

Taiwan Business Indicators in July 2011

Press Release

Council for Economic Planning and Development

August 26, 2011

In July 2011, Taiwan Business Indicators indicated that the economy has been on the downgrade but remain moderate 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 by 0.4 points, the trend-adjusted coincident index decreased by 1.2% from the previous month, and the overall monitoring indicator flashed the "green" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 128.4, up by 0.04% from June. Its annualized six-month rate of change decreased by 0.4 points to 2.1%. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were average monthly overtime in industry and services, index of producer's inventory for manufacturing (inverted), index of export orders, building permits, real monetary aggregates M1B, stock price index, and SEMI book-to-bill ratio.
2. **Coincident Indicators:** With revised data, the coincident index stood at 133.5, down by 0.2% from June. Its trend-adjusted index decreased by 1.2% to 99.1. Among the seven indicators making up the trend-adjusted index, the industrial production index, index of producer's shipment for manufacturing, real machineries and electrical equipments imports, electric power consumption, real customs-cleared exports, and the sales index of wholesale, retail and food services had negative cyclical movements from previous month. Nonagricultural employment had positive cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 149.0, up by 2.6% from June. Its trend-adjusted index rose by 1.5% to 110.6. All six indicators making up the trend-adjusted index had positive cyclical movements from previous month, which were the manufacturing unit output labor cost index, inventories to sales ratio for manufacturing, regular employees on payrolls in industry and

services, interbank overnight call-loan rate, loans and investments of major financial institutions, and unemployment rate (inverted).

4. The Monitoring Indicators: The total score in July was down by 1 point to 24. The overall light signal flashed the "green" signal for the fifth consecutive month. Among the nine components, industrial production index, customs-cleared exports, manufacturing sales each gained one point and changed their individual light signals. Direct and indirect finance, nonagricultural employment, imports of machineries and electrical equipments, sales index of wholesale, retail and food services each lost one point and changed their individual light signals. The light signals for the rest of two components remained unchanged.

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

Leading Indicators

Seasonally adjusted

	2011						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	127.3	127.6	127.9	128.1	128.2	128.3	128.4
Change from preceding month (%)	0.3	0.2	0.2	0.2	0.1	0.1	0.04
Annualized 6-month rate of change (%)	4.5	3.9	3.5	3.2	2.9	2.5	2.1
Change from preceding month (point)	-0.6	-0.5	-0.4	-0.3	-0.4	-0.4	-0.4
Components							
Index of export orders (2006=100)	140.7	136.2	139.8	136.7	138.9	135.7	138.8
Real monetary aggregates M1B (NT\$ billion)	10,718	10,688	10,700	10,642	10,655	10,739	10,831
Stock price index(1966=100)	8,971	8,743	8,575	8,861	8,911	8,749	8,681
Index of producer's Inventory for manufacturing*(2006=100)	117.6	119.1	121.4	121.7	123.1	124.4	125.0 _p
Average monthly overtime in industry and services (hours/month)	8.8	9.2	8.9	9.0	8.6	8.7	8.4 _p
Building Permits ** (1,000m2)	2,597	2,194	2,339	2,554	2,198	2,476	2,240
SEMI Book-to-Bill Ratio	0.85	0.87	0.95	0.98	0.97	0.94	0.86

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						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	132.7	133.5	133.9	134.0	134.0	133.7	133.5
Change from preceding month (%)	0.9	0.6	0.3	0.1	0.0	-0.2	-0.2
Trend adjusted index	104.8	104.4	103.6	102.6	101.5	100.3	99.1
Change from preceding month (%)	-0.1	-0.4	-0.7	-1.0	-1.1	-1.2	-1.2
Components							
Industrial production index(2006=100)	139.2	138.1	136.8	132.0	130.8	126.9	129.9
Electric power consumption (billion kWh)	11.58	11.37	11.58	11.21	11.74	11.64	11.39
Index of producer's shipment for manufacturing (2006=100)	130.9	135.4	133.2	127.7	128.0	125.7	126.8 _p
Sales index of wholesale, retail, and food services (2006=100)	111.7	108.0	109.9	109.2	110.1	110.5	110.9
Nonagricultural employment (1,000)	10,071	10,103	10,118	10,135	10,146	10,166	10,186
Real customs-cleared exports (NT\$ billion)	777.0	823.5	787.8	820.0	804.8	769.6	811.3
Real machineries and electrical equipments imports (NT\$ billion)	298.9	296.6	292.8	278.8	318.4	287.2	276.9

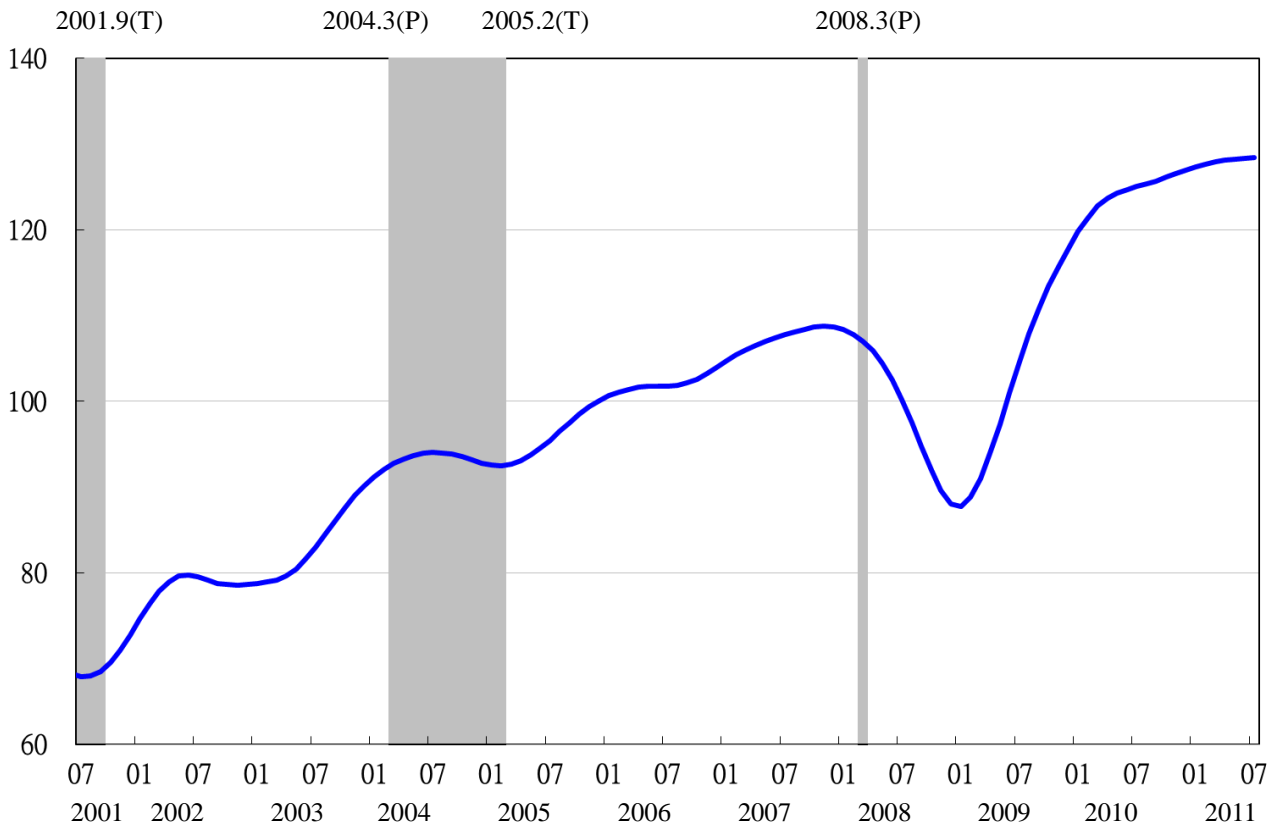
Lagging Indicators

Seasonally adjusted

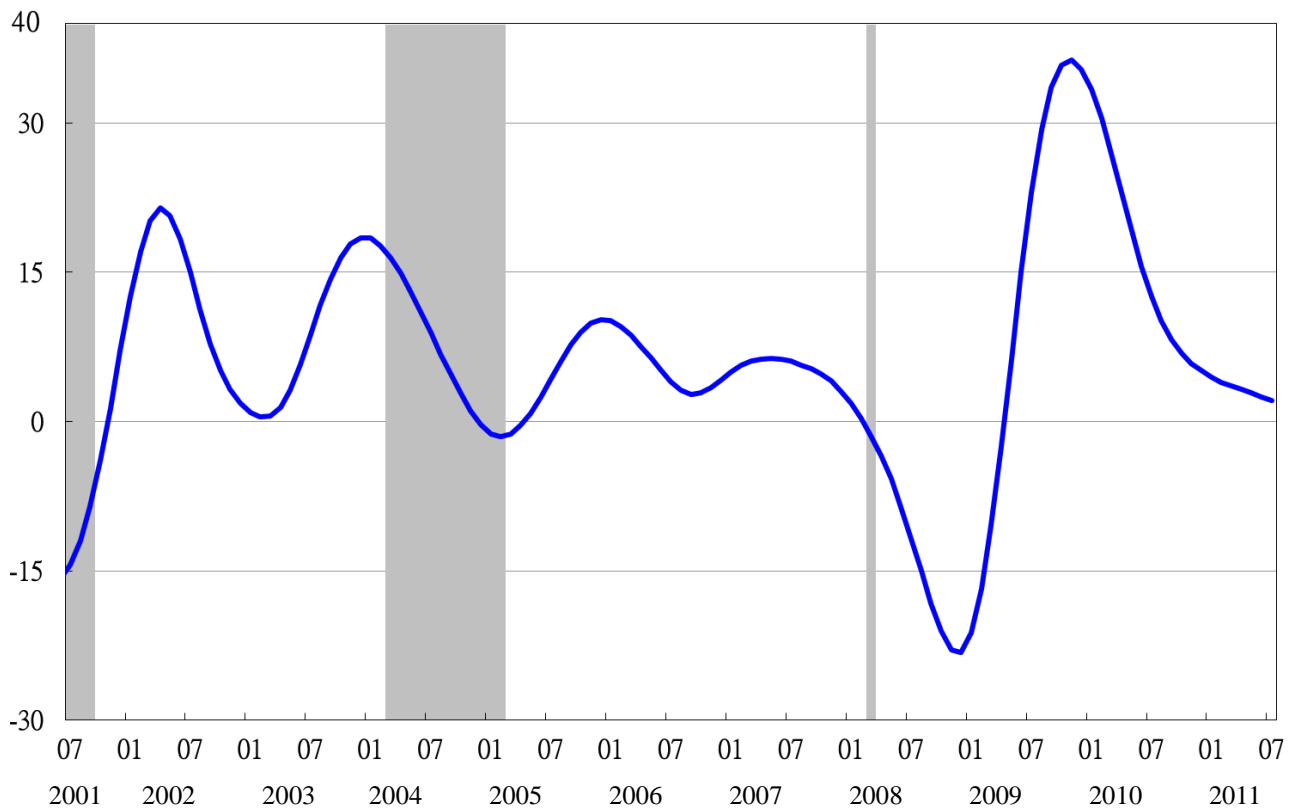
	2011						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	128.1	131.1	134.4	138.0	141.6	145.3	149.0
Change from preceding month (%)	2.1	2.4	2.5	2.6	2.6	2.6	2.6
Trend adjusted index	101.1	102.5	104.0	105.6	107.3	108.9	110.6
Change from preceding month (%)	1.1	1.3	1.5	1.6	1.6	1.5	1.5
Components							
Unemployment rate** (%)	4.71	4.59	4.42	4.35	4.41	4.40	4.37
Regular employees on payrolls in industry & services (Thousand persons)	6,589	6,610	6,636	6,652	6,674	6,691	6,708 _p
The manufacturing unit output labor cost index (index 2006=100)	77.03	78.69	75.57	77.98	79.64	80.86	81.84 _p
Interbank overnight call-loan rate (percent per annum)	0.257	0.262	0.274	0.296	0.319	0.344	0.375
Loans and investments of major financial institutions (NT\$ billion)	23,064	23,171	23,282	23,360	23,482	23,561	23,679
Inventories to sales ratio for manufacturing (%)	58.7	61.3	63.1	66.6	67.3	68.0	69.0 _p

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

Composite Leading Index

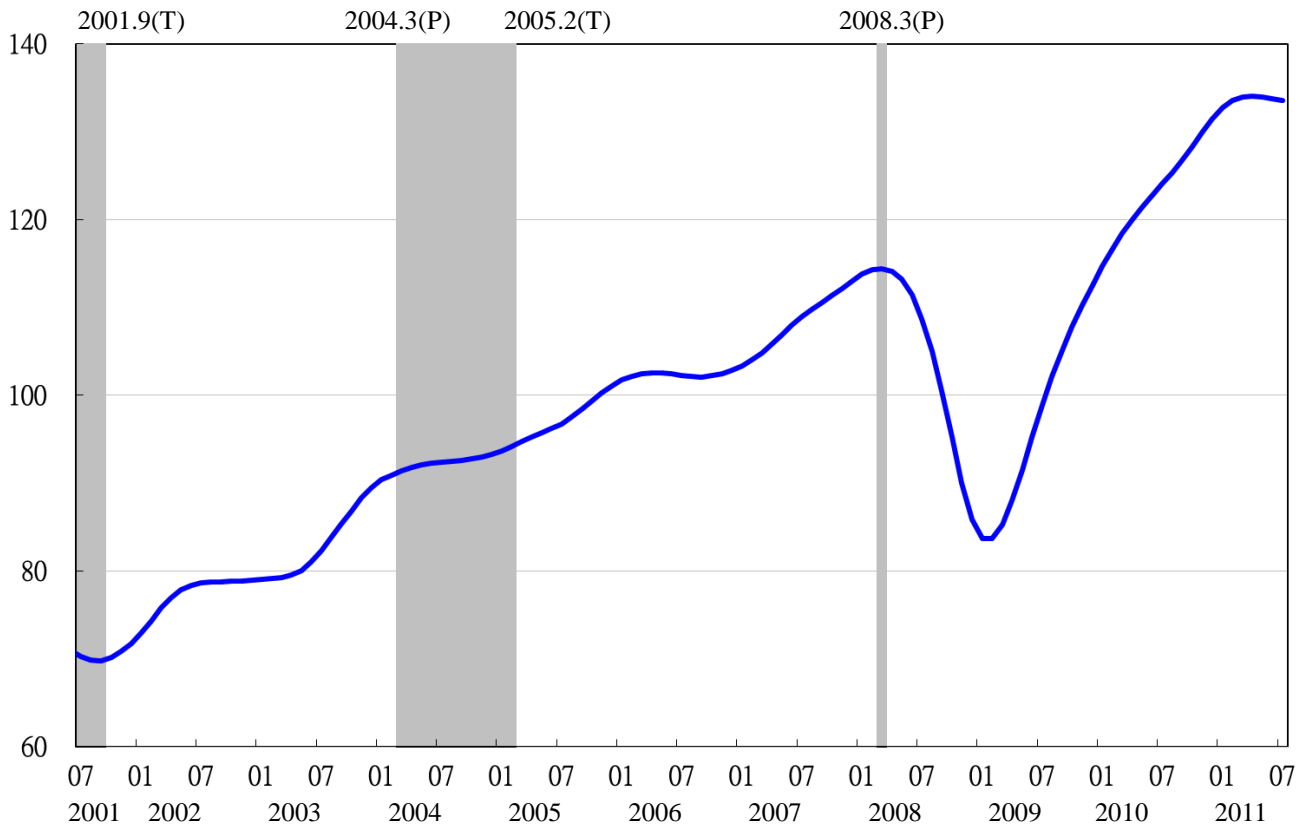


Annualized 6-month rate of change of composite leading index

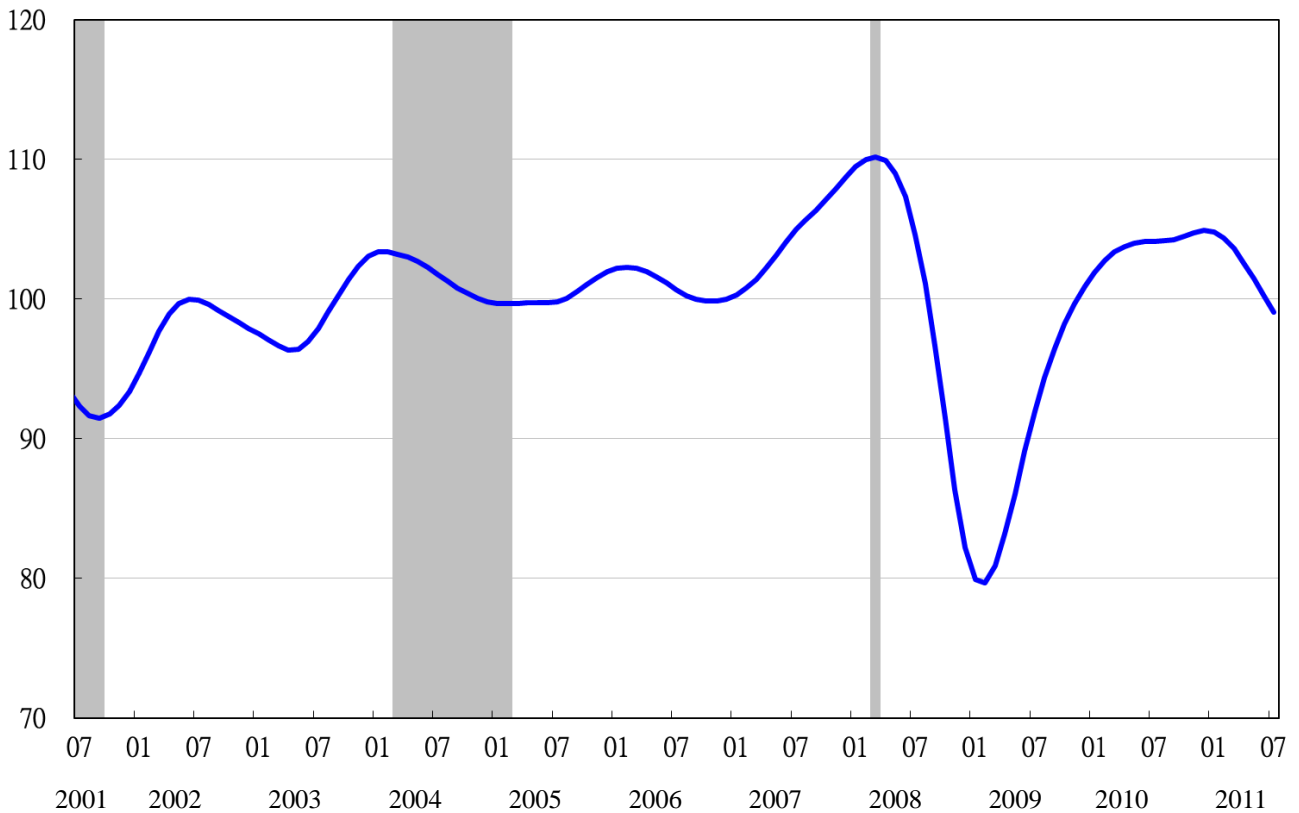


Shaded areas represent recessions.

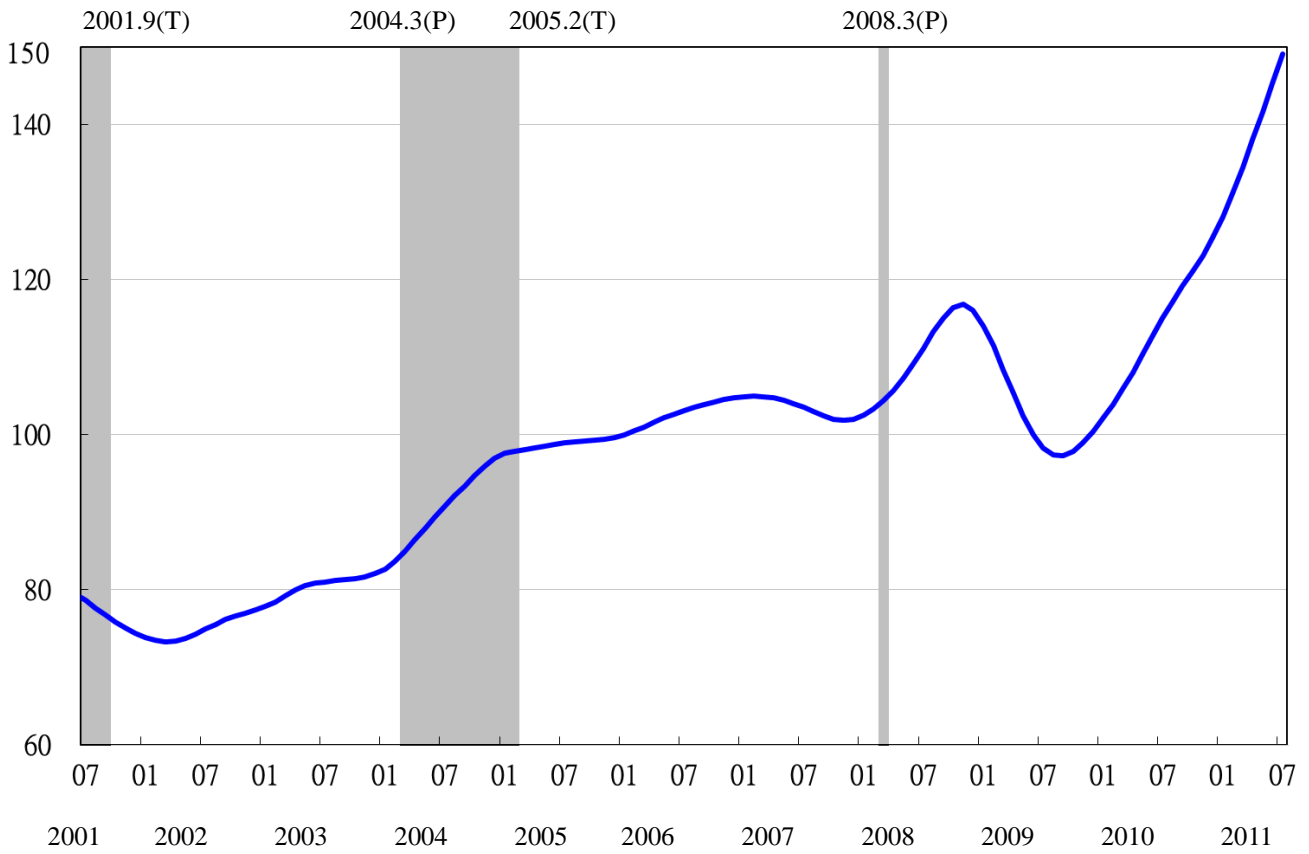
Composite Coincident Index



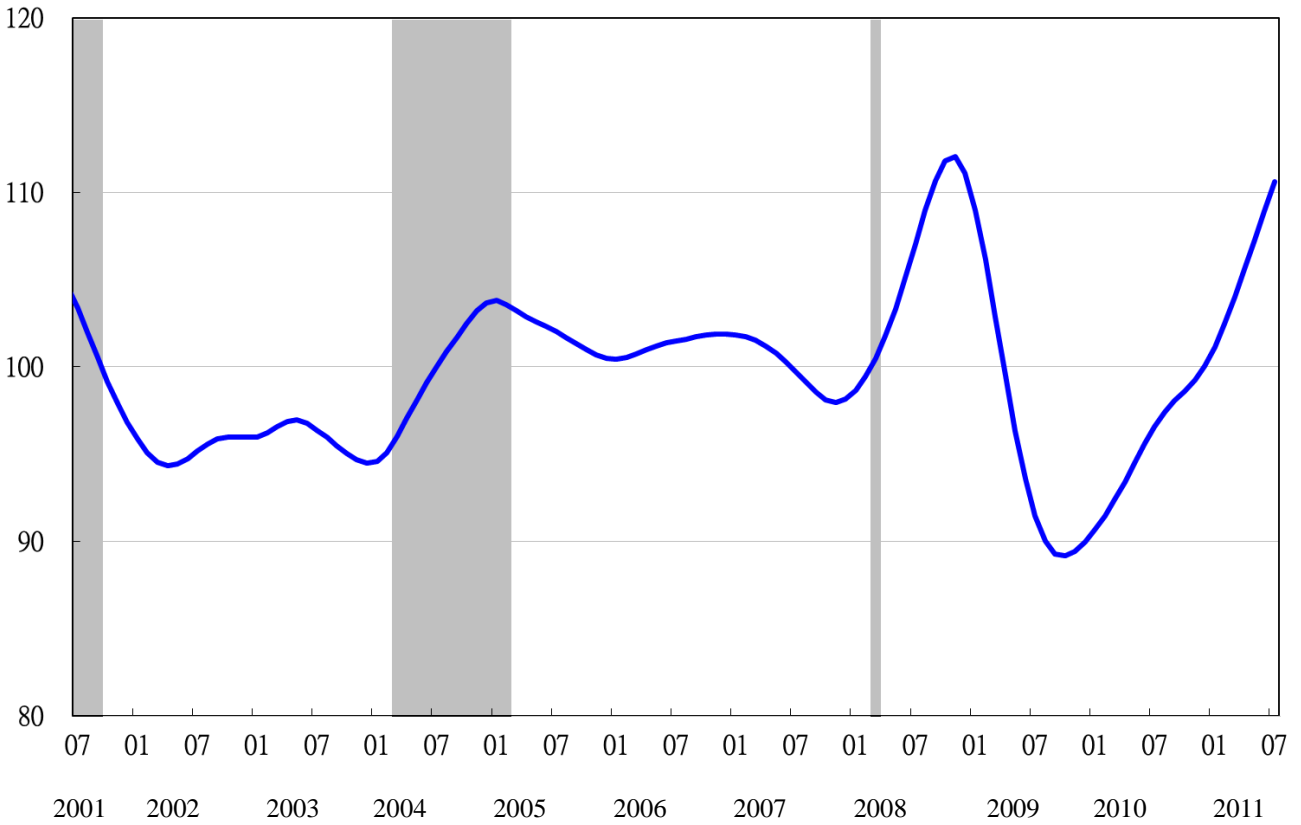
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2010							2011							
	6	7	8	9	10	11	12	1	2	3	4	5	6	7	
Total	Light														
	Score	37	38	38	37	34	32	34	34	34	31	29	27	25 _r	24
Monetary Aggregates M1B															7.6
Direct and Indirect Finance															4.8
Stock Price Index															13.6
Industrial Production Index															7.2
Nonagricultural Employment															2.19
Customs-Cleared Exports															4.3
Imports of Machineries and Electrical Equipments															-7.8
Manufacturing Sales															3.4 _p
Sales Index of Wholesale, Retail and Food Services															1.4

● 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.