

Taiwan Business Indicators in June 2014

Press Release

National Development Council (NDC)

July 28, 2014

In June 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 0.19%, the trend-adjusted coincident index increased by 0.22% from the previous month, and the overall monitoring indicator flashed the "green" signal for the fifth consecutive month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 104.52, down by 0.03% from May 2014. Its trend-adjusted index decreased by 0.19% to 100.11. 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 the index of export orders had positive cyclical movements from the previous month, while building permits, net accession rate of employees on payrolls of industry and services, and real monetary aggregates M1B had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 105.69, up by 0.38% from May 2014. Its trend-adjusted index increased by 0.22% to 101.23. 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, and sales of trade and food services had positive cyclical movements from the previous month, while nonagricultural employment, electric power consumption, and real machineries and electrical equipments imports had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 102.02, down by 0.11% from May 2014. Its trend-adjusted index decreased by 0.27% to 97.72. Among the six indicators making up the trend-adjusted index, the unemployment rate (inverted), and regular employees on payrolls in industry and services had positive cyclical movements from the previous month, while the manufacturing unit output labor cost index, the inventories to sales ratio for

manufacturing, loans and investments of monetary financial institutions, and the interbank overnight call-loan rate had negative cyclical movements.

4. The Monitoring Indicators: The total score in June 2014 increased by two points to 26, flashing the “green” signal for the fifth month. Among the nine components, the TAIEX average closing price gained one point to change its individual light signal from “green” to “yellow-red”, and the imports of machineries and electrical equipments gained one point to change its individual light signal from “yellow-blue” to “green”. The light signal for the rest of seven components remained unchanged.

~~ The next release is scheduled for August 27 2014 ~~

Table 1 Leading Indicators

Seasonally adjusted

	2013	2014					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite Index	104.15	104.34	104.50	104.58	104.59	104.55	104.52
Change from preceding month (%)	0.25	0.19	0.16	0.07	0.01	-0.04	-0.03
Trend adjusted index	100.69	100.72	100.72	100.64	100.50	100.30	100.11
Change from preceding month (%)	0.10	0.03	0.00	-0.08	-0.14	-0.19	-0.19
Components							
Index of export orders (2011=100)	118.80	107.04	108.86	110.46	113.98	111.18	113.53
Real monetary aggregates M1B (NT\$ billion)	12,948	13,041	12,983	13,091	13,134	13,197	13,232
TAIEX average closing price (1966=100)*	8,431	8,567	8,496	8,687	8,900	8,936	9,229
Net accession rate of employees on payrolls of industry and services ** (%)	0.08	0.19	0.36	0.15	0.19	0.14	0.09 _p
Building permits *** (1,000m ²)	2,927	2,576	3,577	2,878	2,942	2,499	2,620
SEMI Book-to-Bill Ratio	1.02	1.04	1.01	1.06	1.03	1.00	1.09
The TIER manufacturing sector composite indicator (2006=100)	98.76	101.23	101.33	102.11	101.82	103.61	102.28

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

	2013	2014					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite Index	103.57	103.90	104.21	104.53	104.91	105.29	105.69
Change from preceding month (%)	0.39	0.32	0.30	0.31	0.36	0.36	0.38
Trend adjusted index	100.13	100.29	100.44	100.59	100.80	101.01	101.23
Change from preceding month (%)	0.23	0.16	0.14	0.15	0.21	0.21	0.22
Components							
Industrial production index (2011=100)	104.3	102.5	103.8	101.8	104.0	105.0	106.9
Electric power consumption (billion kWh)	11.75	12.01	12.05	11.65	11.91	12.07	11.87
Index of producer's shipment for manufacturing (2011=100)	101.9	97.6	102.0	99.5	102.3	101.6	102.5 _p
Sales of trade and food services (NT\$ billion)	1,211	1,220	1,192	1,191	1,220	1,221	1,213
Nonagricultural employment (thousand persons)	10,471	10,482	10,496	10,498	10,511	10,518	10,520
Real customs-cleared exports (NT\$ billion)	803.9	774.4	802.2	804.3	828.6	792.8	825.2
Real machineries and electrical equipments imports (NT\$ billion)	246.9	216.9	207.0	228.9	231.4	202.9	228.8

Table 3 Lagging Indicators

Seasonally adjusted

	2013	2014					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite Index	102.30	102.08	101.99	102.05	102.12	102.13	102.02
Change from preceding month (%)	-0.31	-0.21	-0.09	0.06	0.07	0.01	-0.11
Trend adjusted index	98.90	98.54	98.30	98.21	98.12	97.98	97.72
Change from preceding month (%)	-0.46	-0.36	-0.24	-0.10	-0.09	-0.15	-0.27
Components							
Unemployment rate* (%)	4.14	4.07	4.05	4.06	4.04	3.99	3.97
Regular employees on payrolls in industry & services (thousand persons)	7,013	7,026	7,033	7,043	7,056	7,066	7,076 _p
The manufacturing unit output labor cost index (2011=100)	100.6	101.4	96.1	103.7	102.4	108.1	97.4 _p
Interbank overnight call-loan rate** (percent per annum)	0.387	0.388	0.387	0.387	0.387	0.388	0.387
Loans and investments of monetary financial institutions (NT\$ billion)	26,710	26,890	27,010	27,117	27,261	27,343	27,461
Inventories to sales ratio for manufacturing (%)	65.5	66.4	65.2	65.7	63.2	63.3	63.7 _p

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

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

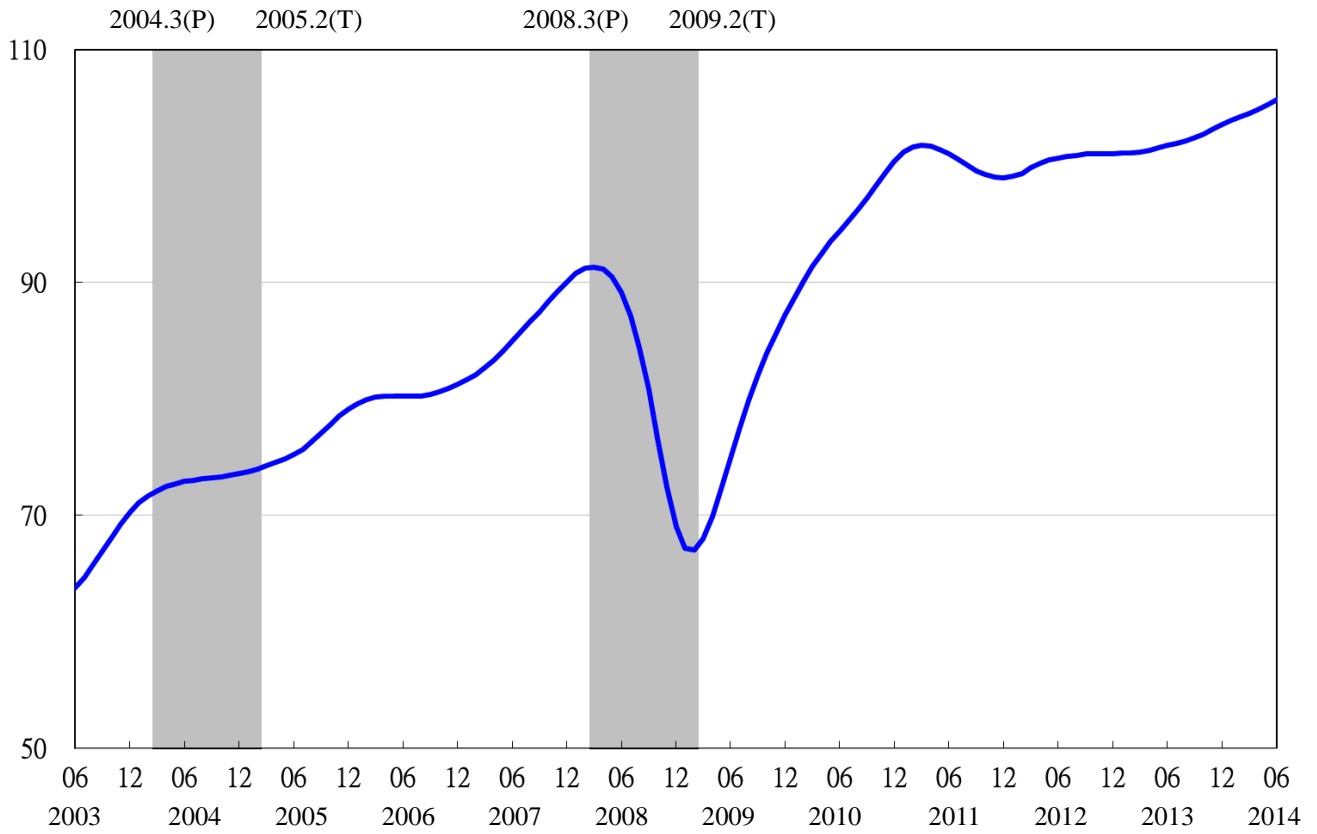


Figure 3 Composite Coincident Index

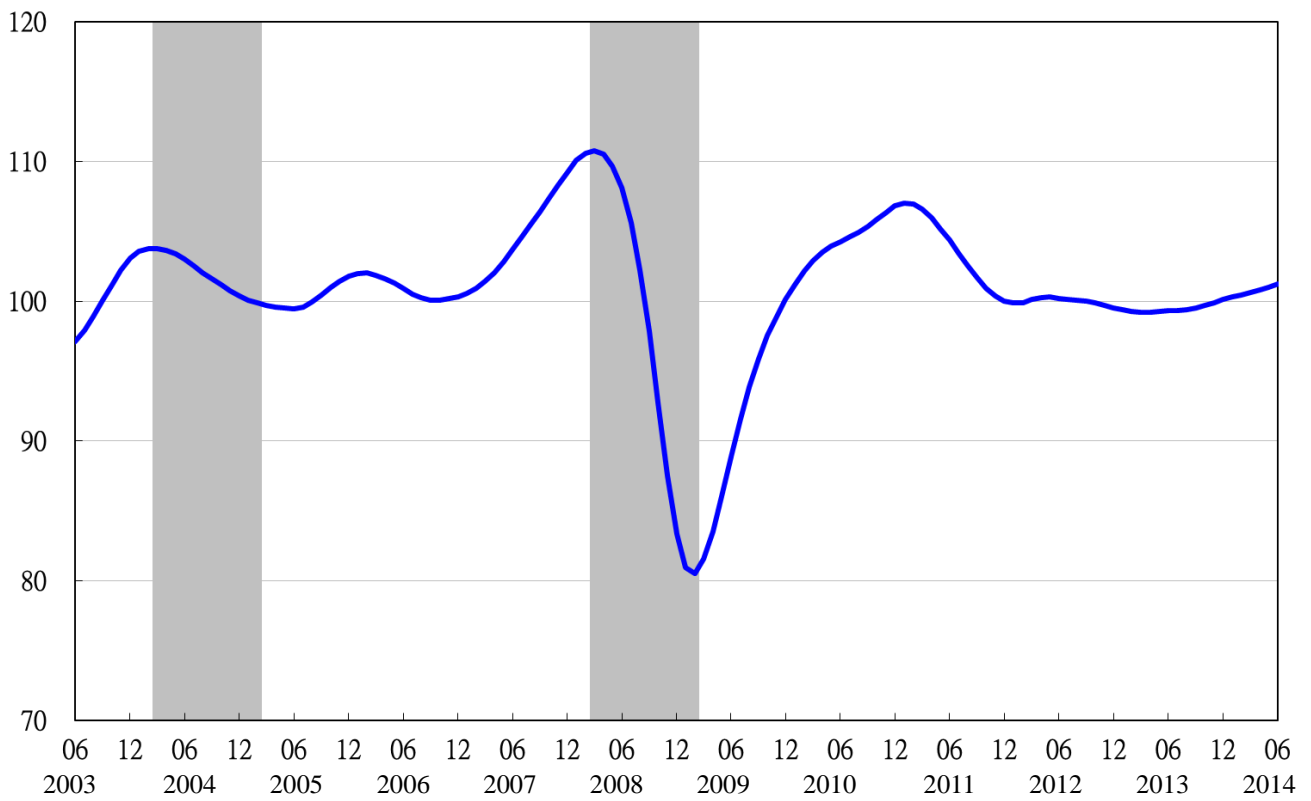


Figure 4 Trend-adjusted Coincident Index

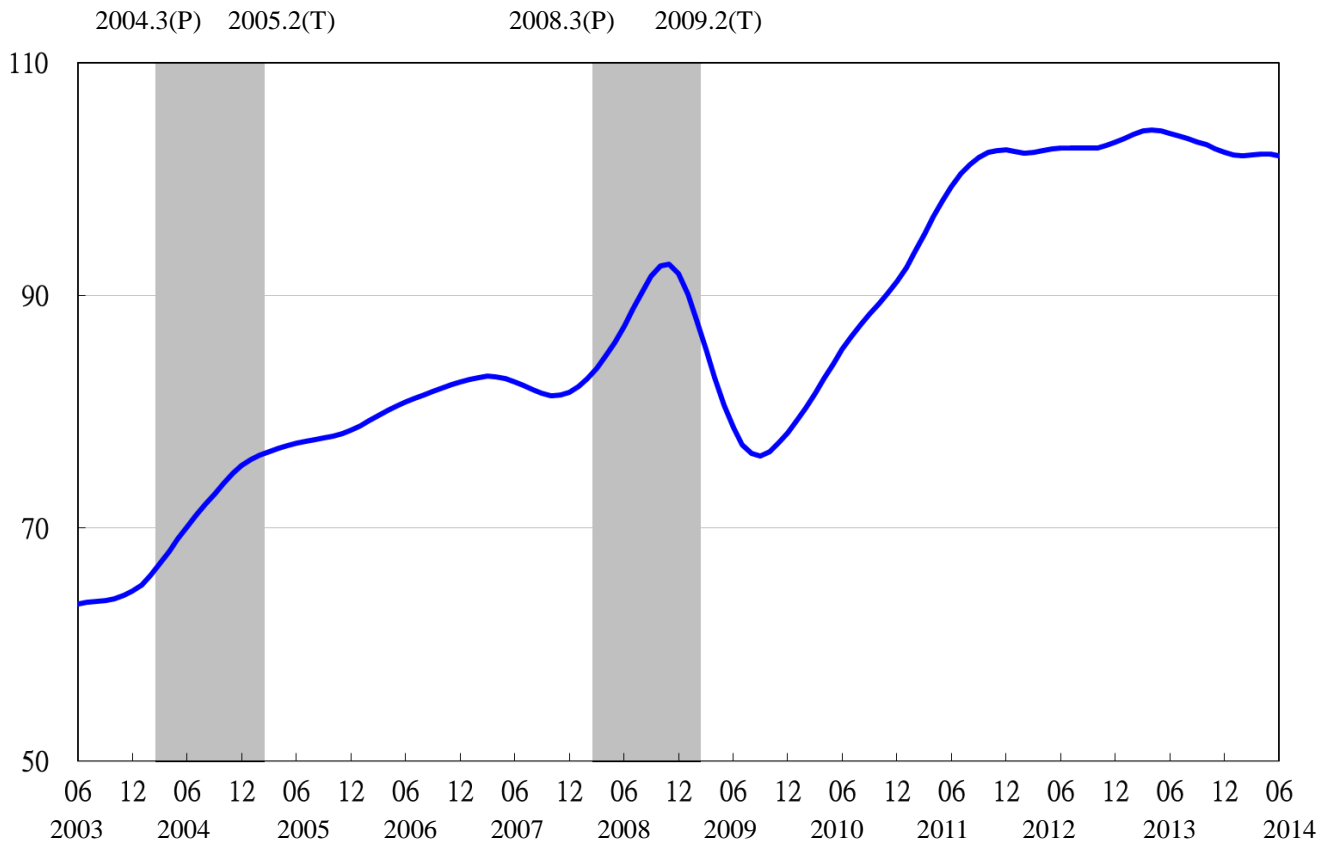


Figure 5 Composite Lagging Index

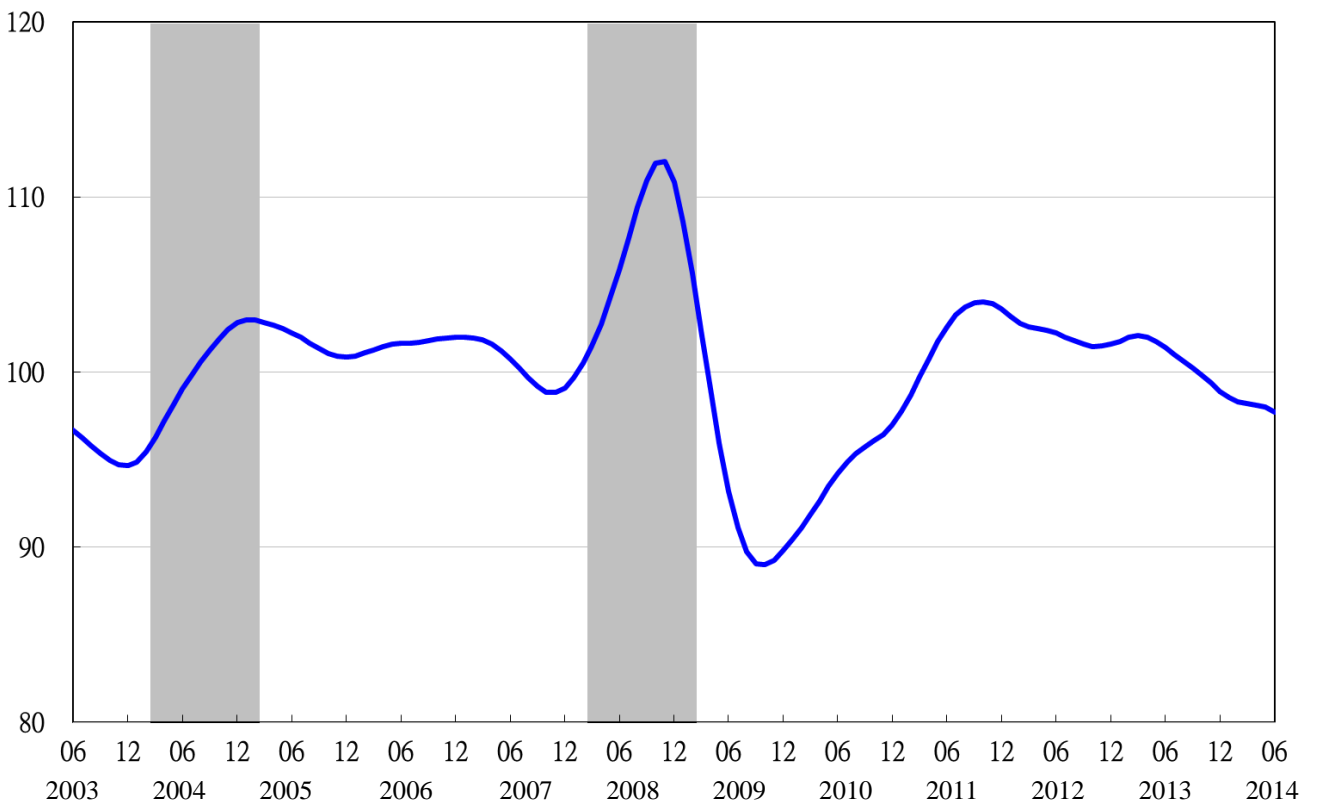


Figure 6 Trend-adjusted Lagging Index

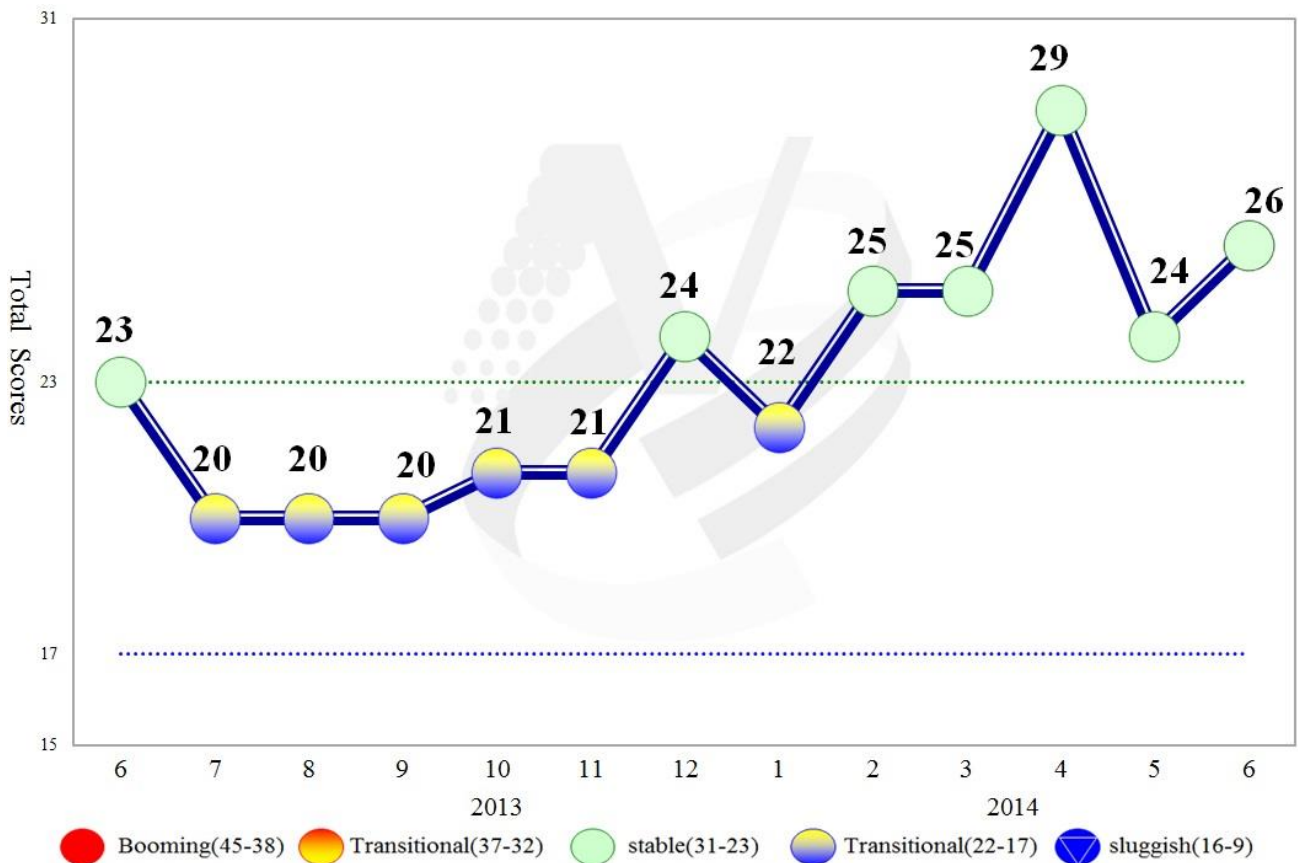


Figure 7 Total Scores in the Past Year

	Month	2013												2014											
		6	New Series beginning in July 2013*											7	8	9	10	11	12	1	2	3	4	5	6
Total	Light	●	New Series beginning in July 2013*											●	●	●	●	●	●	●	●	●	●	●	●
	Score	23	New Series beginning in July 2013*											20	20	20	21	21	24	22	25	25	29	24	26
Monetary Aggregates M1B	●	Monetary Aggregates M1B	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	8.2	●	7.5		
Direct and Indirect Finance	●	—	—																						
TAIEX average closing price	●	TAIEX Average Closing Price	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	8.0	●	15.5		
Industrial Production Index	●	Industrial Production Index	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	6.1 _r	●	7.4		
Nonagricultural Employment	●	Nonagricultural Employment	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	1.1	●	1.0		
Customs-Cleared Exports	●	Customs-Cleared Exports	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	1.6 _r	●	2.4		
Imports of Machinery and Electrical Equipments	●	Imports of Machineries and Electrical Equipments	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	-6.2	●	4.2		
Manufacturing Sales	●	Index of producer's shipment for manufacturing	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	4.1 _r	●	5.5		
Sales Index of Trade and Food Services	●	Sales of Trade and Food Services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	4.0	●	3.8		
—	—	The TIER Manufacturing Sector Composite Indicator	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	103.6 _r	●	102.3		

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