

## Taiwan Business Indicators in February 2012

Press Release

Council for Economic Planning and Development

March 27, 2012

In February 2012, although Taiwan Business Indicators still indicated that the economy has many downside risks, the pace of decline in some components moderated. 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 1.3 points, the trend-adjusted coincident index decreased by 1.3% from the previous month, and the overall monitoring indicator flashed the "blue" signal. The results showed Taiwan's economy brightens slightly.

1. **Leading Indicators:** With revised data, the composite leading index stood at 130.1, up by 0.9% from January 2012. Its annualized six-month rate of change increased by 1.3 points to 5.5%. Among the seven indicators making up the trend-adjusted index, SEMI book-to-bill ratio, index of producer's inventory for manufacturing (inverted), index of export orders, and stock price index had positive cyclical movements from previous month. Building permits, real monetary aggregates M1B, and average monthly overtime in industry and services had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 125.9, down by 0.7% from January 2012. Its trend-adjusted index decreased by 1.3% to 93.6. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were electric power consumption, the industrial production index, real machineries and electrical equipments imports, index of producer's shipment for manufacturing, real customs-cleared exports, the sales index of wholesale, retail and food services, and nonagricultural employment.
3. **Lagging Indicators:** With revised data, the lagging index stood at 140.4, up by 0.2% from January 2012. Its trend-adjusted index decreased by 0.5% to 104.3. Among the six indicators making up the trend-adjusted index, the interbank overnight call-loan rate had positive cyclical movement from previous month. The manufacturing unit output labor cost index, regular employees on payrolls in industry

and services, loans and investments of monetary financial institutions, inventories to sales ratio for manufacturing, unemployment rate (inverted) had negative cyclical movements from previous month.

4. The Monitoring Indicators: The total score in February increased 2 points to 15, flashing the "blue" signal for the fourth consecutive month. Among the nine components, monetary aggregates M1B, the sales index of wholesale, retail and food services, each gained one point and changed their individual light signals from "blue" to "yellow-blue". The light signals for the rest of seven components remained unchanged.

~~ The next release is scheduled for April 27 2012 ~~

### Leading Indicators

	Seasonally adjusted						
	2011					2012	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	125.4	125.6	126.1	126.9	127.9	128.9	130.1
Change from preceding month (%)	-0.1	0.2	0.4	0.6	0.8	0.8	0.9
Annualized 6-month rate of change (%)	-0.4	-0.2	0.5	1.5	2.8	4.2	5.5
Change from preceding month (point)	-0.3	0.2	0.7	1.1	1.3	1.3	1.3
<b>Components</b>							
Index of export orders (2006=100)	131.9	130.6	135.2	137.0	137.4	139.7	136.7
Real monetary aggregates M1B (NT\$ billion)	10,914	10,912	10,872	10,885	10,926	10,870	11,038
Stock price index(1966=100)	7,763	7,385	7,345	7,275	6,969	7,177	7,856
Index of producer's Inventory for manufacturing*(2006=100)	125.7	122.7	125.2	124.4	123.4	126.3	126.8 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	8.4	8.3	8.0	7.9	8.0	8.1	8.1 <sub>p</sub>
Building Permits ** (1,000m2)	2,168	2,471	2,244	2,430	2,609	2,287	2,320
SEMI Book-to-Bill Ratio	0.80	0.71	0.74	0.83	0.85	0.96	1.01

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					2012	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	129.8	129.0	128.4	127.8	127.3	126.7	125.9
Change from preceding month (%)	-0.6	-0.6	-0.5	-0.4	-0.4	-0.5	-0.7
Trend adjusted index	100.5	99.2	98.1	97.0	95.9	94.8	93.6
Change from preceding month (%)	-1.3	-1.3	-1.2	-1.1	-1.1	-1.1	-1.3
<b>Components</b>							
Industrial production index(2006=100)	127.1	124.5	127.0	125.8	125.6	130.5	122.7
Electric power consumption (billion kWh)	11.90	11.10	11.43	11.79	11.13	12.60	10.25
Index of producer's shipment for manufacturing (2006=100)	126.4	125.4	125.9	125.5	123.2	125.9	125.0 <sub>p</sub>
Sales index of wholesale, retail, and food services (2006=100)	110.3	109.4	107.5	106.1	106.1	105.1	109.2
Nonagricultural employment (1,000)	10,198	10,213	10,220	10,216	10,240	10,264	10,274
Real customs-cleared exports (NT\$ billion)	756.7	742.4	802.0	749.8	755.4	752.4	771.3
Real machineries and electrical equipments imports (NT\$ billion)	250.6	251.3	248.7	243.0	248.5	266.6	232.7

## Lagging Indicators

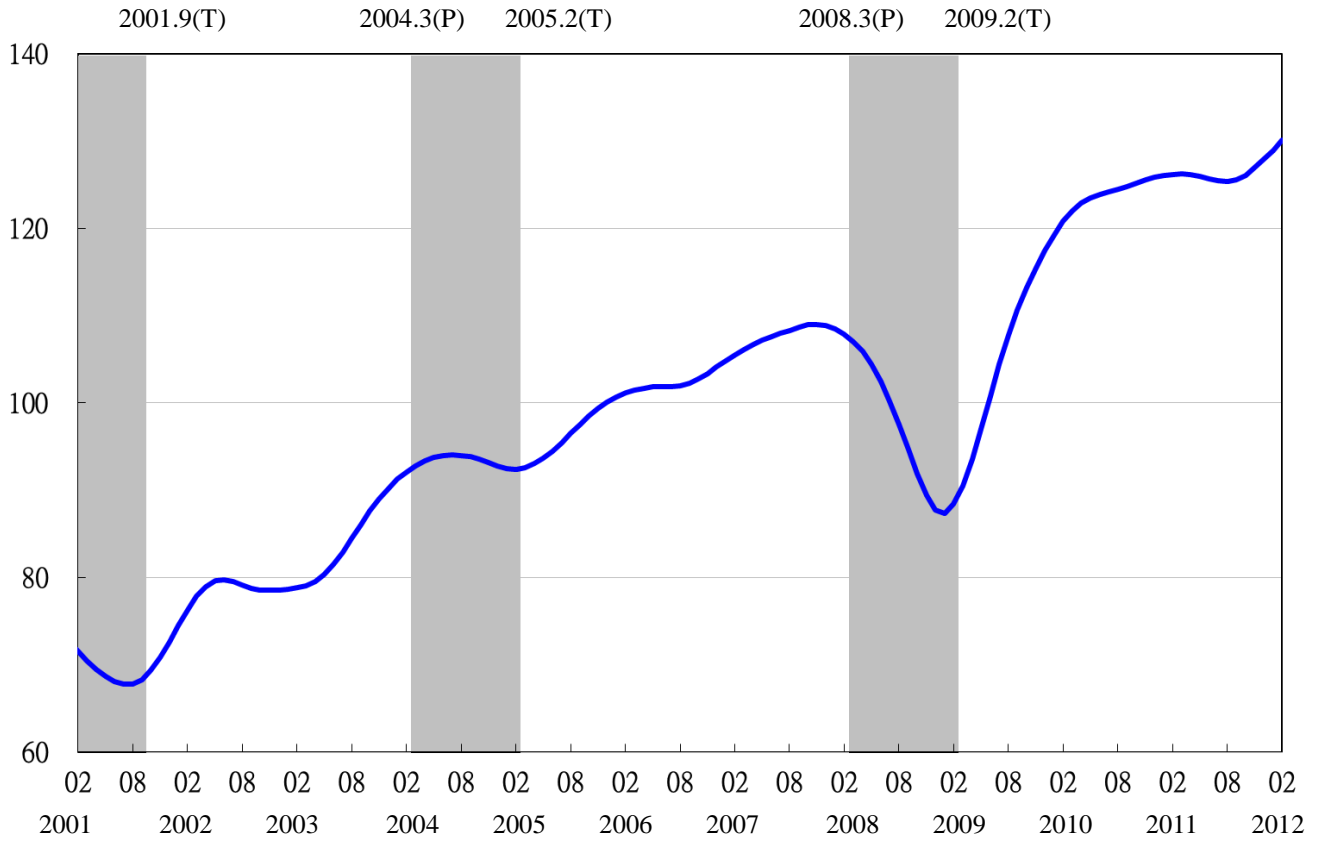
Seasonally adjusted

	2011					2012	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	135.6	137.0	138.1	139.0	139.7	140.1	140.4
Change from preceding month (%)	1.2	1.0	0.8	0.7	0.5	0.3	0.2
Trend adjusted index	105.1	105.4	105.5	105.5	105.3	104.9	104.3
Change from preceding month (%)	0.5	0.3	0.1	-0.02	-0.2	-0.4	-0.5
<b>Components</b>							
Unemployment rate* (%)	4.34	4.29	4.29	4.29	4.21	4.19	4.15
Regular employees on payrolls in industry & services (Thousand persons)	6,697	6,706	6,715	6,725	6,737	6,748	6,757 <sub>p</sub>
The manufacturing unit output labor cost index (index 2006=100)	82.8	82.1	80.6	82.2	86.1	80.3	78.3 <sub>p</sub>
Interbank overnight call-loan rate (percent per annum)	0.388	0.394	0.395	0.396	0.400	0.403	0.399
Loans and investments of monetary financial institutions** (NT\$ billion)	23,866	23,961	24,059	24,127	24,132	24,244	24,337
Inventories to sales ratio for manufacturing (%)	66.8	65.8	67.1	67.1	68.1	67.0	66.4 <sub>p</sub>

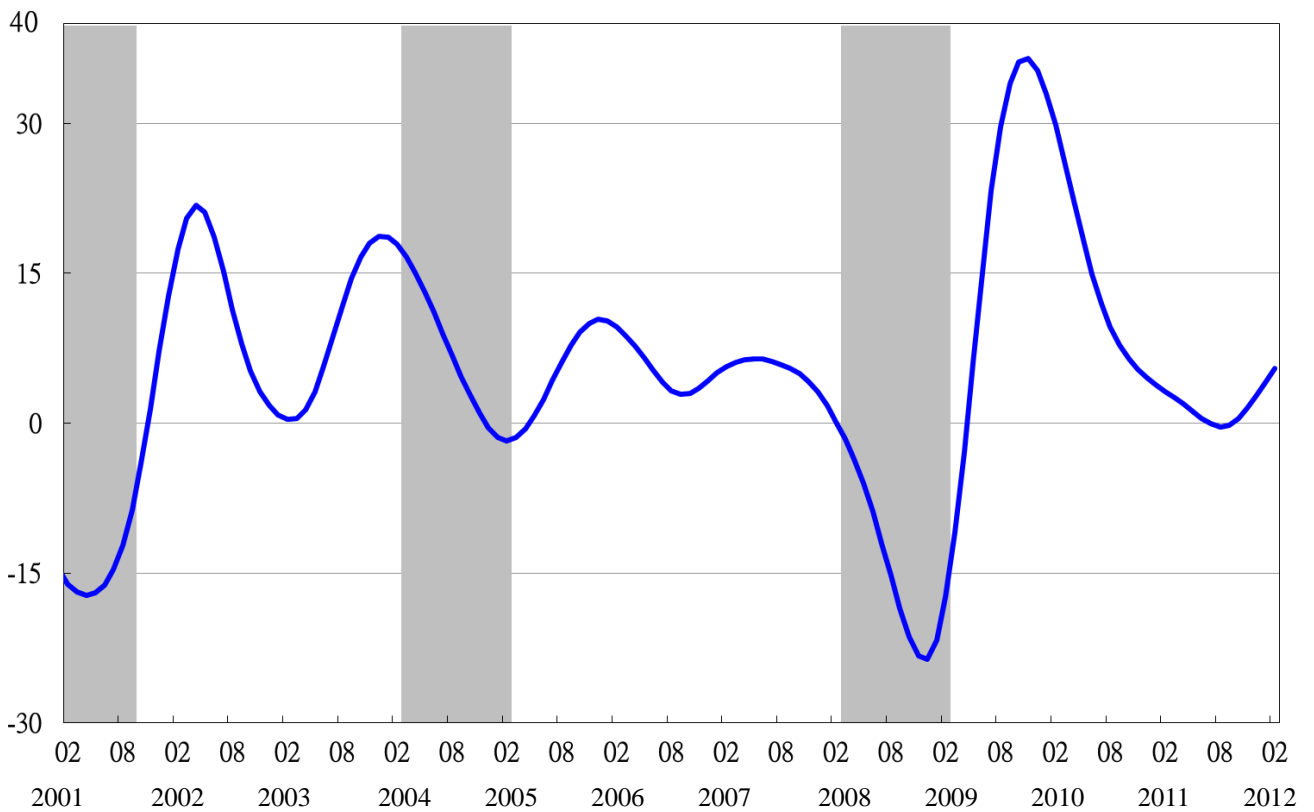
Note : \* This series is inverted while aggregating composite lagging index.

\*\*Refer to modifications on the Categorization of Financial Institutions by Central Bank of the Republic of China (Taiwan), this modification applies to all relevant data.

## Composite Leading Index

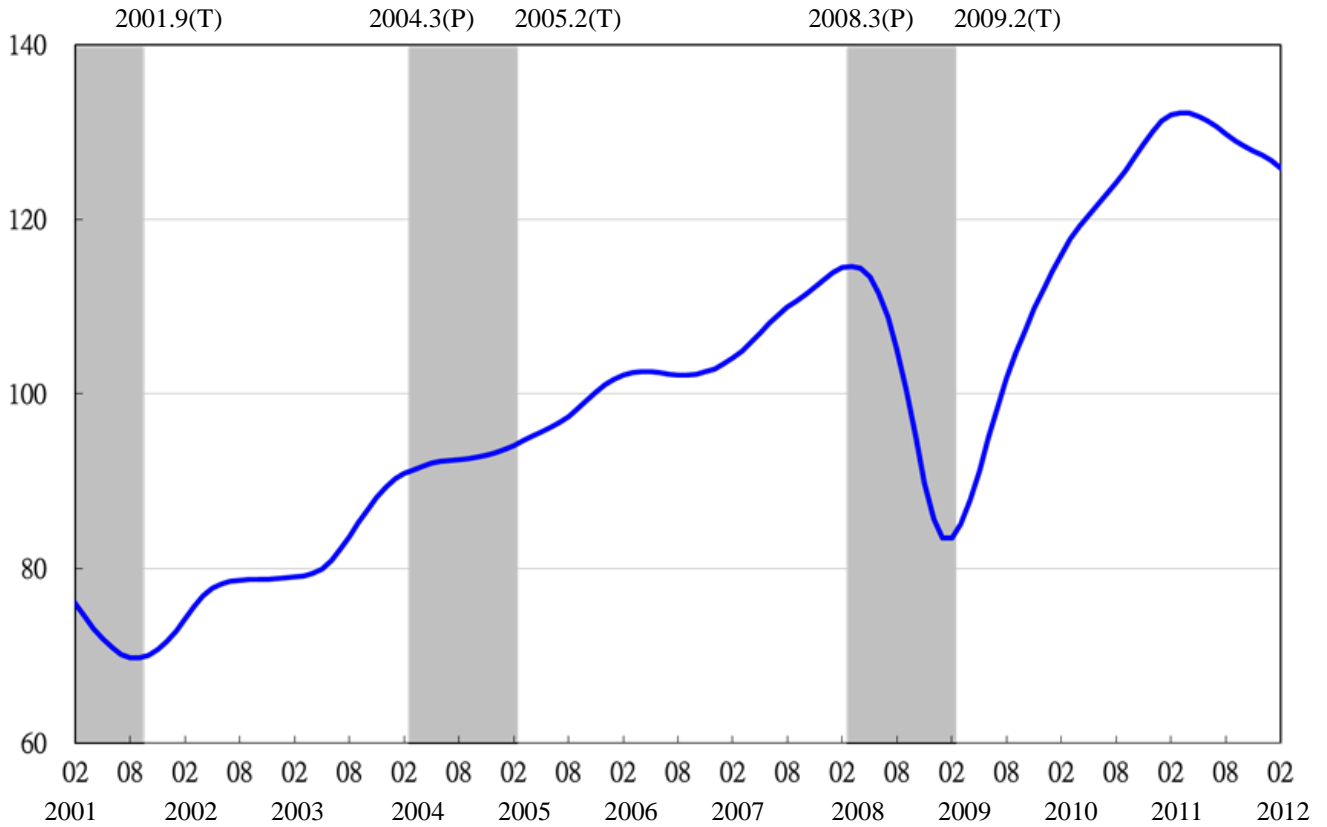


## Annualized 6-month rate of change of composite leading index

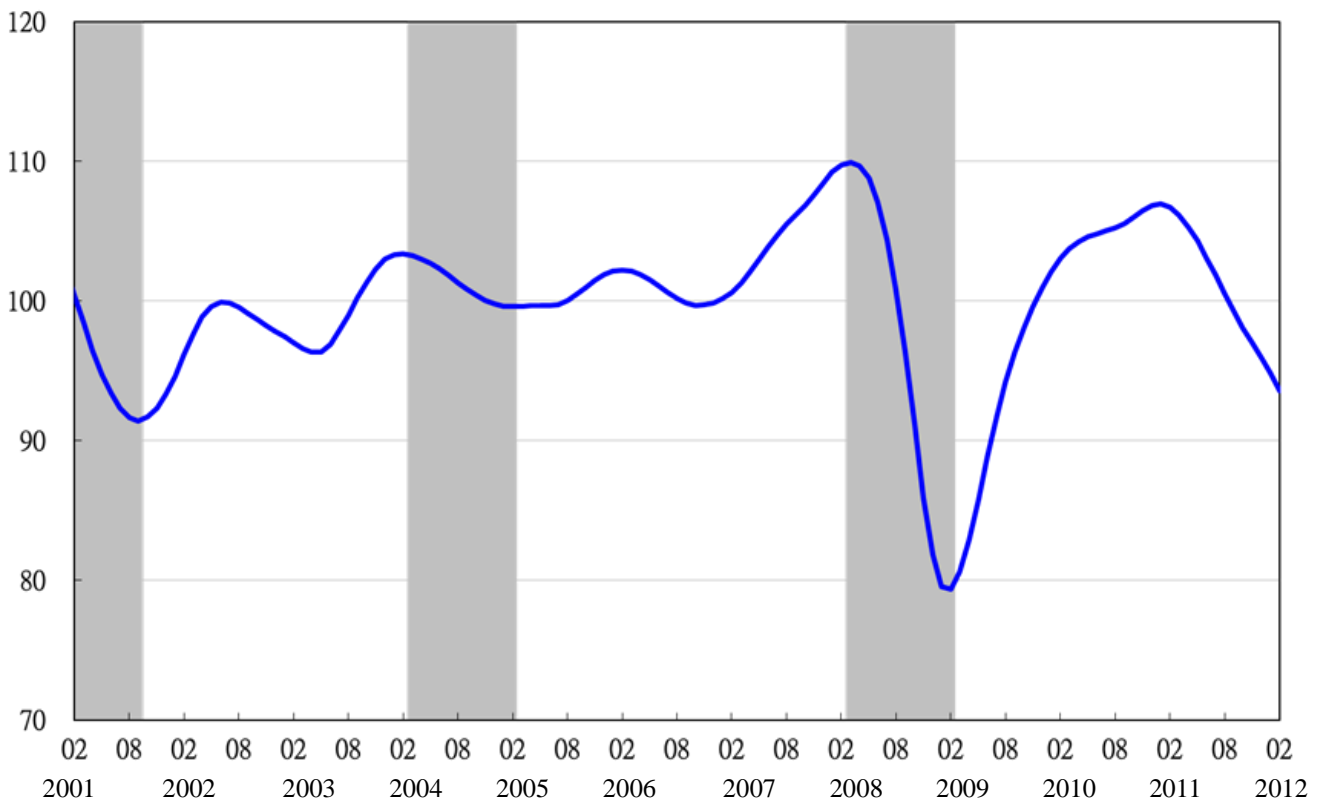


Shaded areas represent recessions.

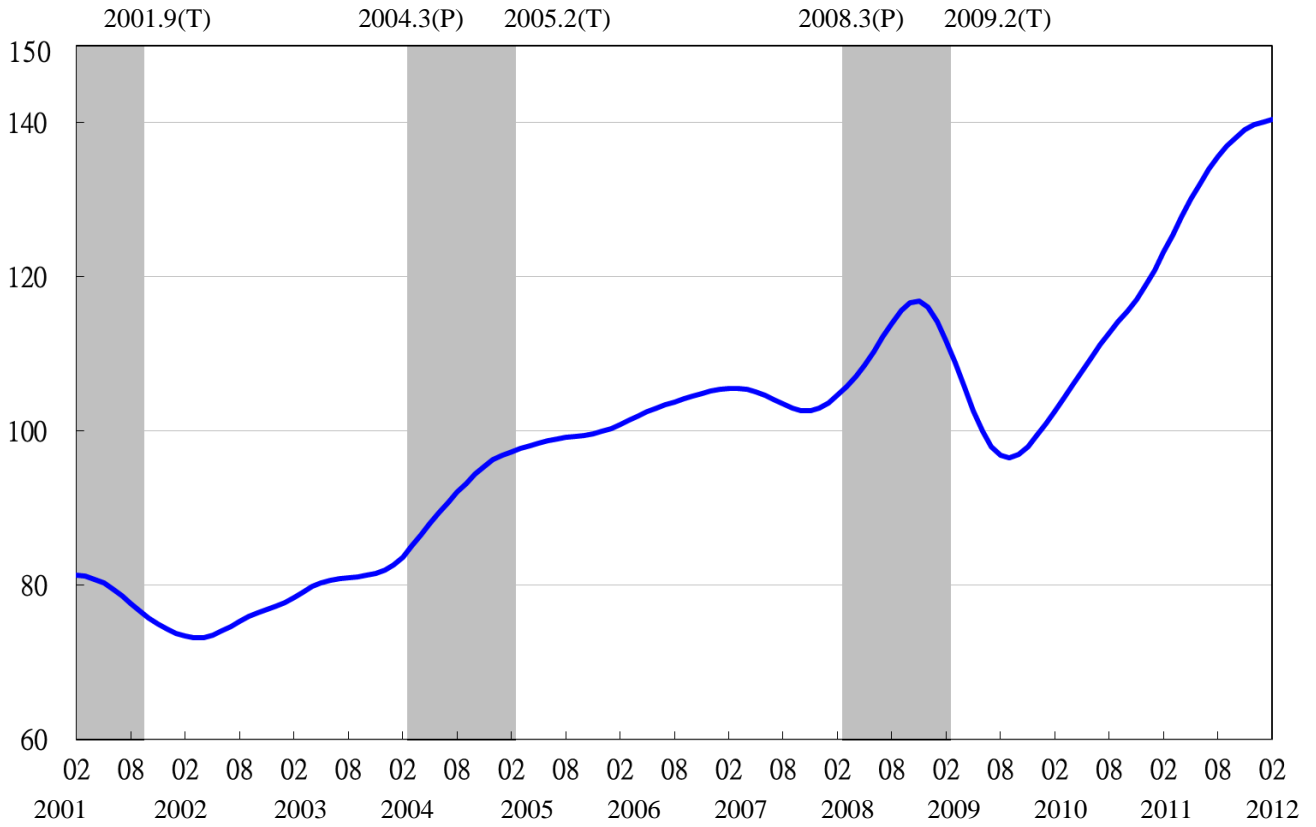
## Composite Coincident Index



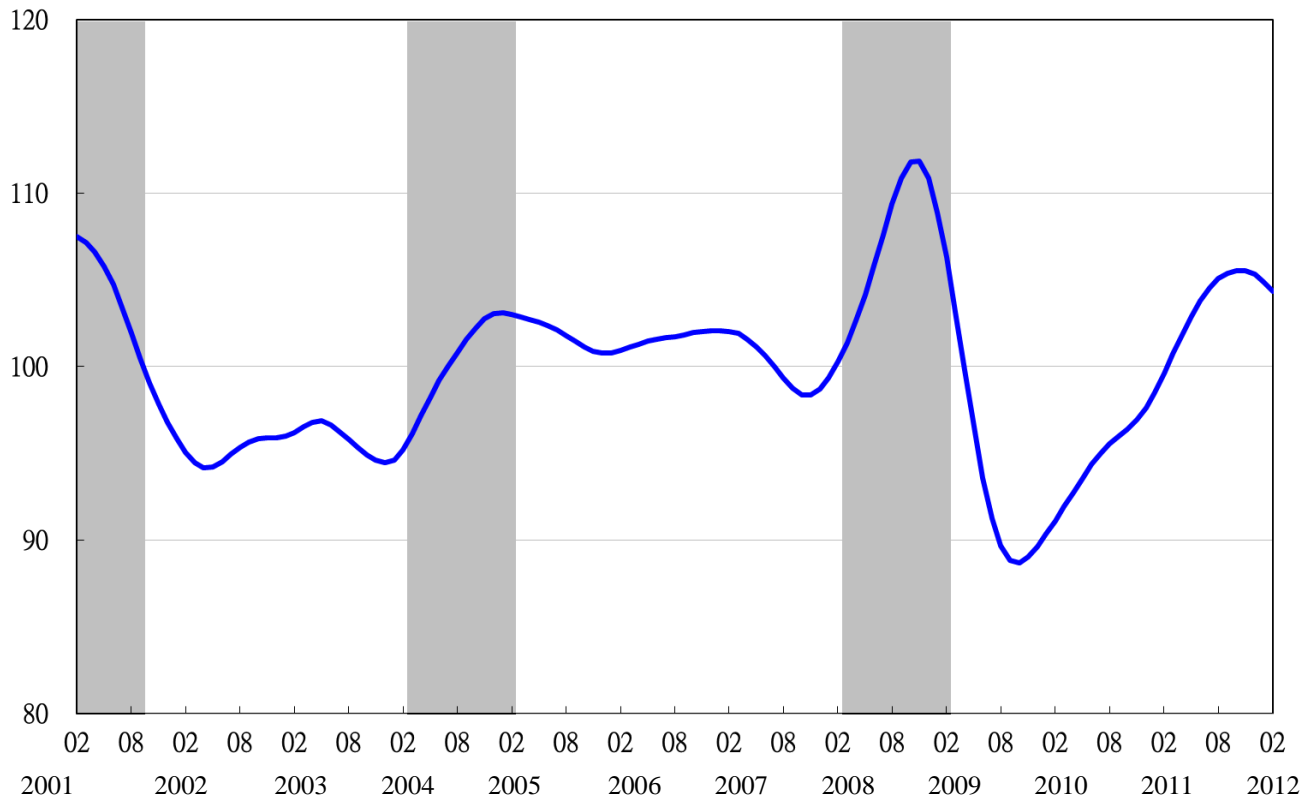
## Trend-adjusted composite coincident index



## Composite Lagging Index



## Trend-adjusted composite lagging index



# Monitoring Indicators

		2011												2012		
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	
Total	Light															
	Score	34	34	31	29	27	25	23	20	21	19	16	14	13	15	
Monetary Aggregates M1B																4.1
Direct and Indirect Finance																4.6
Stock Price Index																-10.1
Industrial Production Index																-9.6
Nonagricultural Employment																1.7
Customs-Cleared Exports																-4.5
Imports of Machineries and Electrical Equipments																-19.9
Manufacturing Sales																-8.1 <sub>p</sub>
Sales Index of Wholesale, Retail and Food Services																1.1

● 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.