

Taiwan Business Indicators in October 2011

Press Release

Council for Economic Planning and Development

November 28, 2011

In October 2011, Taiwan Business Indicators indicated that the economy has been on the downgrade and become more uncertain. 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 0.5 points, the trend-adjusted coincident index decreased by 1.5% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal for the third consecutive month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 126.8, down by 0.2% from September. Its annualized six-month rate of change decreased by 0.5 points to -0.7%. 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. Average monthly overtime in industry and services, stock price index, SEMI book-to-bill ratio, index of export orders, building permits, and real monetary aggregates M1B had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 129.2, down by 0.6% from September. Its trend-adjusted index decreased by 1.5% to 95.3. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were index of real machineries and electrical equipments imports, the industrial production index, electric power consumption, the sales index of wholesale, retail and food services, index of producer's shipment for manufacturing, real customs-cleared exports and nonagricultural employment.
3. **Lagging Indicators:** With revised data, the lagging index stood at 146.1, up by 1.3% from September. Its trend-adjusted index rose by 0.4% to 107.8. Among the six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, loans and investments of major financial institutions, inventories to sales ratio for manufacturing, interbank overnight call-loan rate had positive

cyclical movements from previous month. Regular employees on payrolls in industry and services, unemployment rate (inverted) had negative cyclical movements from previous month.

4. The Monitoring Indicators: The total score in October was down by 1 point to 20. The overall light signal flashed the "yellow- blue" signal for the third consecutive month. Among the nine components, customs-cleared exports gained two points and changed its individual light signal from "blue" to "green", manufacturing sales gained one point and changed its individual light signal from "yellow-blue" to "green". Monetary aggregates M1B, industrial production index, nonagricultural employment, 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 three components remained unchanged.

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

Leading Indicators

Seasonally adjusted

	2011						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	127.9	127.9	127.8	127.5	127.3	127.0	126.8
Change from preceding month (%)	0.1	-0.0	-0.1	-0.2	-0.2	-0.2	-0.2
Annualized 6-month rate of change (%)	3.1	2.6	1.9	1.2	0.5	-0.2	-0.7
Change from preceding month (point)	-0.5	-0.6	-0.6	-0.7	-0.7	-0.6	-0.5
Components							
Index of export orders (2006=100)	136.7	138.2	134.0	137.2	131.7	130.2	134.5
Real monetary aggregates M1B (NT\$ billion)	10,642	10,654	10,738	10,829	10,945	10,939	10,867
Stock price index(1966=100)	8,861	8,911	8,749	8,681	7,763	7,385	7,345
Index of producer's Inventory for manufacturing*(2006=100)	121.6	123.0	124.3	124.7	125.5	124.0	124.7 _p
Average monthly overtime in industry and services (hours/month)	8.9	8.6	8.7	8.4	8.4	8.3	7.9 _p
Building Permits ** (1,000m2)	2,531	2,169	2,446	2,235	2,139	2,445	2,215
SEMI Book-to-Bill Ratio	0.98	0.97	0.94	0.85	0.80	0.71	0.74

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						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	133.0	132.7	132.2	131.6	130.8	130.0	129.2
Change from preceding month (%)	-0.1	-0.2	-0.4	-0.5	-0.6	-0.6	-0.6
Trend adjusted index	103.7	102.5	101.2	99.8	98.3	96.8	95.3
Change from preceding month (%)	-1.0	-1.1	-1.3	-1.4	-1.5	-1.5	-1.5
Components							
Industrial production index(2006=100)	132.0	130.8	126.9	129.6	127.3	124.4	127.5
Electric power consumption (billion kWh)	11.20	11.74	11.63	11.34	12.00	11.18	11.48
Index of producer's shipment for manufacturing (2006=100)	127.5	127.7	125.3	127.5	125.5	125.6	127.4 _p
Sales index of wholesale, retail, and food services (2006=100)	109.2	110.1	110.5	110.6	110.9	109.8	108.1
Nonagricultural employment (1,000)	10,135	10,146	10,166	10,186	10,196	10,211	10,217
Real customs-cleared exports (NT\$ billion)	816.1	800.1	768.3	805.6	760.4	738.8	791.7
Real machineries and electrical equipments imports (NT\$ billion)	277.9	316.6	281.3	273.4	248.8	251.6	248.3

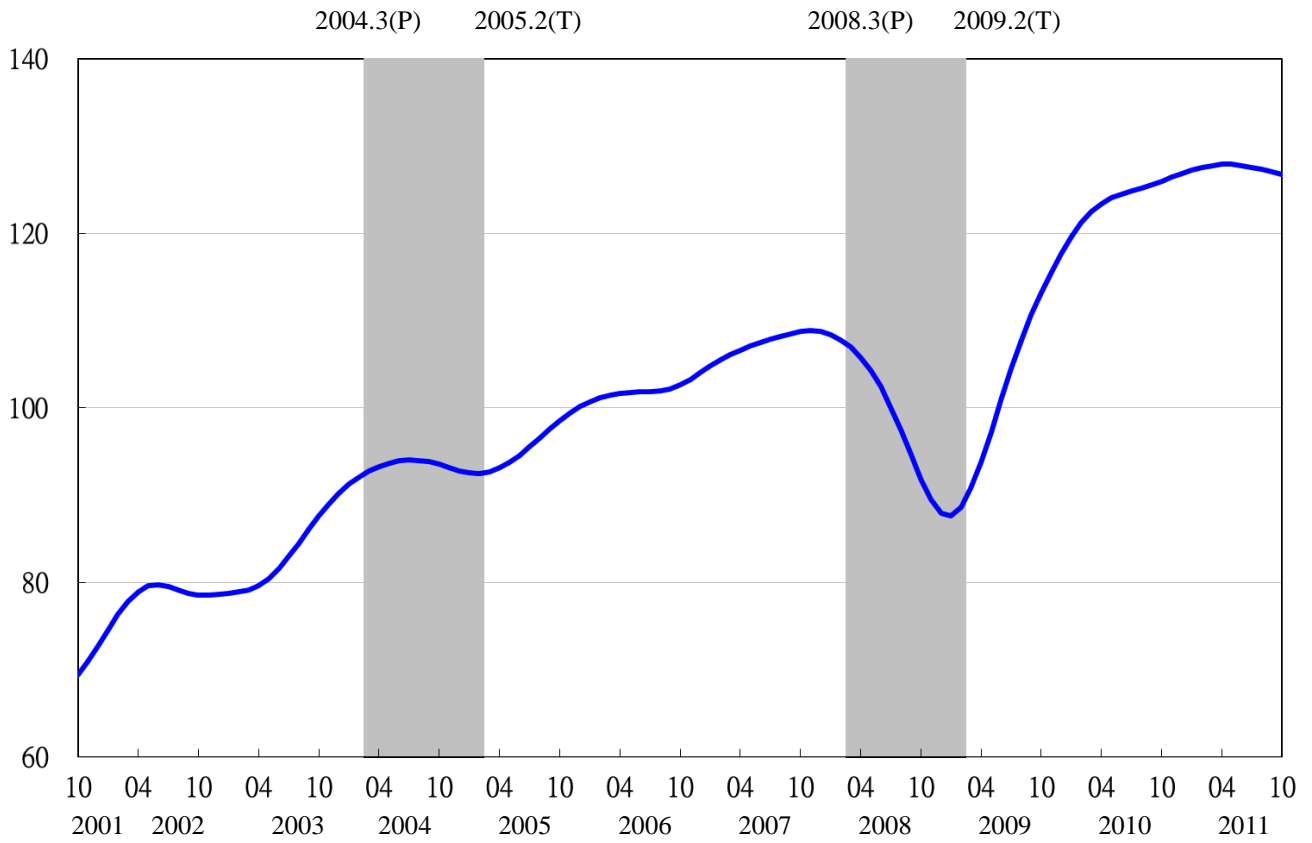
Lagging Indicators

Seasonally adjusted

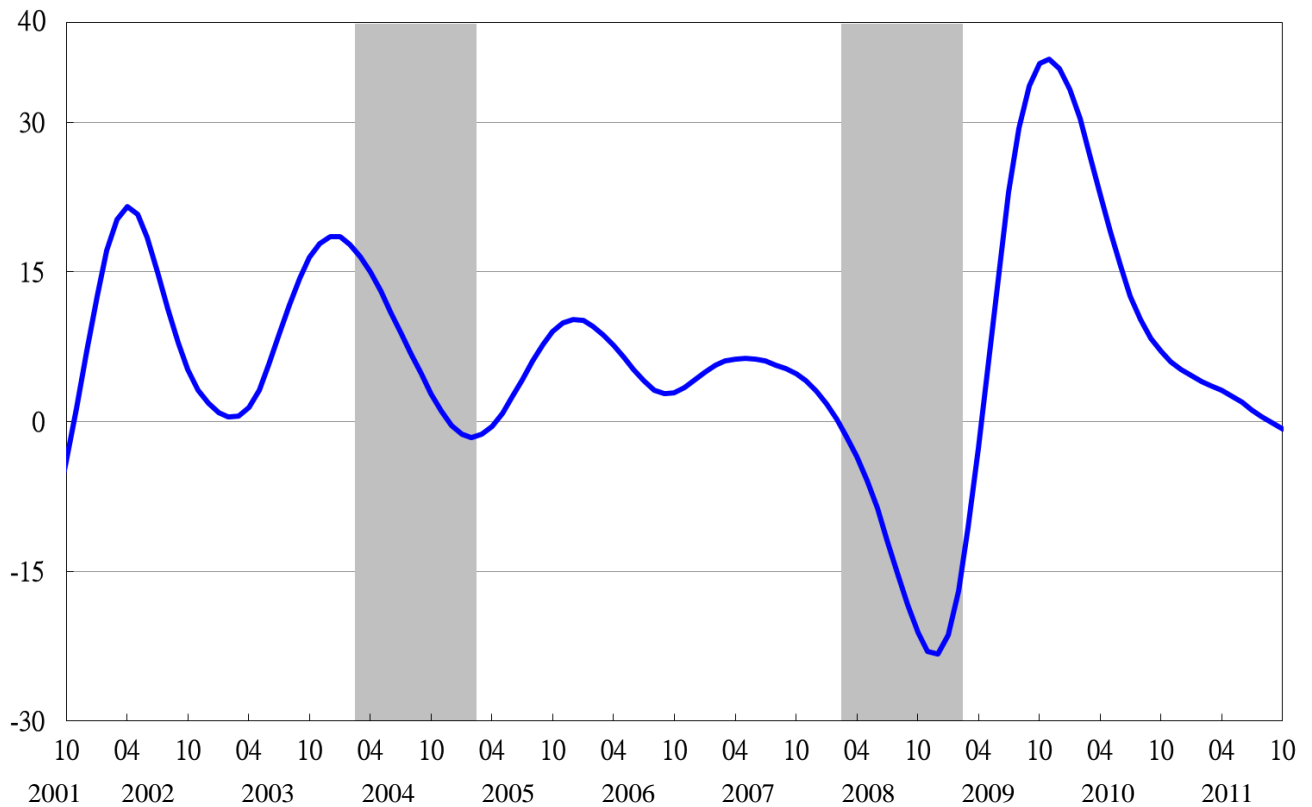
	2011						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	133.0	135.7	138.1	140.3	142.4	144.3	146.1
Change from preceding month (%)	2.1	2.0	1.8	1.6	1.5	1.3	1.3
Trend adjusted index	103.7	104.8	105.7	106.4	107.0	107.5	107.8
Change from preceding month (%)	1.2	1.1	0.9	0.7	0.6	0.4	0.4
Components							
Unemployment rate** (%)	4.35	4.41	4.40	4.37	4.36	4.27	4.30
Regular employees on payrolls in industry & services (Thousand persons)	6,649	6,670	6,682	6,688	6,697	6,704	6,709 _p
The manufacturing unit output labor cost index (index 2006=100)	78.7	80.6	80.6	80.5	82.8	82.1	80.4 _p
Interbank overnight call-loan rate (percent per annum)	0.296	0.319	0.344	0.375	0.388	0.394	0.395
Loans and investments of major financial institutions (NT\$ billion)	23,360	23,482	23,561	23,701	23,890	23,990	24,105
Inventories to sales ratio for manufacturing (%)	66.4	66.9	67.3	66.5	67.3	66.3	67.2 _p

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

Composite Leading Index

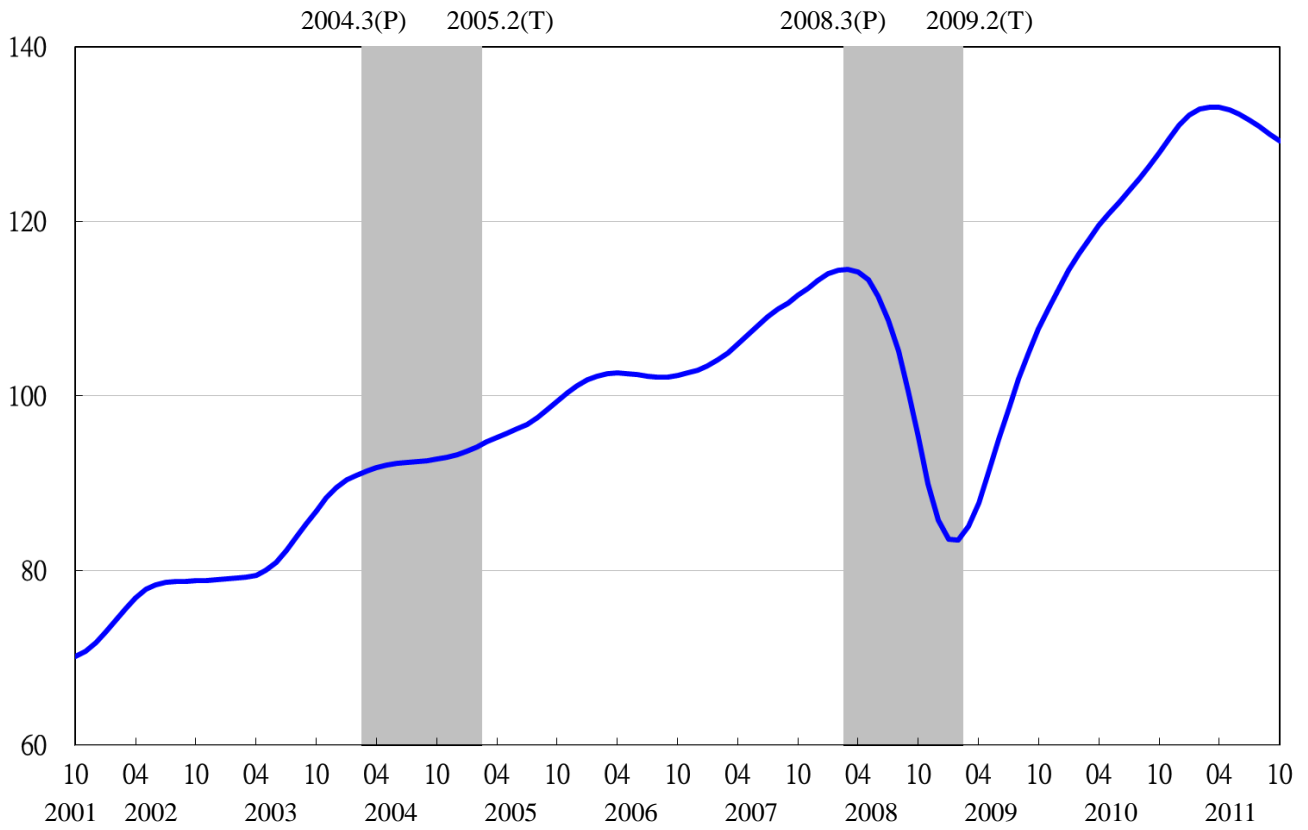


Annualized 6-month rate of change of composite leading index

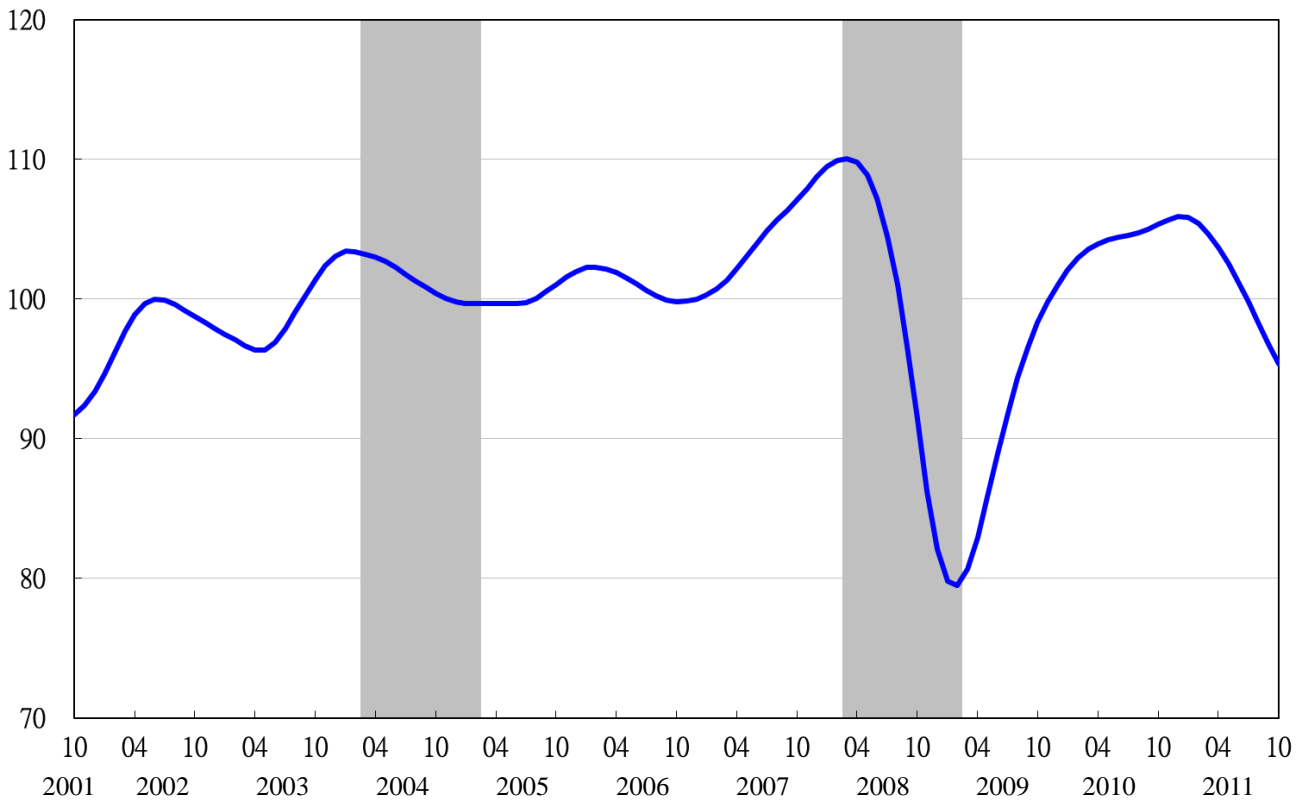


Shaded areas represent recessions.

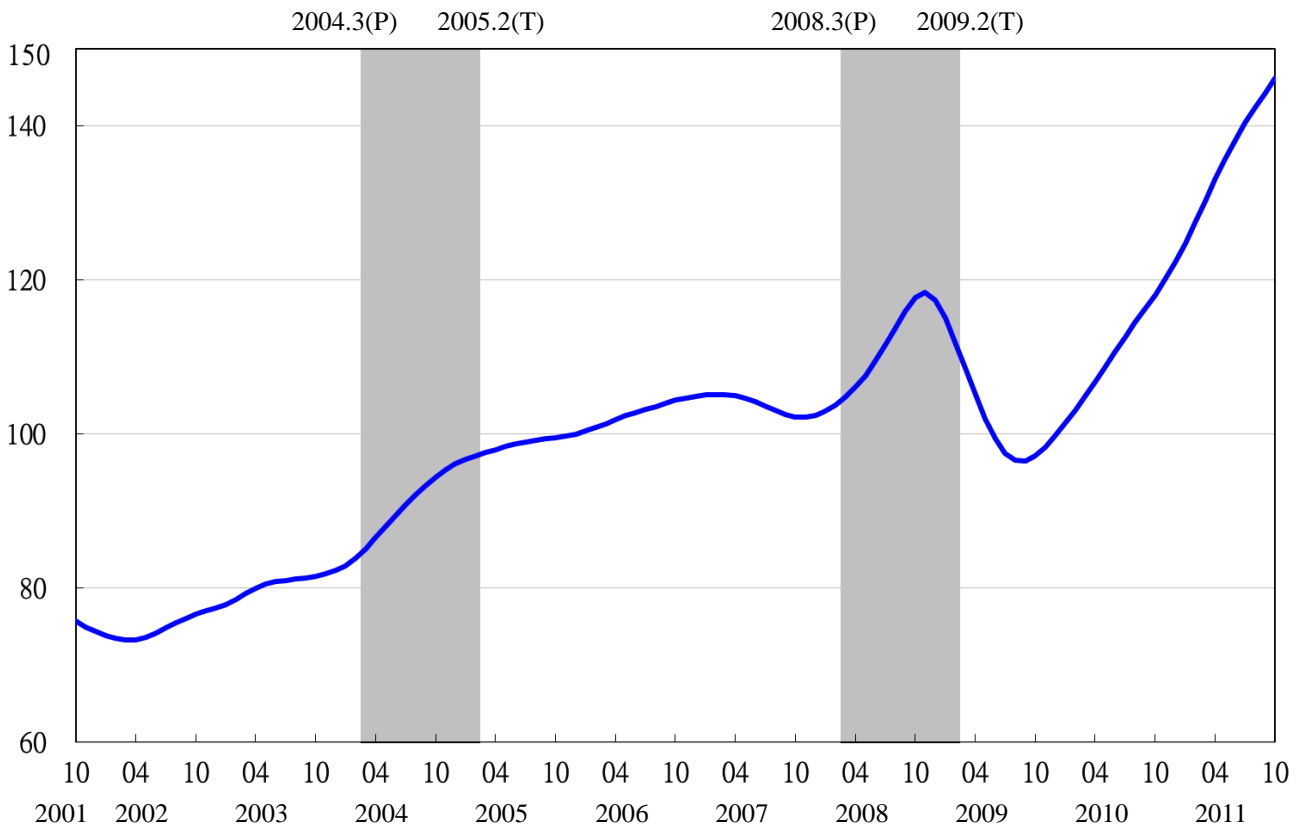
Composite Coincident Index



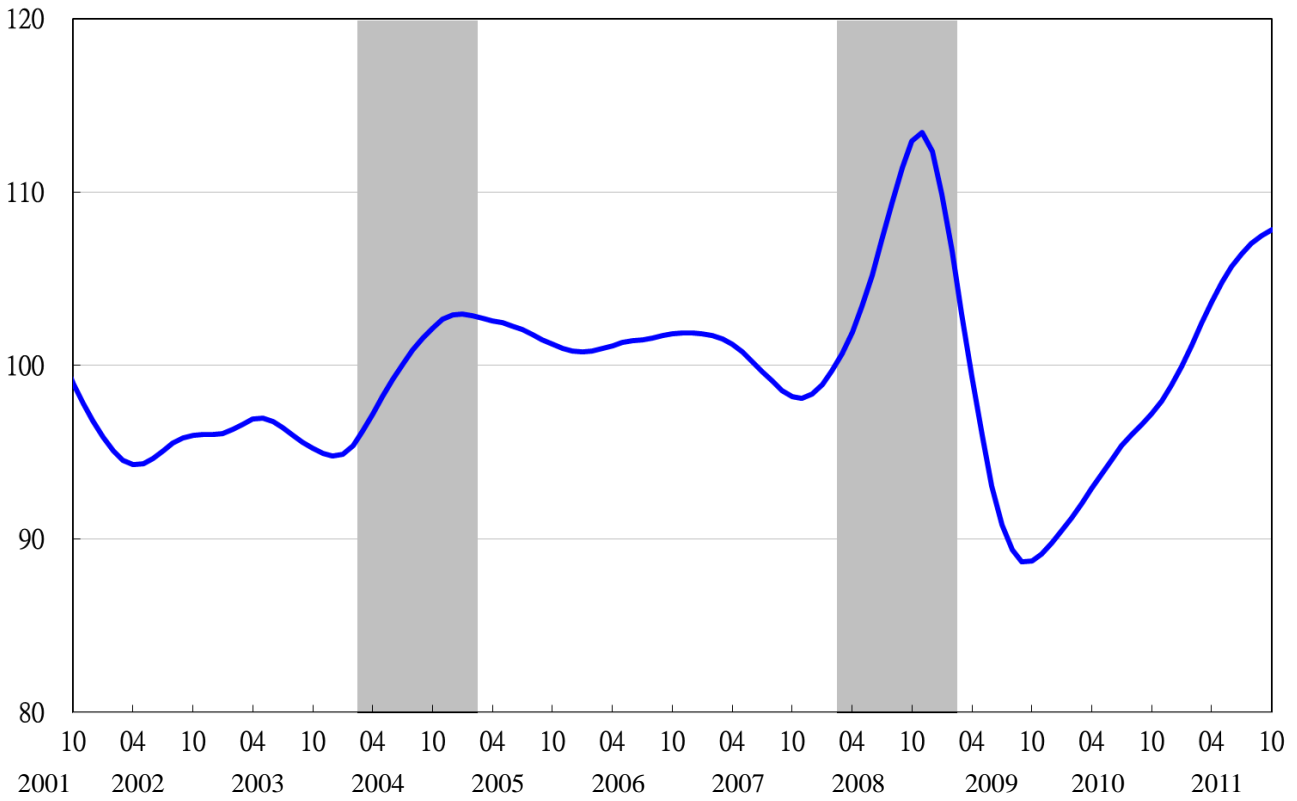
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2010				2011										
	9	10	11	12	1	2	3	4	5	6	7	8	9	10	
Total	Light														
	Score	37	34	32	34	34	34	31	29	27	25	23	20	21	20
Monetary Aggregates M1B															5.3
Direct and Indirect Finance															5.6
Stock Price Index															-10.5
Industrial Production Index															2.4
Nonagricultural Employment															2.1
Customs-Cleared Exports															10.0
Imports of Machineries and Electrical Equipments															-11.5
Manufacturing Sales															3.2 _p
Sales Index of Wholesale, Retail and Food Services															-2.4

● 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.