

Taiwan Business Indicators in July 2014

Press Release

National Development Council (NDC)

August 27, 2014

In July 2014, the Taiwan Business Indicators showed that the domestic economy continued its steady growth. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index decreased by 0.12%, the trend-adjusted coincident index increased by 0.27% from the previous month, and the overall monitoring indicator flashed the "green" signal for the sixth consecutive month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 104.94, up by 0.05% from June 2014. Its trend-adjusted index decreased by 0.12% to 100.14. Among the seven indicators making up the trend-adjusted index, TAIEX average closing price, the TIER manufacturing sector composite indicator, SEMI book-to-bill ratio, and real monetary aggregates M1B had positive cyclical movements from the previous month, while net accession rate of employees on payrolls of industry and services, the index of export orders, and building permits had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 106.29, up by 0.43% from June 2014. Its trend-adjusted index increased by 0.27% to 101.44. Among the seven indicators making up the trend-adjusted index, the industrial production index, the index of producer's shipment for manufacturing, real customs-cleared exports, electric power consumption, and real machineries and electrical equipments imports had positive cyclical movements from the previous month, while nonagricultural employment and sales of trade and food services had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 105.18, up by 0.84% from June 2014. Its trend-adjusted index increased by 0.67% to 100.38. Among the six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, the unemployment rate (inverted), and loans and investments of monetary financial institutions had positive cyclical movements from the previous month, while the inventories to sales ratio for

manufacturing, the interbank overnight call-loan rate, and regular employees on payrolls in industry and services had negative cyclical movements.

4. The Monitoring Indicators: The total score in July 2014 increased by one point to 27, flashing the “green” signal for the sixth month. Among the nine components, the customs-cleared exports gained one point to change its individual light signal from “yellow-blue” to “green”. The light signal for the rest of eight components remained unchanged.

~~ The next release is scheduled for September 26 2014 ~~

Table 1 Leading Indicators

Seasonally adjusted

	2014						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	104.39	104.59	104.72	104.79	104.83	104.89	104.94
Change from preceding month (%)	0.21	0.19	0.12	0.07	0.04	0.05	0.05
Trend adjusted index	100.63	100.65	100.61	100.51	100.38	100.27	100.14
Change from preceding month (%)	0.05	0.02	-0.05	-0.09	-0.13	-0.12	-0.12
Components							
Index of export orders (2011=100)	107.04	108.86	110.46	113.98	111.18	113.53	110.75
Real monetary aggregates M1B (NT\$ billion)	13,041	12,983	13,091	13,134	13,196	13,234	13,381
TAIEX average closing price (1966=100)*	8,567	8,496	8,687	8,900	8,936	9,229	9,474
Net accession rate of employees on payrolls of industry and services ** (%)	0.18	0.37	0.15	0.19	0.15	0.13	-0.04 _p
Building permits *** (1,000m ²)	2,582	3,567	2,889	2,964	2,529	2,726	3,041
SEMI Book-to-Bill Ratio	1.04	1.01	1.06	1.03	1.00	1.10	1.07
The TIER manufacturing sector composite indicator (2006=100)	101.23	101.33	102.11	101.82	103.61	102.74	104.35

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

	2014						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	103.96	104.27	104.58	104.98	105.39	105.83	106.29
Change from preceding month (%)	0.31	0.29	0.31	0.37	0.39	0.42	0.43
Trend adjusted index	100.22	100.34	100.48	100.69	100.91	101.17	101.44
Change from preceding month (%)	0.15	0.12	0.14	0.21	0.22	0.25	0.27
Components							
Industrial production index (2011=100)	102.5	103.8	101.8	104.0	105.0	106.9	106.5
Electric power consumption (billion kWh)	12.02	12.06	11.64	11.91	12.05	11.83	12.10
Index of producer's shipment for manufacturing (2011=100)	97.6	102.0	99.5	102.3	101.6	102.6	102.8 _p
Sales of trade and food services (NT\$ billion)	1,220	1,192	1,191	1,220	1,221	1,213	1,206
Nonagricultural employment (thousand persons)	10,482	10,495	10,498	10,511	10,518	10,519	10,526
Real customs-cleared exports (NT\$ billion)	774.0	801.6	803.7	828.3	793.7	825.1	833.2
Real machineries and electrical equipments imports (NT\$ billion)	216.8	206.7	228.5	231.1	204.0	229.1	224.6

Table 3 Lagging Indicators

Seasonally adjusted

	2014						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	101.80	101.89	102.23	102.77	103.49	104.31	105.18
Change from preceding month (%)	-0.10	0.08	0.34	0.53	0.70	0.80	0.84
Trend adjusted index	98.13	98.05	98.22	98.57	99.09	99.72	100.38
Change from preceding month (%)	-0.27	-0.08	0.17	0.36	0.53	0.63	0.67
Components							
Unemployment rate* (%)	4.07	4.05	4.06	4.04	3.99	3.97	3.95
Regular employees on payrolls in industry & services (thousand persons)	7,026	7,033	7,043	7,055	7,065	7,073	7,081 _p
The manufacturing unit output labor cost index (2011=100)	102.0	97.6	104.3	102.9	107.2	107.9	111.6 _p
Interbank overnight call-loan rate** (percent per annum)	0.388	0.387	0.387	0.387	0.388	0.387	0.387
Loans and investments of monetary financial institutions (NT\$ billion)	26,890	27,010	27,117	27,261	27,343	27,489	27,659
Inventories to sales ratio for manufacturing (%)	66.4	65.2	65.7	63.2	63.2	63.7	62.7 _p

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

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

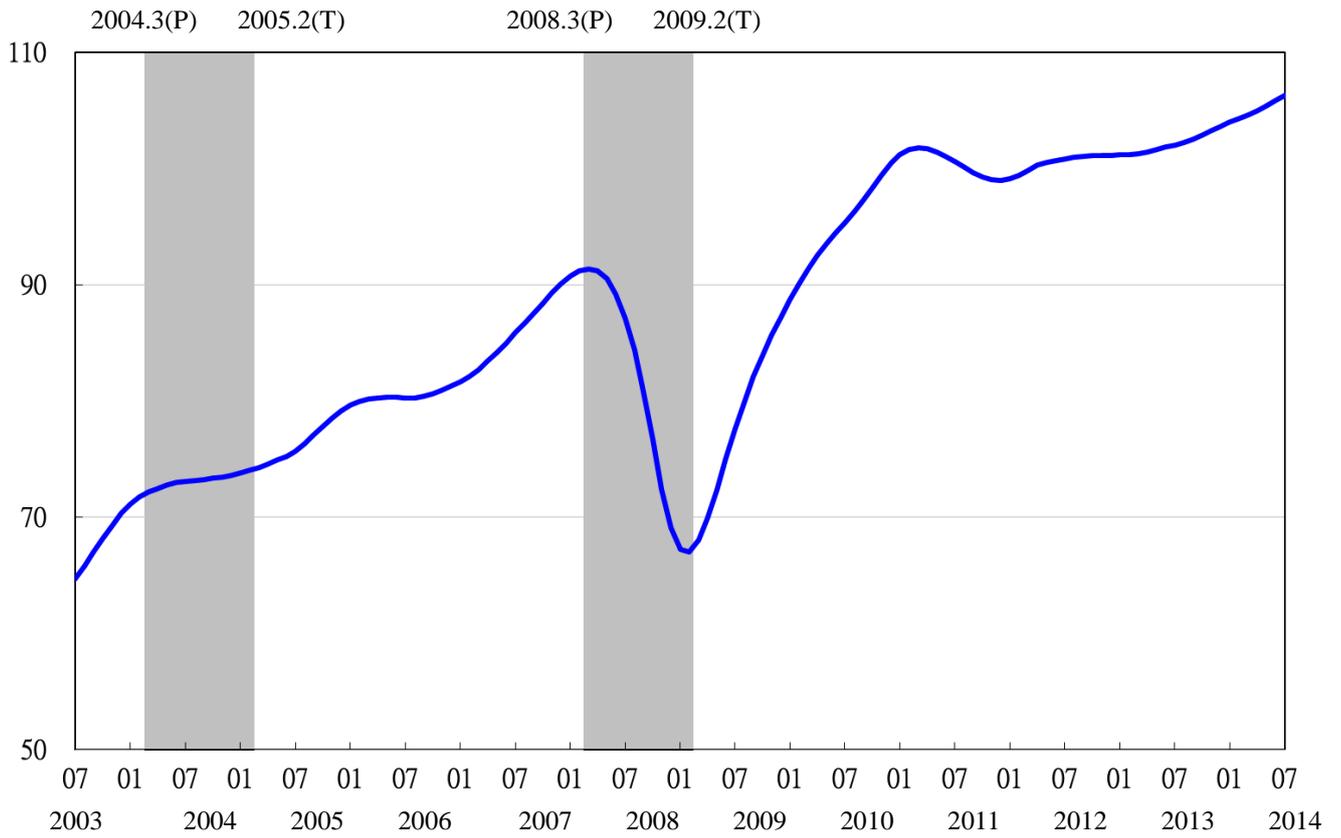


Figure 3 Composite Coincident Index

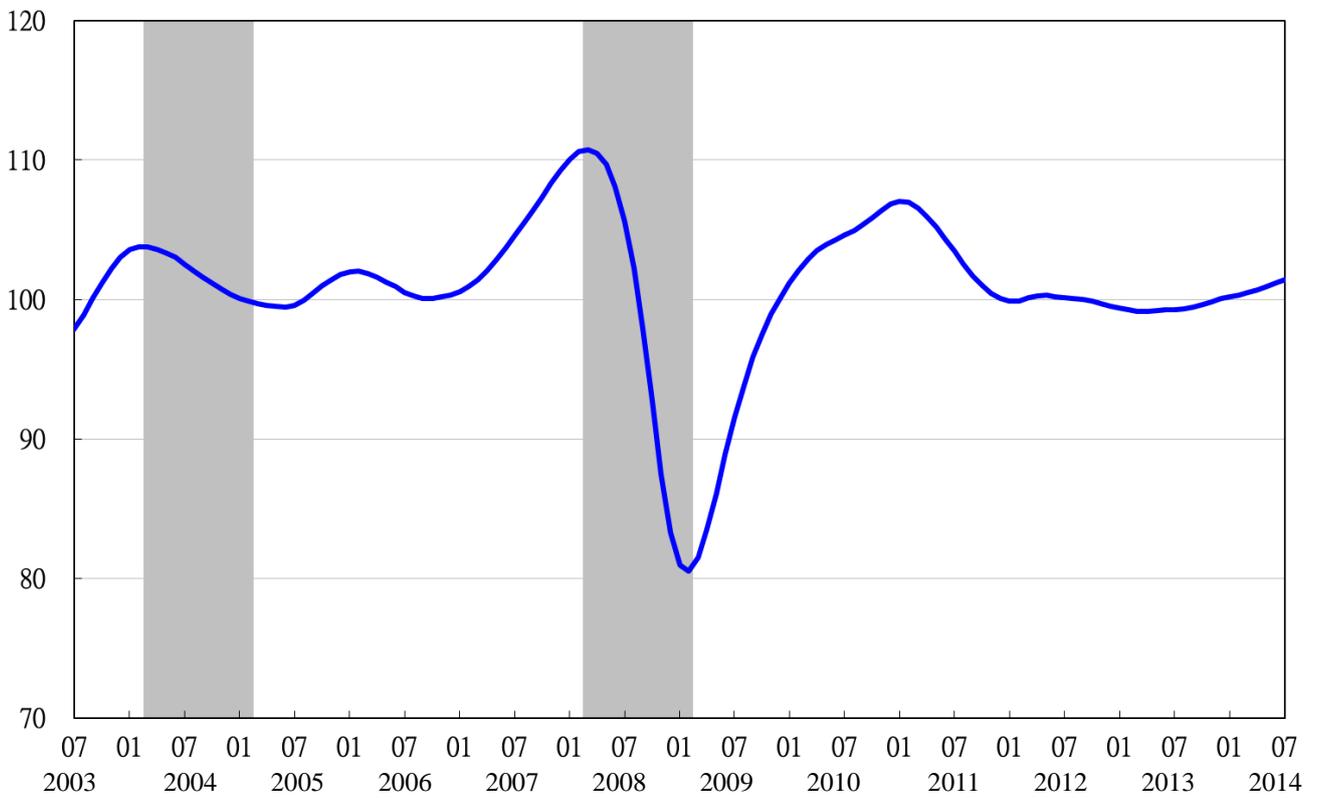


Figure 4 Trend-adjusted Coincident Index

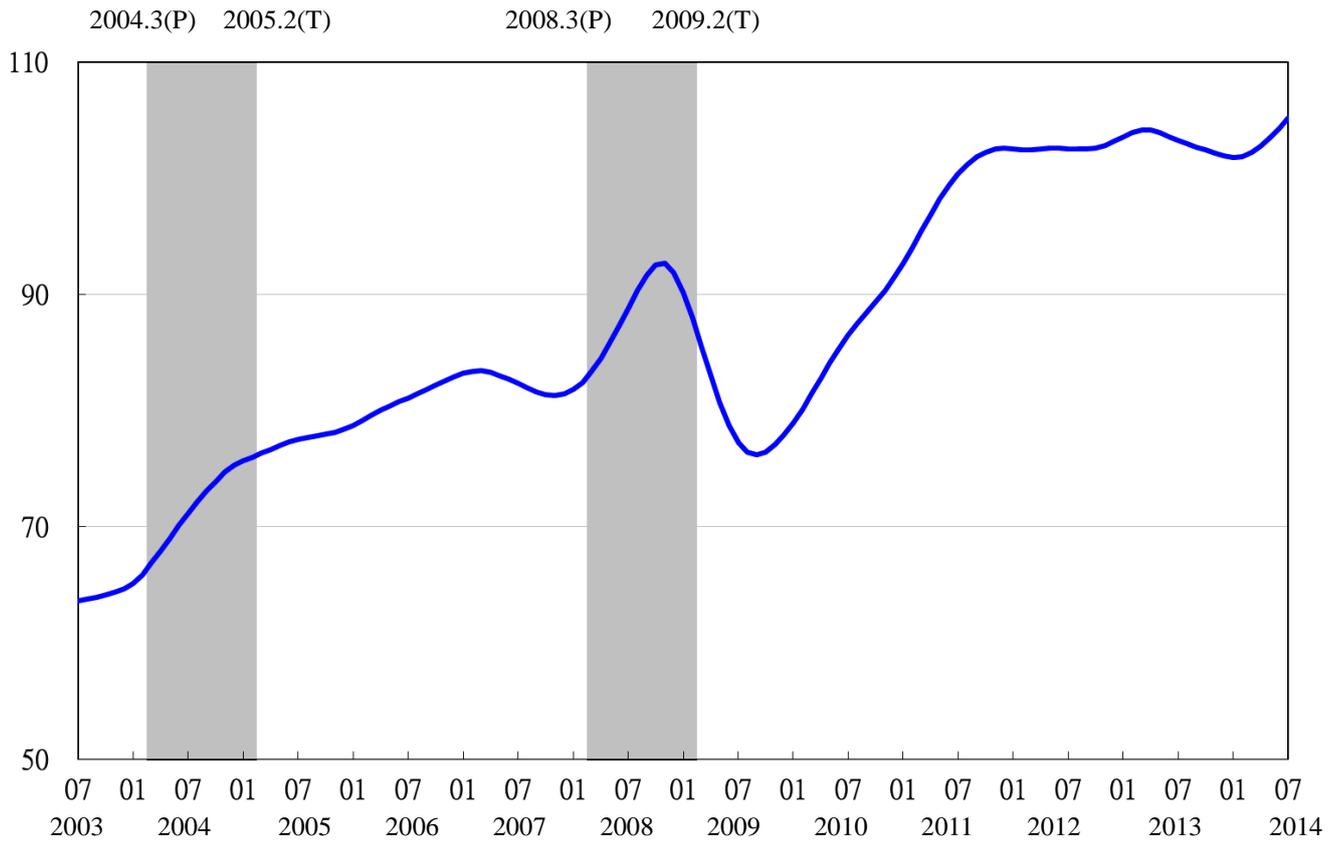


Figure 5 Composite Lagging Index

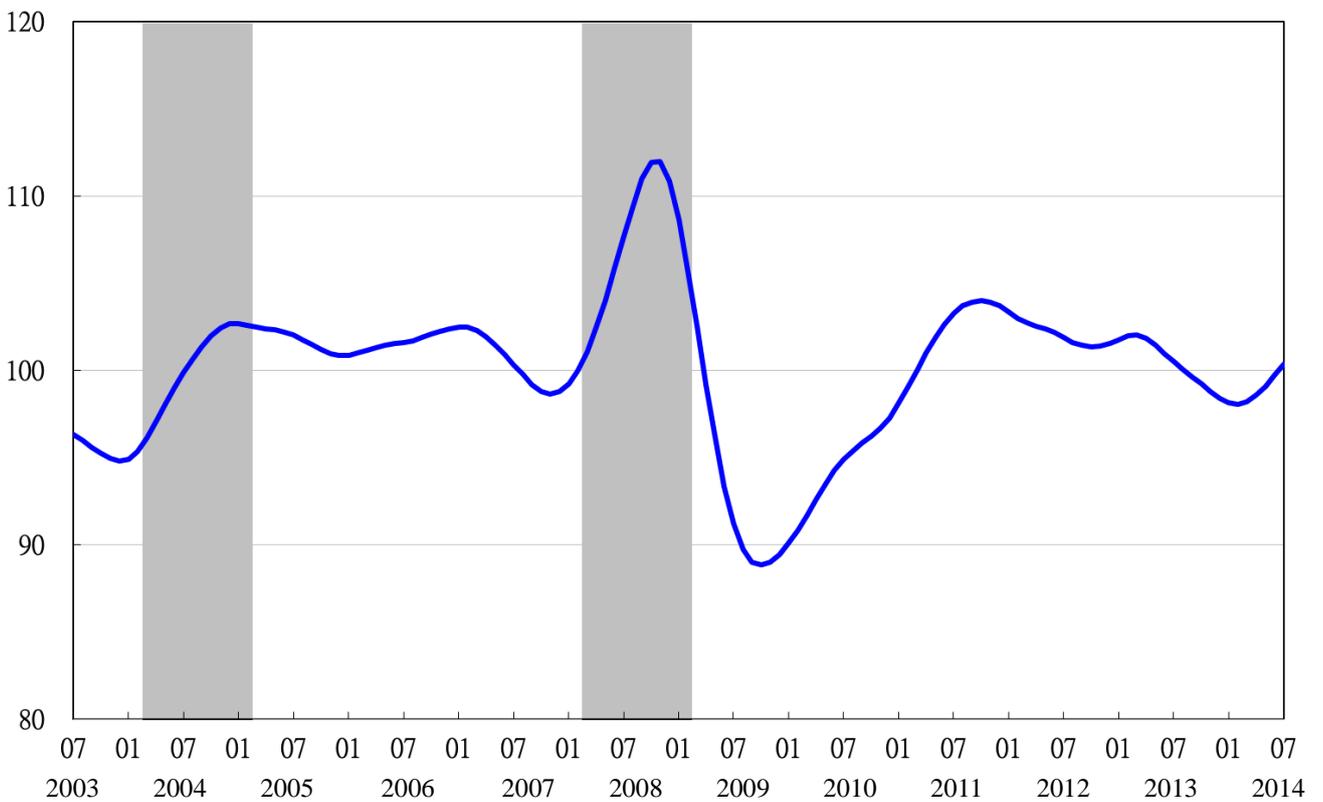


Figure 6 Trend-adjusted Lagging Index

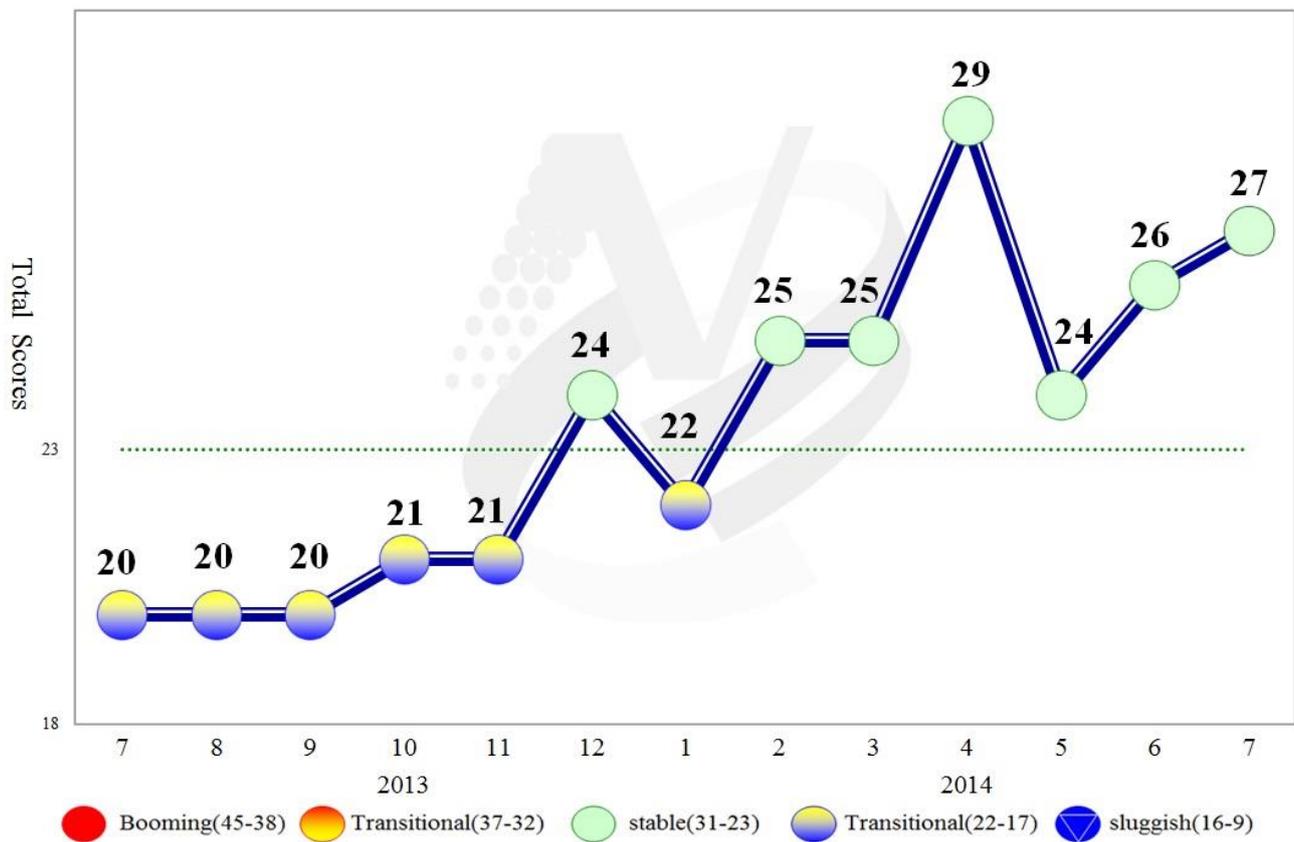


Figure 7 Total Scores in the Past Year

	2013						2014							
	7	8	9	10	11	12	1	2	3	4	5	6	7	
Total	Light													
	Score	20	20	20	21	21	24	22	25	25	29	24	26	27
Monetary Aggregates M1B												7.5		7.6
TAIEX Average Closing Price												15.5		16.9
Industrial Production Index												7.4		6.1
Nonagricultural Employment												1.0		1.0
Customs-Cleared Exports												2.4		7.8
Imports of Machineries and Electrical Equipments												4.2		6.1
Index of producer's shipment for manufacturing												5.7 _r		6.5 _p
Sales of Trade and Food Services												3.8		2.9
The TIER Manufacturing Sector Composite Indicator												102.7 _r		104.4

Notes : 1. Individual Components and check points are in terms of percentage changes over a one-year span, except the TIER Manufacturing Composite Indicator, which is in point (2006=100).

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

3. p = Preliminarily estimated, r = Revised.

Figure 8 Monitoring Indicators