

Taiwan Business Indicators in January 2013

Press Release

Council for Economic Planning and Development

February 27, 2013

In January 2012, Taiwan Business Indicators showed the domestic economy was gradually into stable, but still faced several challenges. 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 1.4 points, the trend-adjusted coincident index increased by 0.2% 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 137.3, up by 1.3% from December 2012. Its annualized six-month rate of change increased by 1.4 points to 9.7%. Among the seven indicators making up the trend-adjusted index, SEMI book-to-bill ratio, index of export orders, building permits, index of producer's inventory for manufacturing (inverted), stock price index and real monetary aggregates M1B had positive cyclical movements from previous month. 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 135.1, up by 0.6% from December 2012. Its trend-adjusted index increased by 0.2% to 99.1. Among the seven indicators making up the trend-adjusted index, real machineries and electrical equipments imports,¹ the sales index of trade and food services, electric power consumption had positive cyclical movements from previous month. Index of producer's shipment for manufacturing, nonagricultural employment, industrial production index, and real customs-cleared exports had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 135.0, down by 0.2% from December 2012. Its trend-adjusted index decreased by 0.6% to 99.0. Among the six indicators making up the trend-adjusted index, loans and investments of monetary financial institutions had positive cyclical movement from previous month. The

¹ Due to the original statistical bureau no longer compiling "electronic machinery" import price index, this deflator has replaced with "machinery, electrical equipment, TV image & sound recorders, etc." import price index starting from this month.

manufacturing unit output labor cost index, unemployment rate (inverted), inventories to sales ratio for manufacturing, regular employees on payrolls in industry and services, and interbank overnight call-loan rate had negative cyclical movements from previous month.

4. The Monitoring Indicators: The total score in December 2012 was adjusted downward by one point to 22, following the revision of the manufacturing sales and the overall light signal was adjusted from "green" to "yellow-blue". The total score in January was down by 3 points to 19, flashing the "yellow-blue" signal for the fifth consecutive month. Among the nine components, industrial production index, nonagricultural employment and imports of machineries and electrical equipments each lost one point and changed their individual light signals. The light signals for the rest of six components remained unchanged.

~~ The next release is scheduled for March 27 2013 ~~

Leading Indicators

	Seasonally adjusted						
	2012						2013
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	129.8	130.3	131.2	132.4	133.9	135.5	137.3
Change from preceding month (%)	0.2	0.4	0.7	0.9	1.1	1.2	1.3
Annualized 6-month rate of change (%)	3.8	4.0	4.5	5.5	6.8	8.3	9.7
Change from preceding month (point)	-0.1	0.1	0.6	1.0	1.3	1.4	1.4
Components							
Index of export orders (2006=100)	102.7	100.7	104.8	104.3	111.5	112.0	108.5
Real monetary aggregates M1B (NT\$ billion)	11,665	11,624	11,716	11,795	11,865	11,945	11,989
Stock price index(1966=100)	7,187	7,410	7,610	7,438	7,256	7,631	7,759
Index of producer's Inventory for manufacturing*(2006=100)	129.3	130.0	131.3	131.9	131.4	132.1	132.6 _p
Average monthly overtime in industry and services (hours/month)	8.1	8.2	8.2	8.1	8.1	8.1	8.0 _p
Building Permits ** (1,000m ²)	2,224	2,060	2,255	2,471	2,672	2,263	2,728
SEMI Book-to-Bill Ratio	0.86	0.82	0.78	0.75	0.79	0.92	1.14

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

	2012						2013
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	131.4	131.9	132.4	133.0	133.5	134.2	135.1
Change from preceding month (%)	0.4	0.4	0.4	0.4	0.4	0.5	0.6
Trend adjusted index	98.7	98.7	98.7	98.7	98.7	98.8	99.1
Change from preceding month (%)	-0.0	-0.0	0.0	0.0	0.0	0.1	0.2
Components							
Industrial production index(2006=100)	129.3	129.4	131.3	131.9	132.3	131.2	132.2
Electric power consumption (billion kWh)	11.79	11.73	11.22	11.94	11.61	10.89	11.99
Index of producer's shipment for manufacturing (2006=100)	128.3	128.9	133.2	132.6	129.9	128.1	128.8 _p
Sales index of trade and food services (2006=100)	108.7	108.0	109.6	109.9	111.4	111.7	112.6
Nonagricultural employment (1,000)	10,313	10,318	10,340	10,352	10,355	10,372	10,379
Real customs-cleared exports (NT\$ billion)	735.4	750.5	820.3	776.3	757.6	789.2	777.2
Real machineries and electrical equipments imports* (NT\$ billion)	213.1	191.5	191.5	190.7	181.6	204.2	217.0

Note : * Due to the original statistical bureau no longer compiling "electronic machinery" import price index, this deflator has replaced with "machinery, electrical equipment, TV image & sound recorders, etc." import price index starting from this month.

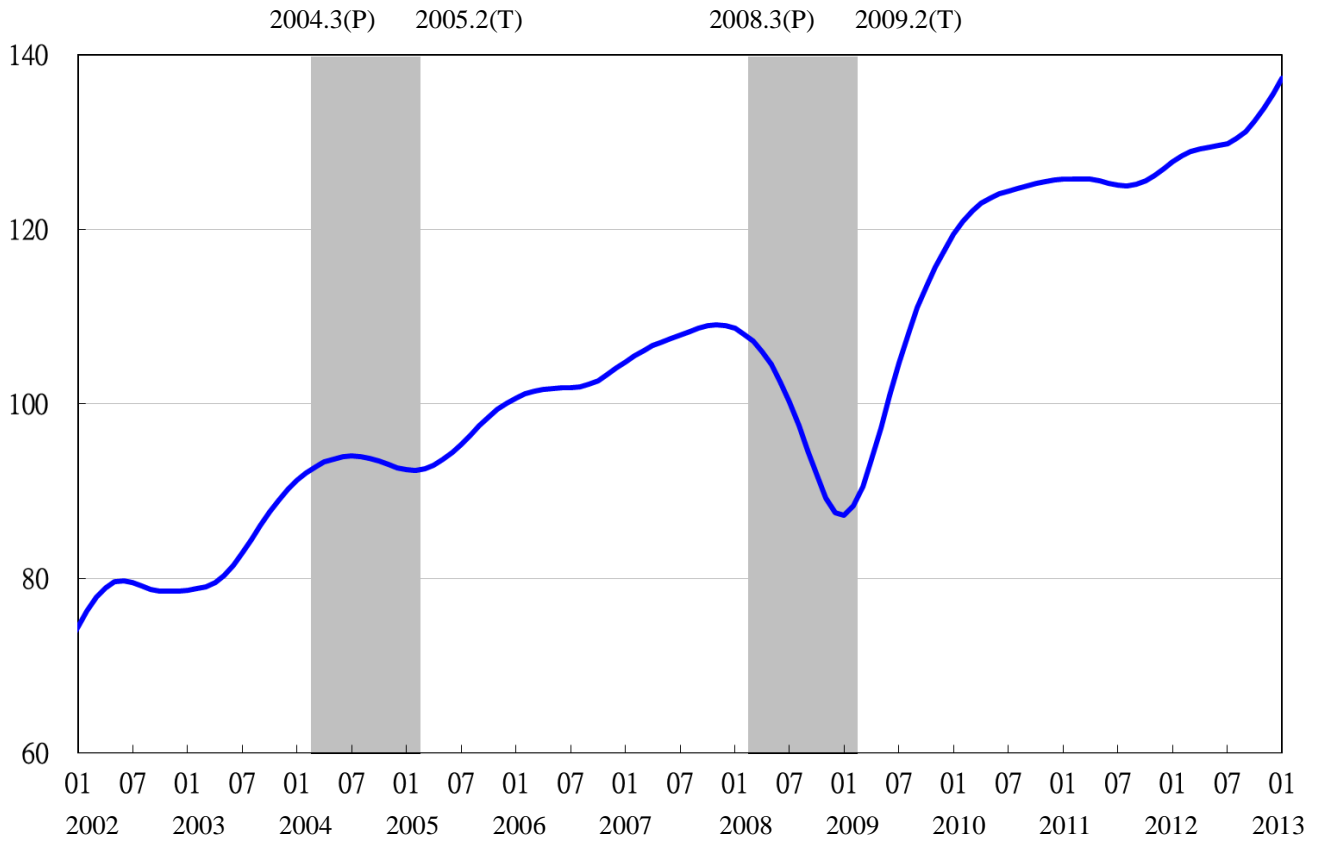
Lagging Indicators

Seasonally adjusted

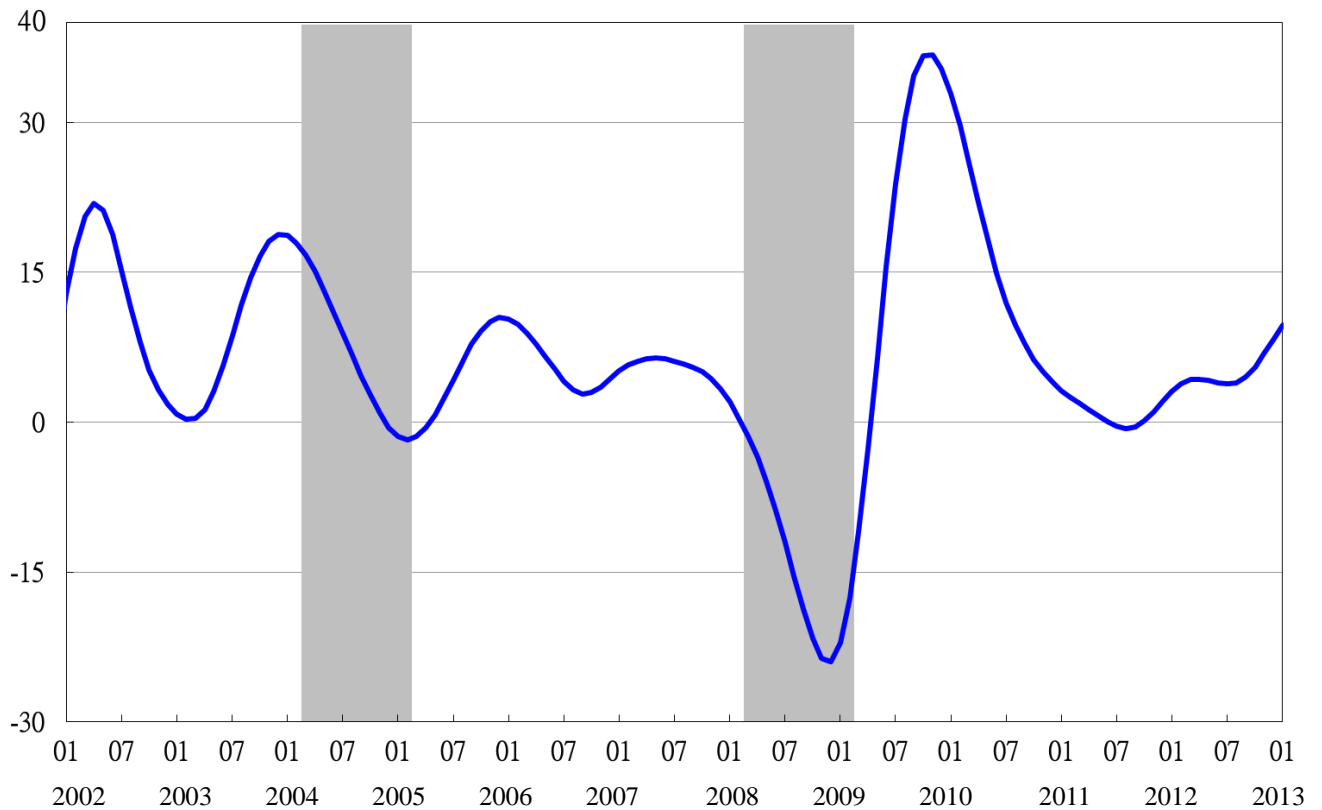
	2012						2013
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	135.6	135.6	135.6	135.5	135.5	135.3	135.0
Change from preceding month (%)	0.0	-0.0	-0.0	-0.0	-0.0	-0.1	-0.2
Trend adjusted index	101.9	101.4	101.0	100.6	100.1	99.6	99.0
Change from preceding month (%)	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.6
Components							
Unemployment rate* (%)	4.26	4.27	4.28	4.28	4.24	4.21	4.20
Regular employees on payrolls in industry & services (Thousand persons)	6,752	6,761	6,767	6,773	6,783	6,795	6,806 _p
The manufacturing unit output labor cost index (index 2006=100)	80.0	80.9	83.9	80.8	80.8	85.9	76.1 _p
Interbank overnight call-loan rate (percent per annum)	0.445	0.388	0.389	0.388	0.386	0.388	0.387
Loans and investments of monetary financial institutions (NT\$ billion)	24,903	24,991	25,080	25,248	25,339	25,507	25,593
Inventories to sales ratio for manufacturing (%)	68.8	67.8	67.2	67.8	67.4	68.2	68.4 _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.

Monitoring Indicators

		2011	2012												2013
		12	1	2	3	4	5	6	7	8	9	10	11	12	1
Total	Light														
	Score	14	13	15	14	14	15	15	16	15	20	19	21	22 _r	19
Monetary Aggregates M1B															5.8
Direct and Indirect Finance															4.5
Stock Price Index															8.1
Industrial Production Index															1.5
Nonagricultural Employment															1.11
Customs-Cleared Exports															1.3
Imports of Machineries and Electrical Equipments															-8.3
Manufacturing Sales															-2.2 _p
Sales Index of Trade and Food Services															6.9

● 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.