trend-adjusted composite lagging index



# Monitoring Indicators

		2010										2011				
		2	3	4	5	6	7	8	9	10	11	12	1	2		
Total	Light															
	Score	38	39	39	37	37	38	38	37	34	32	34	34	33		
Monetary Aggregates M1B														9.9		
Direct and Indirect Finance														5.1		
Stock Price Index														17.6		
Industrial Production Index														12.8		
Nonagricultural Employment														2.58		
Exports														15.8		
Imports of Machinery and Electrical Equipment														5.9		
Manufacturing Sales														8.7 <sub>p</sub>		
Wholesale, Retail and Food Services Sales														2.1		

Booming  
 Transitional  
 Stable  
 Sluggish

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