

Taiwan Business Indicators in July 2012

Press Release

Council for Economic Planning and Development

August 27, 2012

In July 2012, Taiwan Business Indicators showed the economic situation still faced many 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 decreased by 0.3 points, the trend-adjusted coincident index decreased by 0.1% from the previous month, and the overall monitoring indicator flashed the "blue" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 131.1, up by 0.2% from June 2012. Its annualized six-month rate of change decreased by 0.3 points to 4.9%. Among the seven indicators making up the trend-adjusted index, index of producer's inventory for manufacturing (inverted) had positive cyclical movements from previous month. SEMI book-to-bill ratio, building permits, real monetary aggregates M1B, stock price index, average monthly overtime in industry and services, and index of export orders had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 131.3, up by 0.4% from June 2012. Its trend-adjusted index decreased by 0.1% to 97.2. Among the seven indicators making up the trend-adjusted index, the sales index of wholesale, retail and food services, index of producer's shipment for manufacturing, real machineries and electrical equipments imports had positive cyclical movements from previous month. Nonagricultural employment, real customs-cleared exports, electric power consumption, and industrial production index had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 138.4, up by 0.3% from June 2012. Its trend-adjusted index decreased by 0.2% to 102.4. Among the six indicators making up the trend-adjusted index, inventories to sales ratio for manufacturing, the manufacturing unit output labor cost index and interbank overnight call-loan rate had positive cyclical movements from previous month.

The unemployment rate (inverted), regular employees on payrolls in industry and services, loans and investments of monetary financial institutions had negative cyclical movements from previous month.

4. The Monitoring Indicators: The total score in July increased 1 point to 16. The overall light signal flashed the "blue" signal for the ninth consecutive month. Among the nine components, imports of machineries, electrical equipments gained one point and changed its individual light signal from "blue" to "yellow-blue". The light signals for the rest of eight components remained unchanged.

~~ **The next release is scheduled for September 27 2012** ~~

Leading Indicators

Seasonally adjusted

	2012						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	128.2	129.0	129.7	130.2	130.5	130.8	131.1
Change from preceding month (%)	0.7	0.6	0.5	0.4	0.3	0.2	0.2
Annualized 6-month rate of change (%)	3.6	4.5	5.1	5.3	5.3	5.2	4.9
Change from preceding month (point)	1.1	0.9	0.6	0.2	0.0	-0.2	-0.3
Components							
Index of export orders (2006=100)	139.7	136.8	137.6	136.3	136.9	138.8	139.0
Real monetary aggregates M1B (NT\$ billion)	10,846	11,002	11,019	10,969	10,954	11,002	10,995
Stock price index(1966=100)	7,177	7,856	8,020	7,621	7,357	7,143	7,187
Index of producer's Inventory for manufacturing*(2006=100)	126.5	126.1	128.1	131.0	130.2	129.2	129.0 _p
Average monthly overtime in industry and services (hours/month)	8.2	8.2	8.0	8.1	8.2	8.2	8.1 _p
Building Permits ** (1,000m ²)	2,299	2,316	2,482	2,203	2,474	2,529	2,231
SEMI Book-to-Bill Ratio	0.96	1.01	1.12	1.10	1.05	0.93	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

	2012						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	127.6	128.0	128.7	129.6	130.3	130.8	131.3
Change from preceding month (%)	0.1	0.3	0.6	0.6	0.6	0.4	0.4
Trend adjusted index	97.4	97.2	97.2	97.4	97.4	97.3	97.2
Change from preceding month (%)	-0.4	-0.2	0.1	0.1	0.0	-0.1	-0.1
Components							
Industrial production index(2006=100)	130.5	122.7	130.0	129.7	129.3	126.8	129.2
Electric power consumption (billion kWh)	12.46	10.30	12.06	11.64	12.44	11.30	11.76
Index of producer's shipment for manufacturing (2006=100)	125.2	120.1	126.5	127.3	127.9	127.0	128.9 _p
Sales index of wholesale, retail, and food services (2006=100)	105.1	109.8	107.2	106.3	110.2	108.9	108.5
Nonagricultural employment (1,000)	10,264	10,273	10,285	10,299	10,306	10,317	10,315
Real customs-cleared exports (NT\$ billion)	748.1	768.6	756.3	765.6	767.2	764.0	750.1
Real machineries and electrical equipments imports (NT\$ billion)	267.5	231.6	253.1	253.8	260.3	250.7	255.0

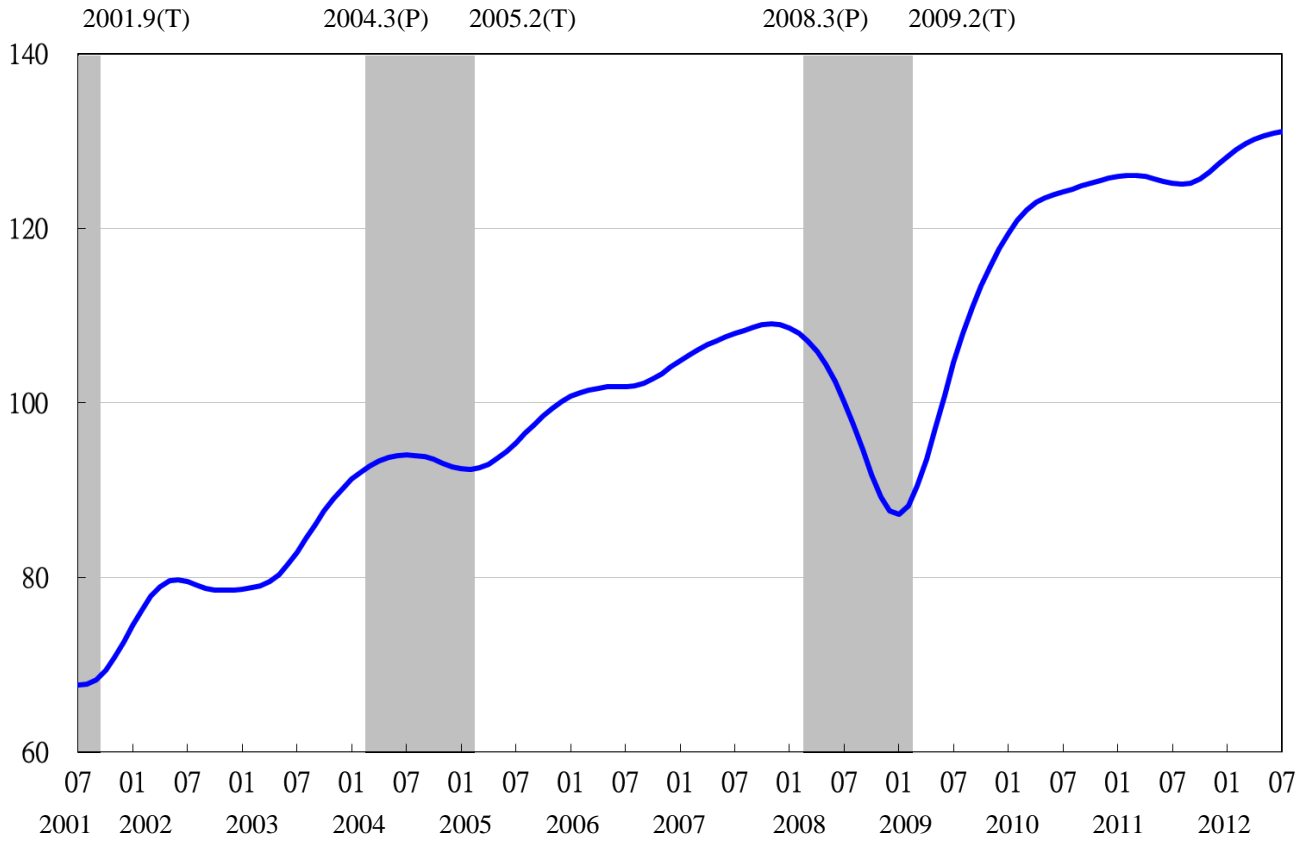
Lagging Indicators

Seasonally adjusted

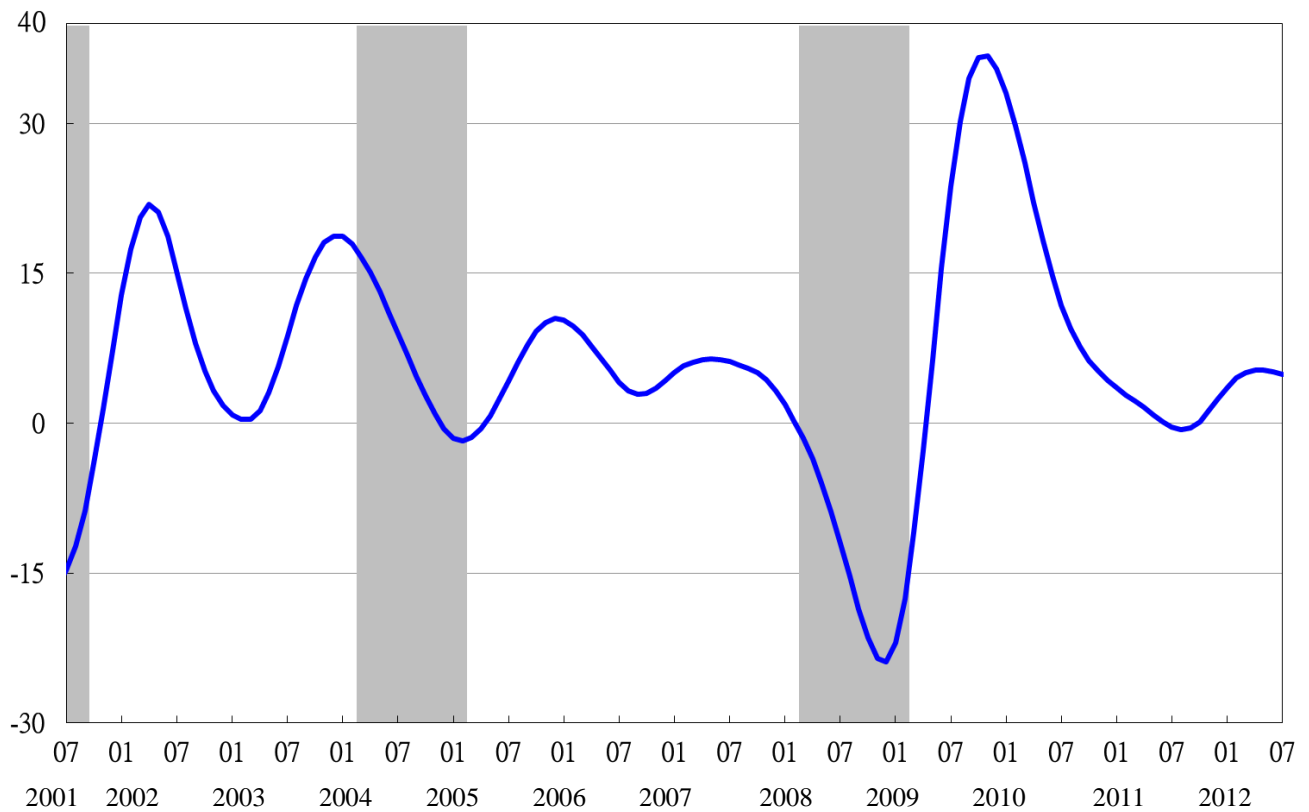
	2012						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite Index	135.7	136.0	136.5	137.0	137.5	138.0	138.4
Change from preceding month (%)	0.3	0.2	0.3	0.4	0.4	0.4	0.3
Trend adjusted index	103.6	103.3	103.1	103.0	102.8	102.7	102.4
Change from preceding month (%)	-0.3	-0.3	-0.2	-0.1	-0.1	-0.2	-0.2
Components							
Unemployment rate* (%)	4.19	4.15	4.14	4.19	4.25	4.24	4.25
Regular employees on payrolls in industry & services (Thousand persons)	6,711	6,720	6,728	6,734	6,739	6,740	6,746 _p
The manufacturing unit output labor cost index (index 2006=100)	81.6	78.0	81.7	81.8	80.7	85.3	80.1 _p
Interbank overnight call-loan rate (percent per annum)	0.403	0.399	0.402	0.476	0.512	0.513	0.445
Loans and investments of monetary financial institutions (NT\$ billion)	24,245	24,336	24,473	24,610	24,670	24,652	24,912
Inventories to sales ratio for manufacturing (%)	67.6	65.4	68.2	70.6	69.5	71.4	70.9 _p

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

Composite Leading Index

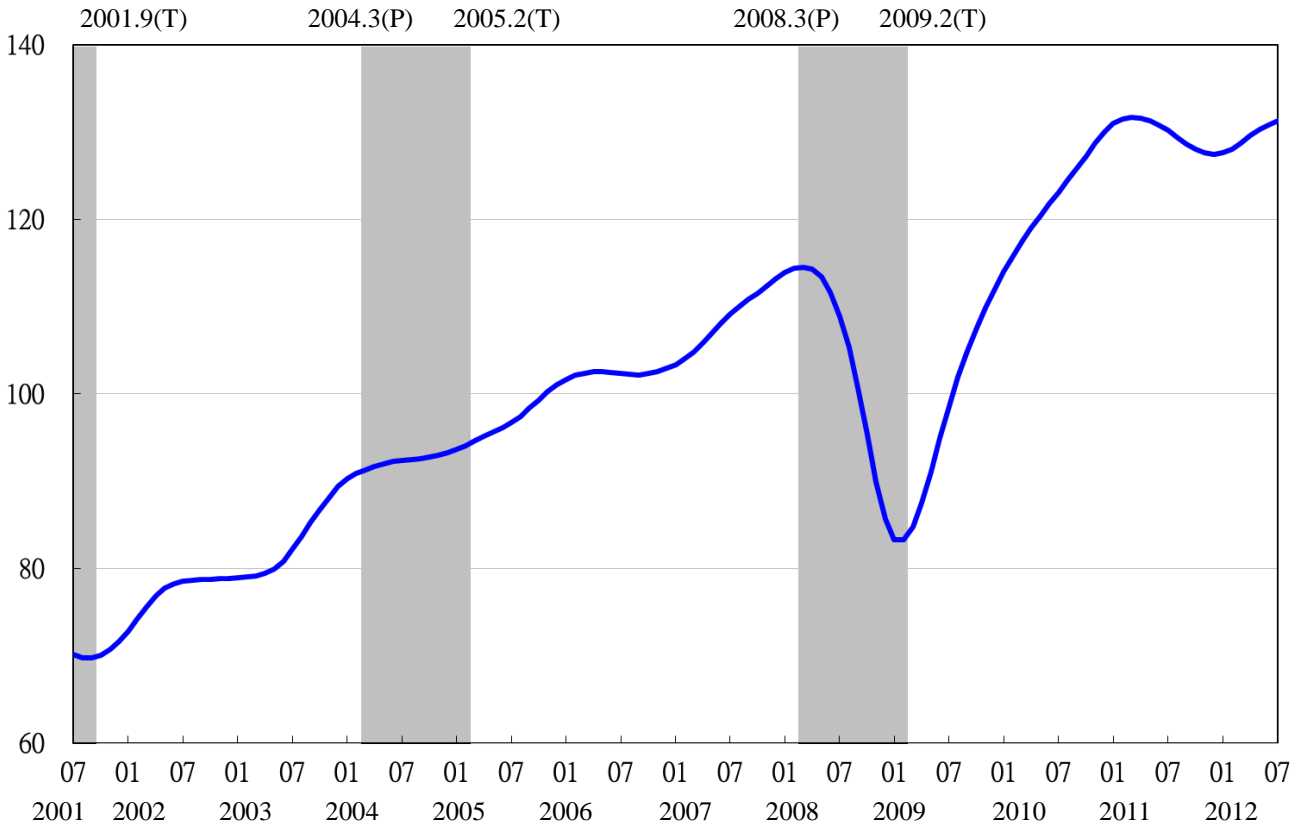


Annualized 6-month rate of change of composite leading index

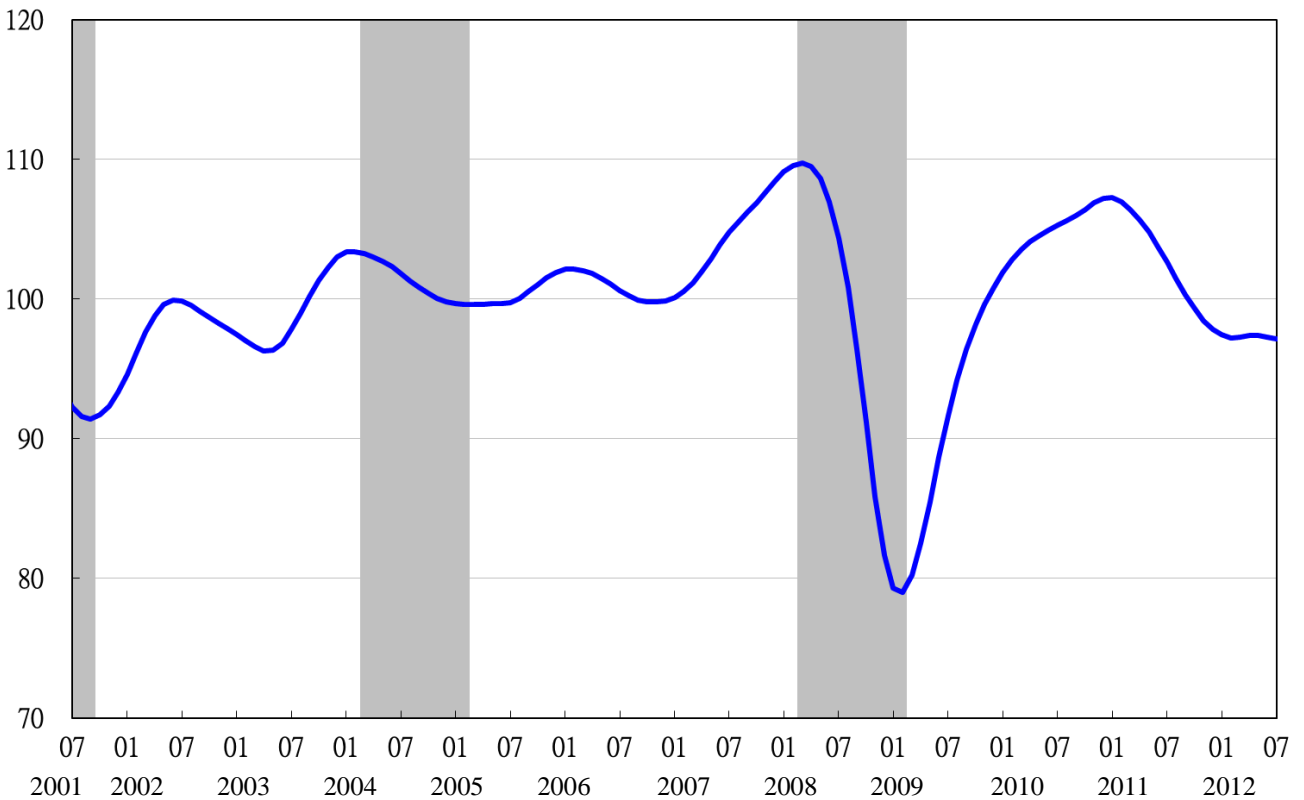


Shaded areas represent recessions.

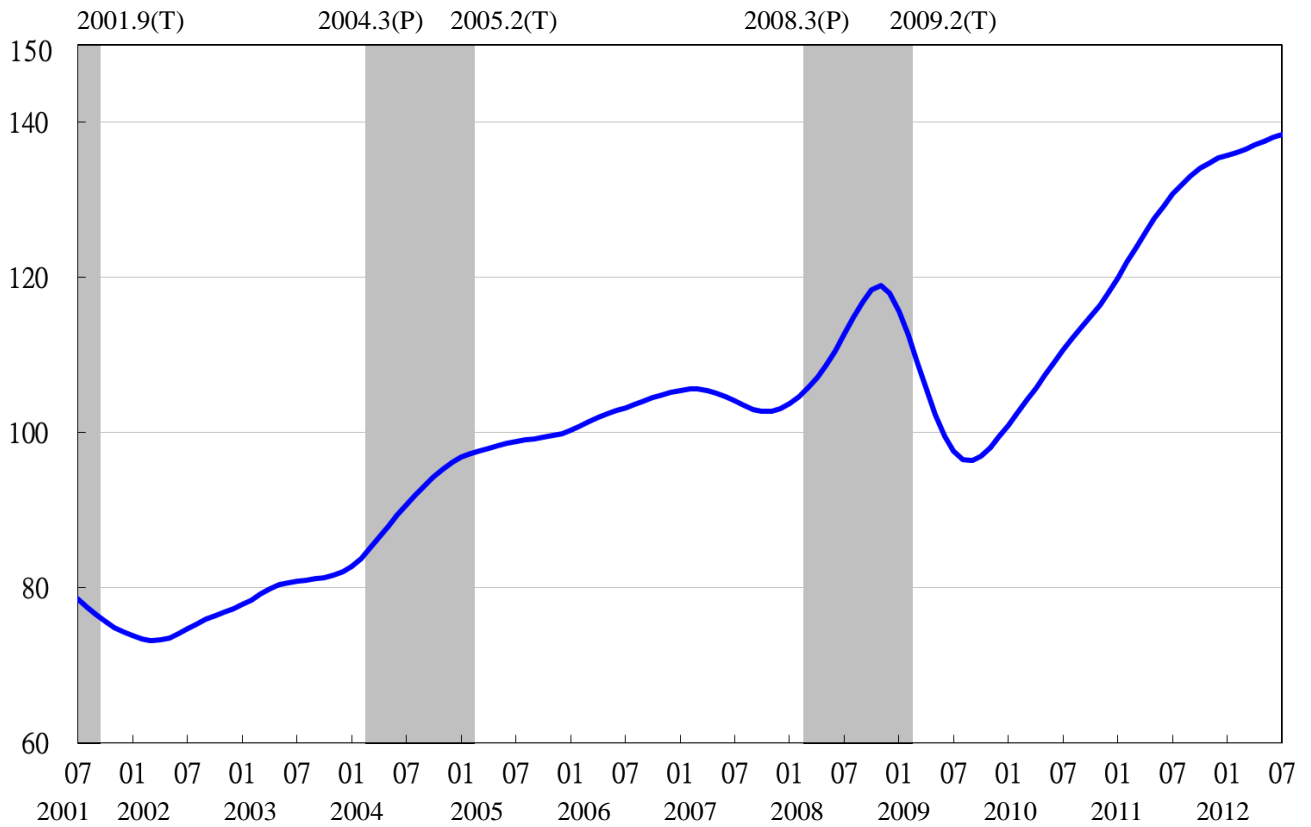
Composite Coincident Index



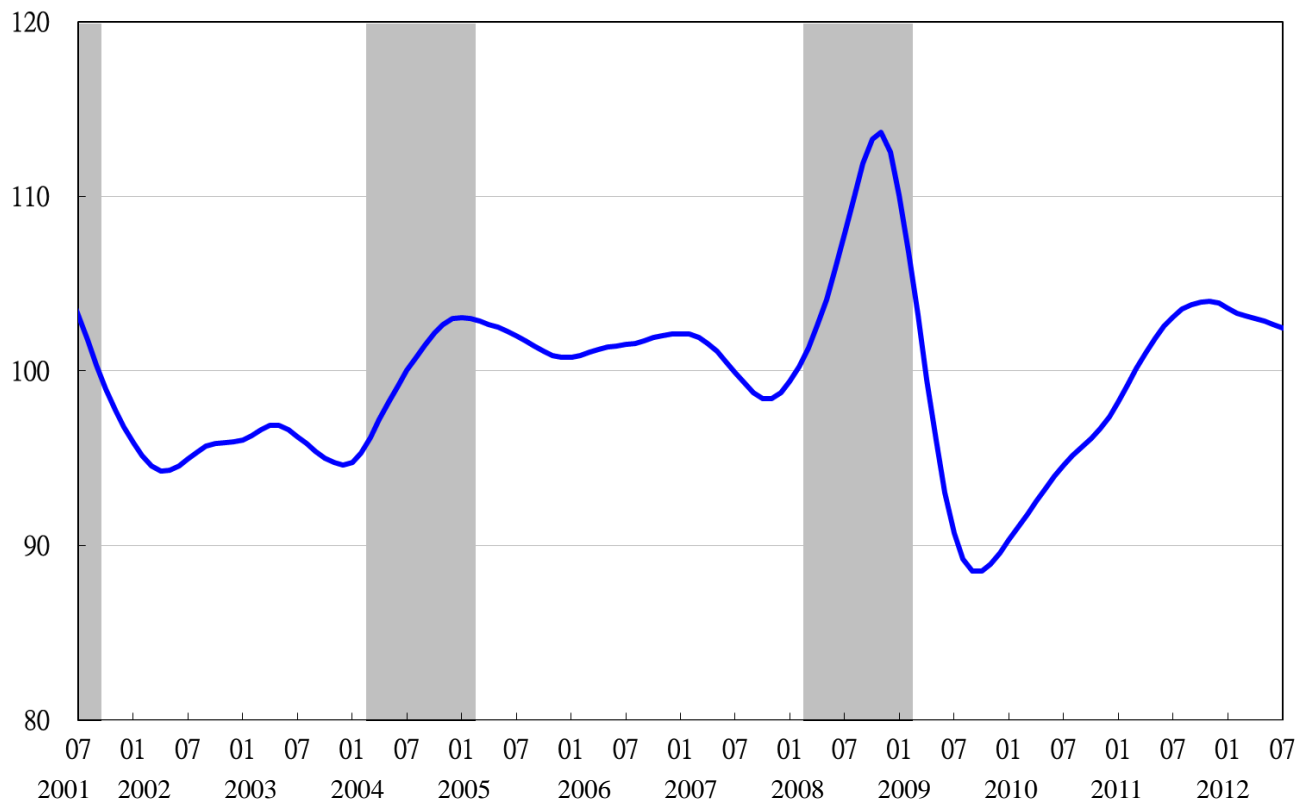
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

		2011						2012							
		6	7	8	9	10	11	12	1	2	3	4	5	6	7
Total	Light														
	Score	25	23	20	21	19	16	14	13	15	14	14	15	15	16
Monetary Aggregates M1B															2.9
Direct and Indirect Finance															4.9
Stock Price Index															-17.2
Industrial Production Index															0.3
Nonagricultural Employment															1.25
Customs-Cleared Exports															-7.9
Imports of Machineries and Electrical Equipments															-2.4
Manufacturing Sales															-5.6 _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.