

Taiwan Business Indicators in October 2012

Press Release

Council for Economic Planning and Development

November 27, 2012

In October 2012, Taiwan Business Indicators showed the domestic economy was moving away from slowdown, but economic activity was still weak. 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 0.37 points, the trend-adjusted coincident index increased by 0.2% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 131.4, up by 0.2% from September 2012. Its annualized six-month rate of change decreased by 0.37 points to 3.0%. Among the seven indicators making up the trend-adjusted index, index of producer's inventory for manufacturing (inverted), index of export orders, and stock price index had positive cyclical movements from previous month. SEMI book-to-bill ratio, real monetary aggregates M1B, average monthly overtime in industry and services, and building permits had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 133.3, up by 0.6% from September 2012. Its trend-adjusted index increased by 0.2% to 98.2. Among the seven indicators making up the trend-adjusted index, real customs-cleared exports, index of producer's shipment for manufacturing, the sales index of wholesale, retail and food services, and industrial production index had positive cyclical movements from previous month. Real machineries and electrical equipments imports, nonagricultural employment, and electric power consumption had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 135.6, down by 0.2% from September 2012. Its trend-adjusted index decreased by 0.6% to 99.9. Among the six indicators making up the trend-adjusted index, loans and investments of monetary financial institutions had positive cyclical movement from previous month. Unemployment rate (inverted), inventories to sales ratio for

manufacturing, regular employees on payrolls in industry and services, interbank overnight call-loan rate, the manufacturing unit output labor cost index had negative cyclical movements from previous month.

4. The Monitoring Indicators: The total score in September was adjusted downward by two points to 20, following the revision of manufacturing sales and the sales index of wholesale, retail and food services. The total score in October was down by 2 points to 18, flashing the "yellow-blue" signal for the second consecutive month. Among the nine components, customs-cleared exports lost three points and changed its individual light signal from "yellow-red" to "blue". The sales index of wholesale, retail and food services gained one point and changed its individual light signal from "blue" to "yellow-blue". The light signals for the rest of seven components remained unchanged.

~~ The next release is scheduled for December 27 2012 ~~

Leading Indicators

Seasonally adjusted

	2012						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	130.3	130.5	130.7	130.8	131.0	131.2	131.4
Change from preceding month (%)	0.3	0.2	0.1	0.1	0.1	0.2	0.2
Annualized 6-month rate of change (%)	5.2	5.0	4.7	4.2	3.7	3.3	3.0
Change from preceding month (point)	0.1	-0.1	-0.4	-0.5	-0.5	-0.40	-0.37
Components							
Index of export orders (2006=100)	136.3	136.4	138.5	138.8	136.6	141.4	140.4
Real monetary aggregates M1B (NT\$ billion)	10,969	10,954	11,002	10,994	11,017	11,061	11,005
Stock price index(1966=100)	7,621	7,357	7,143	7,187	7,410	7,610	7,438
Index of producer's Inventory for manufacturing*(2006=100)	131.0	130.3	129.4	130.0	130.7	131.9	132.3 _p
Average monthly overtime in industry and services (hours/month)	8.1	8.2	8.2	8.0	8.2	8.1	8.0 _p
Building Permits ** (1,000m ²)	2,190	2,444	2,483	2,215	2,051	2,226	2,431
SEMI Book-to-Bill Ratio	1.10	1.05	0.93	0.86	0.82	0.78	0.75

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						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	129.3	130.0	130.6	131.1	131.8	132.5	133.3
Change from preceding month (%)	0.6	0.5	0.4	0.4	0.5	0.6	0.6
Trend adjusted index	97.9	98.0	97.9	97.9	98.0	98.1	98.2
Change from preceding month (%)	0.1	0.1	-0.0	-0.0	0.0	0.1	0.2
Components							
Industrial production index(2006=100)	129.7	129.3	126.8	129.4	129.2	132.8	131.2
Electric power consumption (billion kWh)	11.69	12.25	11.28	11.78	11.78	11.19	12.00
Index of producer's shipment for manufacturing (2006=100)	127.2	128.0	127.2	128.6	129.4	132.9	133.0 _p
Sales index of wholesale, retail, and food services (2006=100)	106.3	110.2	108.9	108.6	107.9	109.3	109.5
Nonagricultural employment (1,000)	10,297	10,305	10,317	10,315	10,320	10,342	10,355
Real customs-cleared exports (NT\$ billion)	765.7	765.3	765.8	756.9	774.3	849.4	809.2
Real machineries and electrical equipments imports (NT\$ billion)	253.1	262.1	247.2	250.9	242.7	238.0	230.2

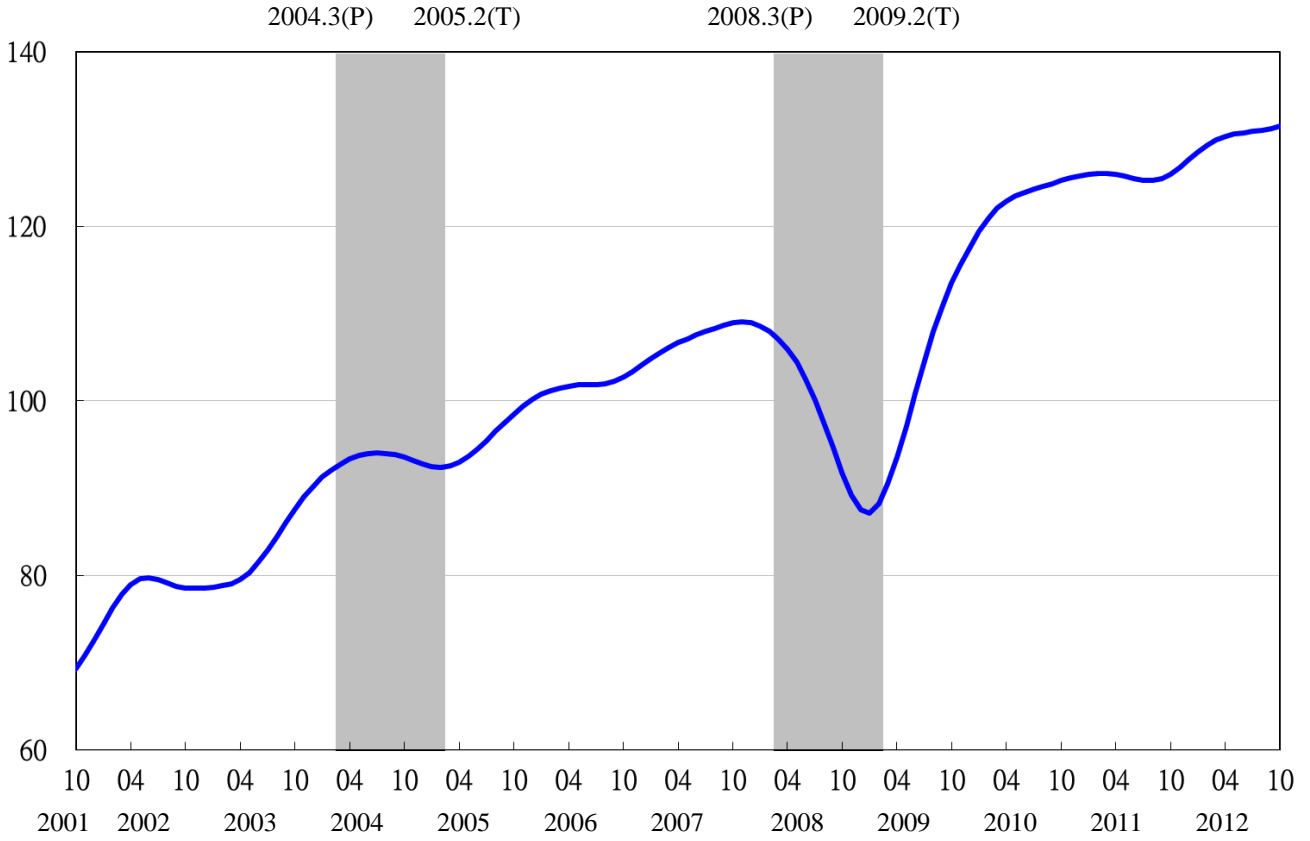
Lagging Indicators

Seasonally adjusted

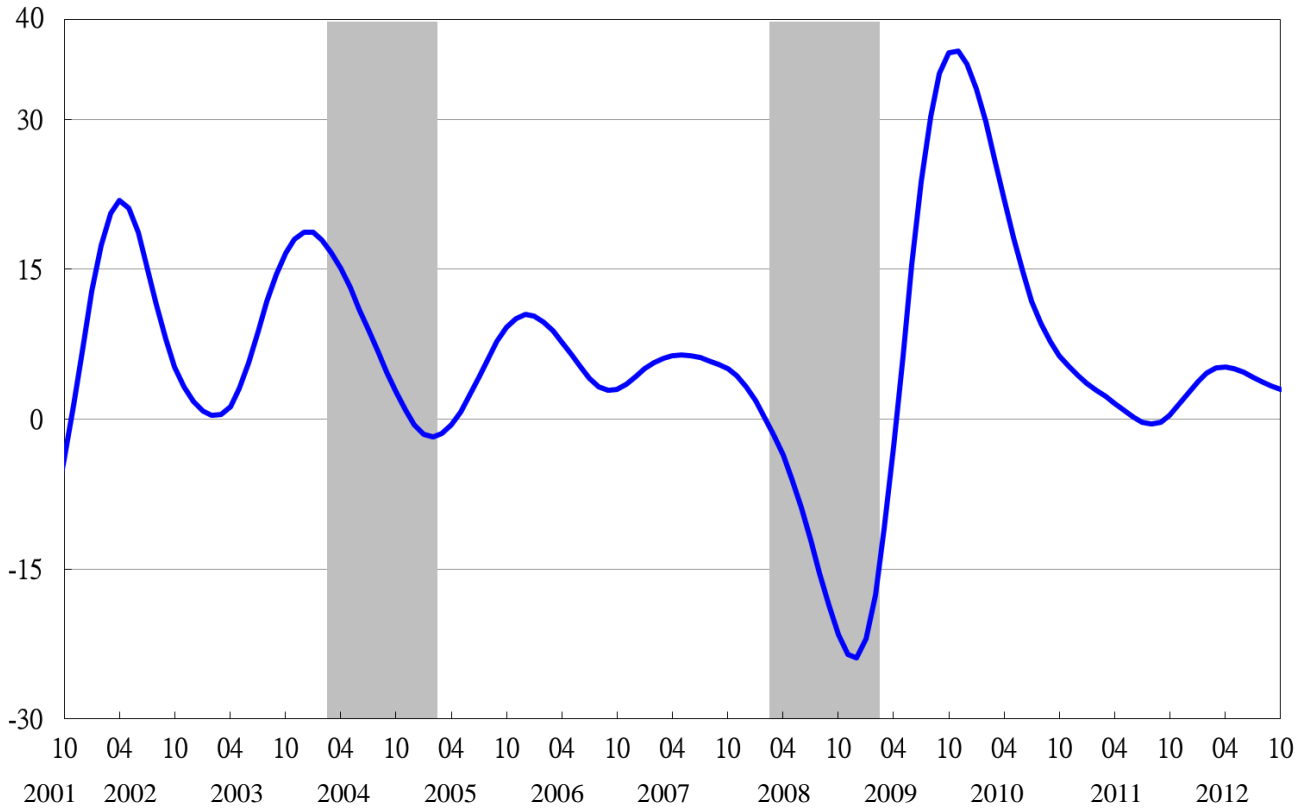
	2012						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	135.9	136.1	136.2	136.1	136.0	135.8	135.6
Change from preceding month (%)	0.2	0.2	0.1	-0.1	-0.1	-0.1	-0.2
Trend adjusted index	102.9	102.6	102.2	101.7	101.1	100.5	99.9
Change from preceding month (%)	-0.2	-0.3	-0.4	-0.5	-0.6	-0.6	-0.6
Components							
Unemployment rate* (%)	4.19	4.25	4.24	4.25	4.29	4.30	4.30
Regular employees on payrolls in industry & services (Thousand persons)	6,736	6,740	6,742	6,751	6,760	6,766	6,771 _p
The manufacturing unit output labor cost index (index 2006=100)	82.1	81.0	85.3	79.9	80.6	83.8	80.6 _p
Interbank overnight call-loan rate (percent per annum)	0.476	0.512	0.513	0.445	0.388	0.389	0.388
Loans and investments of monetary financial institutions (NT\$ billion)	24,610	24,670	24,652	24,909	24,981	25,072	25,252
Inventories to sales ratio for manufacturing (%)	70.3	69.1	70.9	68.9	67.8	67.0	67.5 _p

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

Composite Leading Index

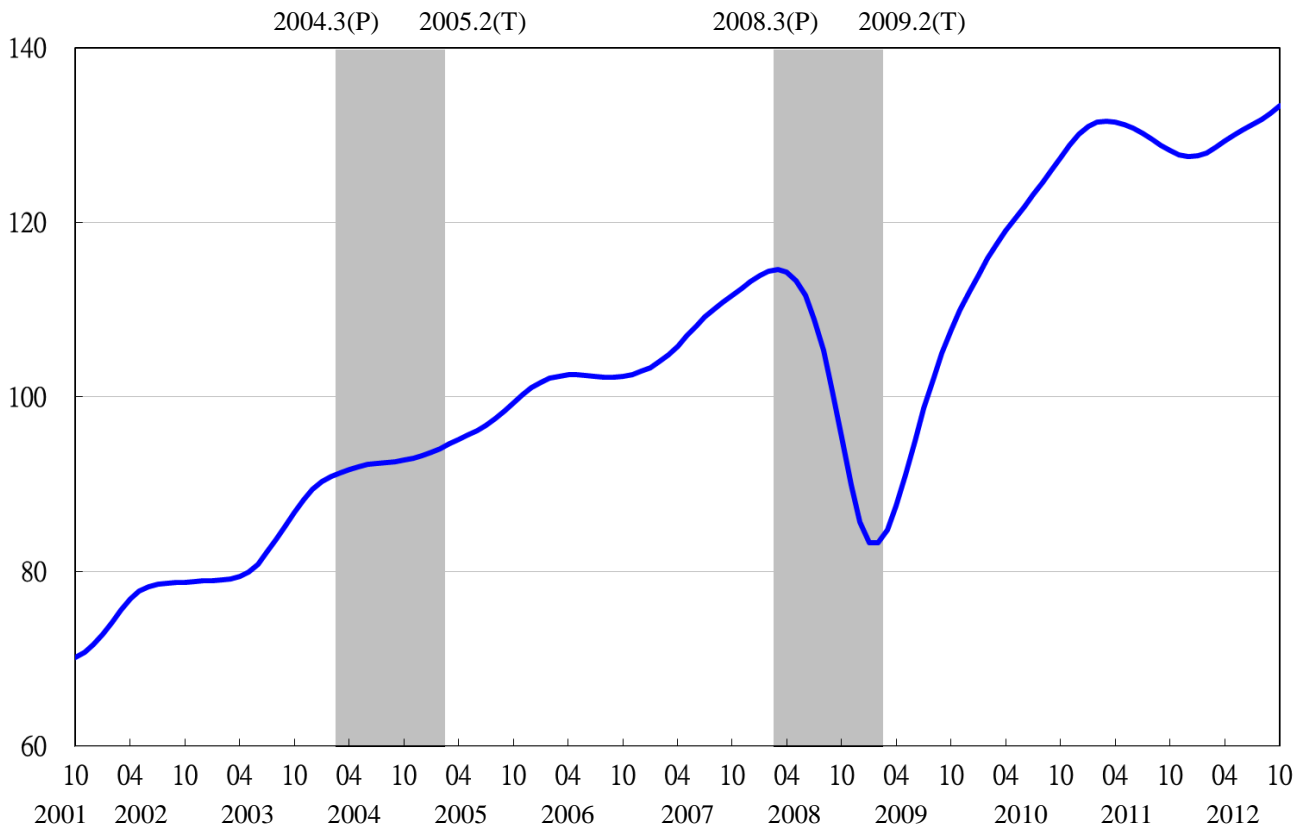


Annualized 6-month rate of change of composite leading index

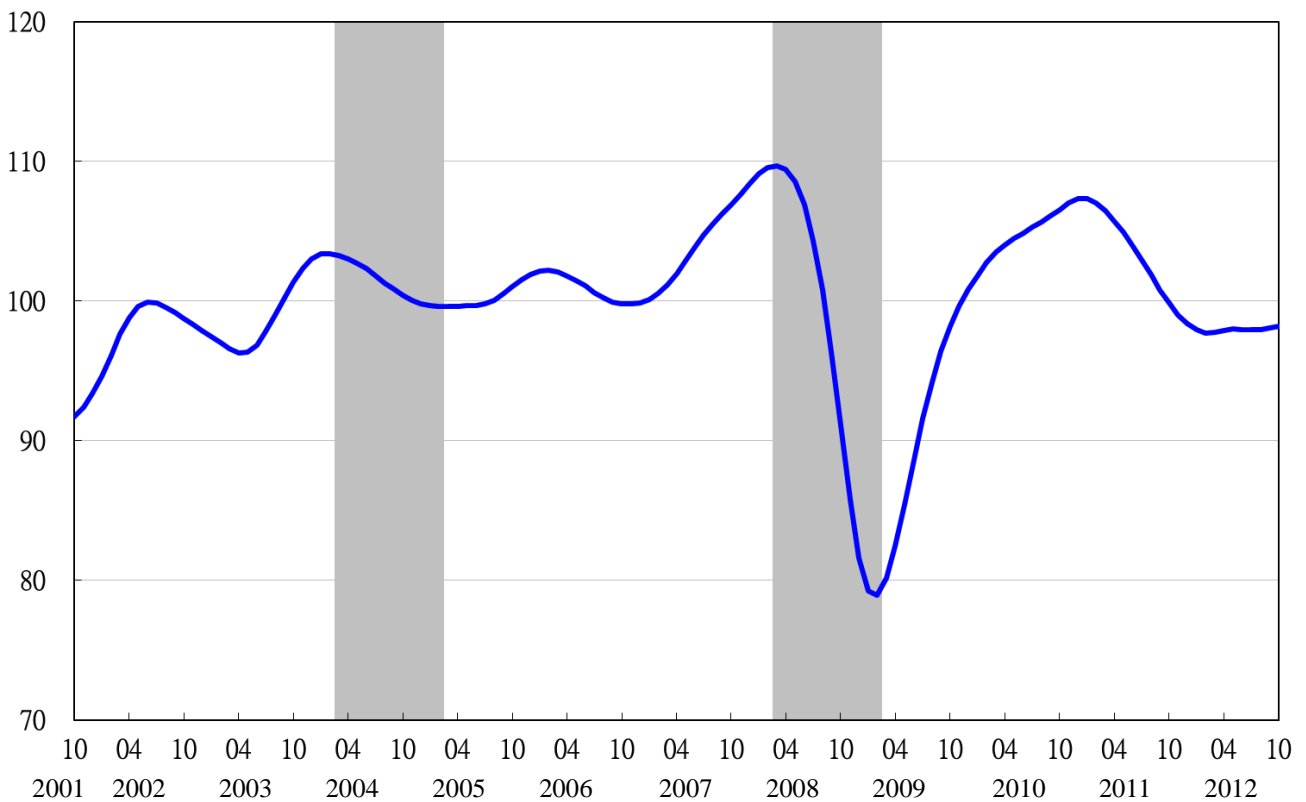


Shaded areas represent recessions.

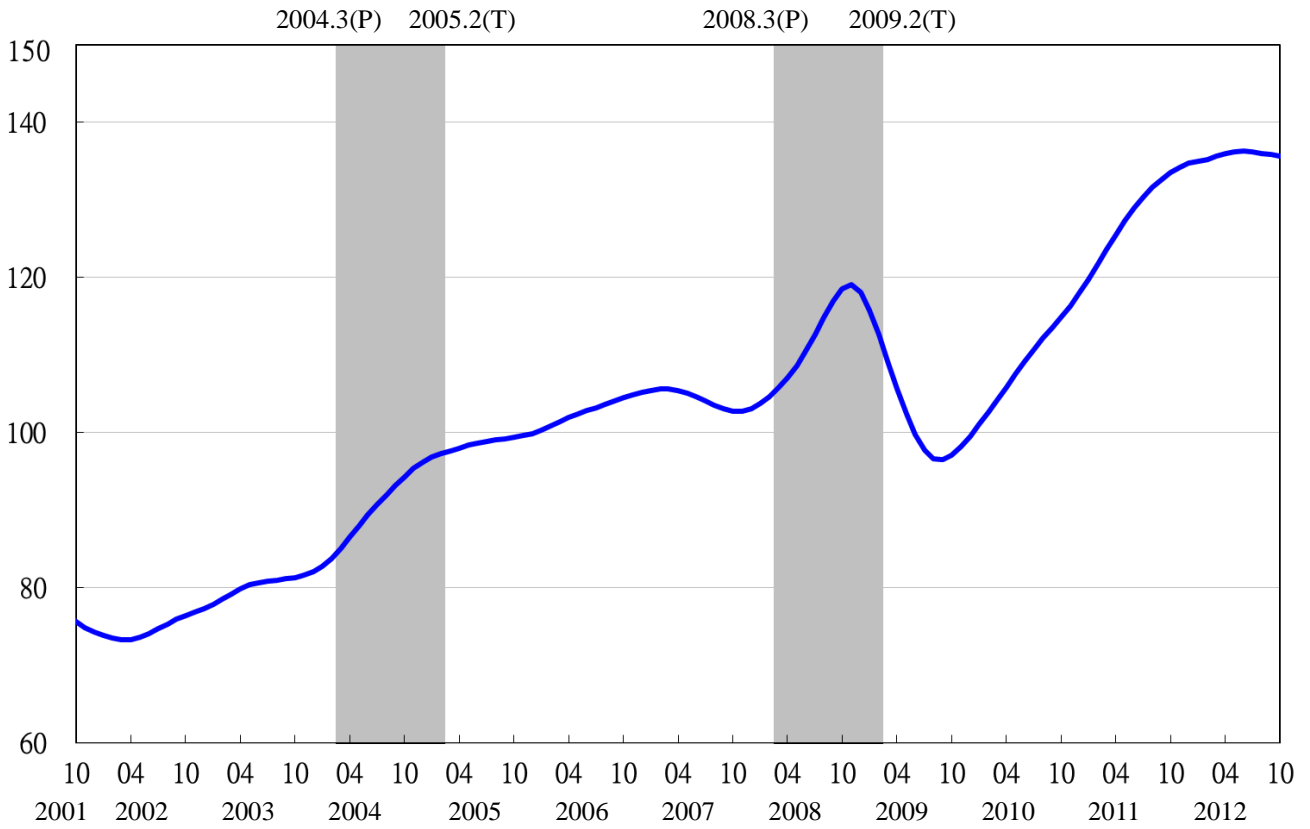
Composite Coincident Index



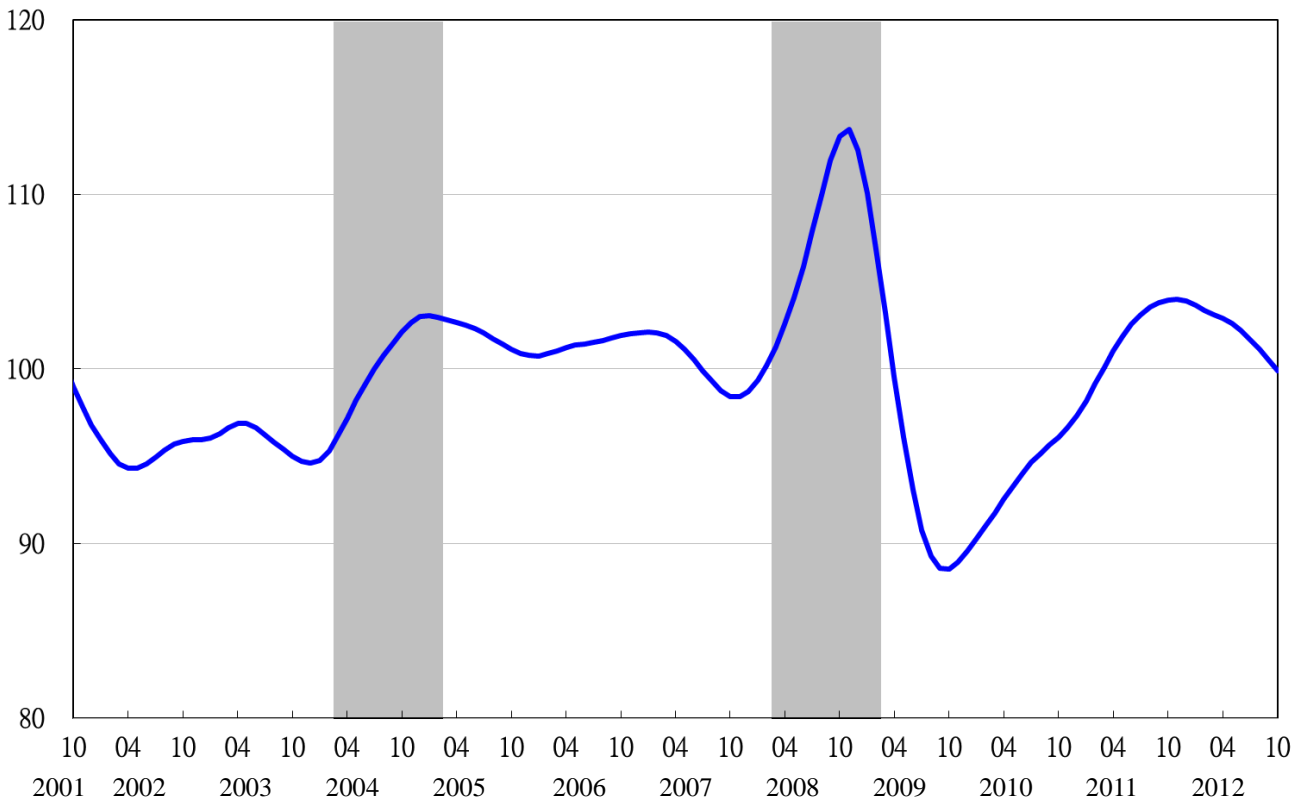
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2011				2012										Score
	9	10	11	12	1	2	3	4	5	6	7	8	9	10	
Total	Light														
	Score	21	19	16	14	13	15	14	14	15	15	16	15	20 _f	18
Monetary Aggregates M1B															3.6
Direct and Indirect Finance															4.3
Stock Price Index														1.3	
Industrial Production Index															3.4
Nonagricultural Employment															1.28
Customs-Cleared Exports															-5.1
Imports of Machineries and Electrical Equipments															-11.8
Manufacturing Sales															-1.7 _f
Sales Index of Wholesale, Retail and Food Services															1.9

● 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.