

Taiwan Business Indicators in May 2011

Press Release

Council for Economic Planning and Development

June 27, 2011

In May 2011, Taiwan Business Indicators indicated that the economy continued its steady 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 increased by 0.03 points, the trend-adjusted coincident index decreased by 0.6% 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 128.9, up by 0.3% from April. Its annualized six-month rate of change increased by 0.03 points to 3.87%. Among the seven indicators making up the trend-adjusted index, SEMI book-to-bill ratio had positive cyclical movements from previous month. Index of producer's inventory for manufacturing (inverted), real monetary aggregates M1B, index of export orders, building permits, average monthly overtime in industry and services, and stock price index had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 136.7, up by 0.5% from April. Its trend-adjusted index decreased by 0.6% to 102.6. Among the seven indicators making up the trend-adjusted index, the industrial production index, index of producer's shipment for manufacturing, the sales index of wholesale, retail and food services, and real machineries and electrical equipments imports had negative cyclical movements from previous month. Nonagricultural employment, electric power consumption, and real customs-cleared exports had positive cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 146.2, up by 2.8% from April. Its trend-adjusted index rose by 1.7% to 109.7. All six indicators making up the trend-adjusted index had positive cyclical movements from previous month, which were inventories to sales ratio for manufacturing, the manufacturing unit

output labor cost index , regular employees on payrolls in industry and services, loans and investments of major financial institutions, unemployment rate (inverted) and interbank overnight call-loan rate.

4. The Monitoring Indicators: The total score in May was down by 1 point to 28. The overall light signal flashed the "green" signal for the third consecutive month. Among the nine components, stock price index and imports of machineries, electrical equipments each gained one point and changed their individual light signals, customs cleared exports lost 3 points and changed its individual light signal from "yellow-red" to "blue". The light signals for the rest of six components remained unchanged.

~~ **The next release is scheduled for July 27 2011** ~~

Leading Indicators

Seasonally adjusted

	2010		2011				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	126.4	126.9	127.3	127.7	128.1	128.5	128.9
Change from preceding month (%)	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Annualized 6-month rate of change (%)	5.6	4.9	4.4	4.0	3.85	3.84	3.87
Change from preceding month (point)	-1.0	-0.7	-0.5	-0.4	-0.14	-0.01	0.03
Components							
Index of export orders (2006=100)	138.2	140.4	140.7	136.2	140.4	137.2	139.7
Real monetary aggregates M1B (NT\$ billion)	10,569	10,701	10,742	10,680	10,737	10,631	10,647
Stock price index(1966=100)	8,350	8,777	8,971	8,743	8,575	8,861	8,911
Index of producer's Inventory for manufacturing*(2006=100)	113.2	114.5	117.6	118.9	121.0	121.2	121.2 _p
Average monthly overtime in industry and services (hours/month)	8.8	8.7	8.8	9.2	8.9	9.0	8.8 _p
Building Permits ** (1,000m2)	2,255	2,588	2,605	2,206	2,342	2,568	2,214
SEMI Book-to-Bill Ratio	0.97	0.90	0.85	0.87	0.95	0.98	0.97

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

	2010		2011				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	130.3	132.0	133.4	134.6	135.4	136.0	136.7
Change from preceding month (%)	1.4	1.3	1.1	0.8	0.6	0.5	0.5
Trend adjusted index	104.3	104.5	104.5	104.3	103.8	103.2	102.6
Change from preceding month (%)	0.3	0.2	0.0	-0.3	-0.5	-0.6	-0.6
Components							
Industrial production index(2006=100)	132.5	137.0	139.2	138.1	136.8	132.0	131.1
Electric power consumption (billion kWh)	11.23	11.76	11.62	11.43	11.68	11.33	11.89
Index of producer's shipment for manufacturing (2006=100)	130.1	130.5	131.4	136.1	133.6	127.5	130.3 _p
Sales index of wholesale, retail, and food services (2006=100)	110.6	111.0	111.7	108.0	109.9	109.2	109.9
Nonagricultural employment (1,000)	10,020	10,044	10,071	10,102	10,117	10,133	10,143
Real customs-cleared exports (NT\$ billion)	755.3	767.9	778.1	826.0	791.4	824.9	812.3
Real machineries and electrical equipments imports (NT\$ billion)	282.8	290.9	300.8	298.9	295.8	278.3	316.7

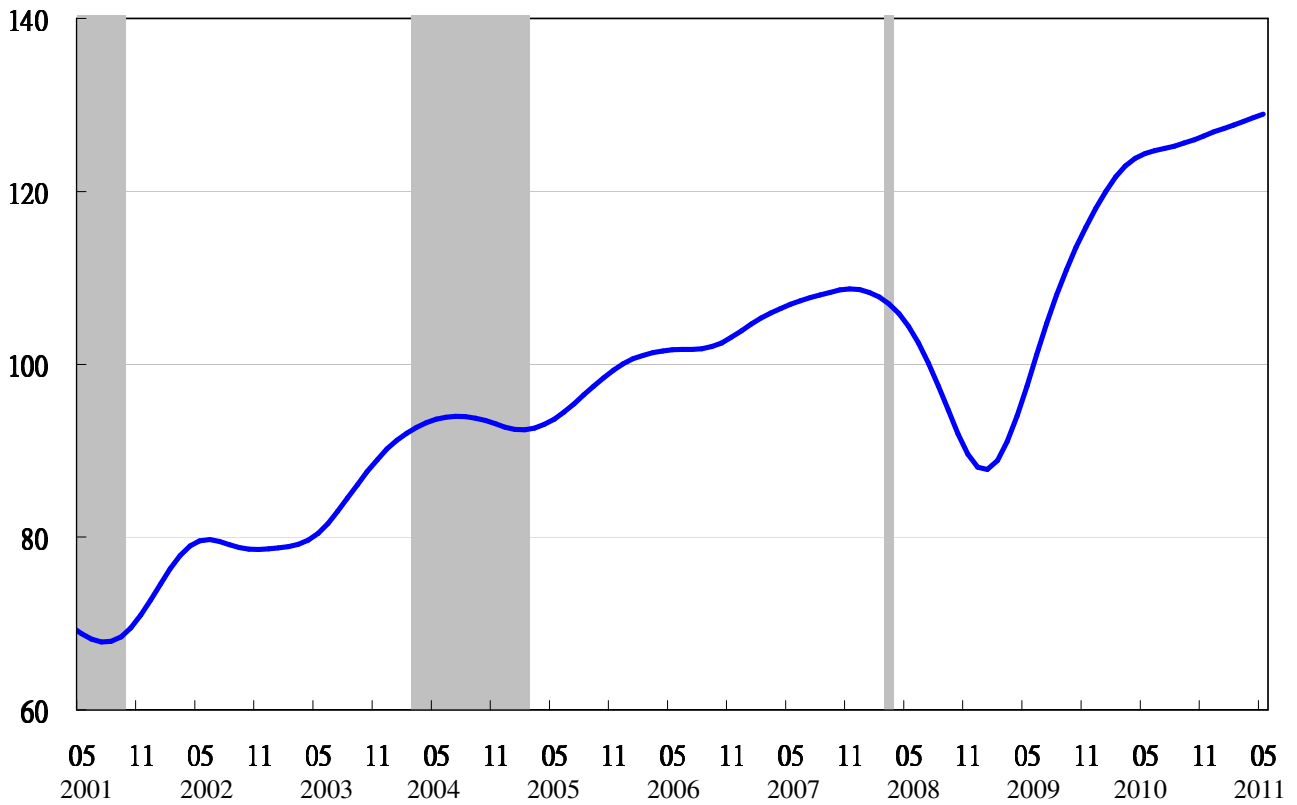
Lagging Indicators

Seasonally adjusted

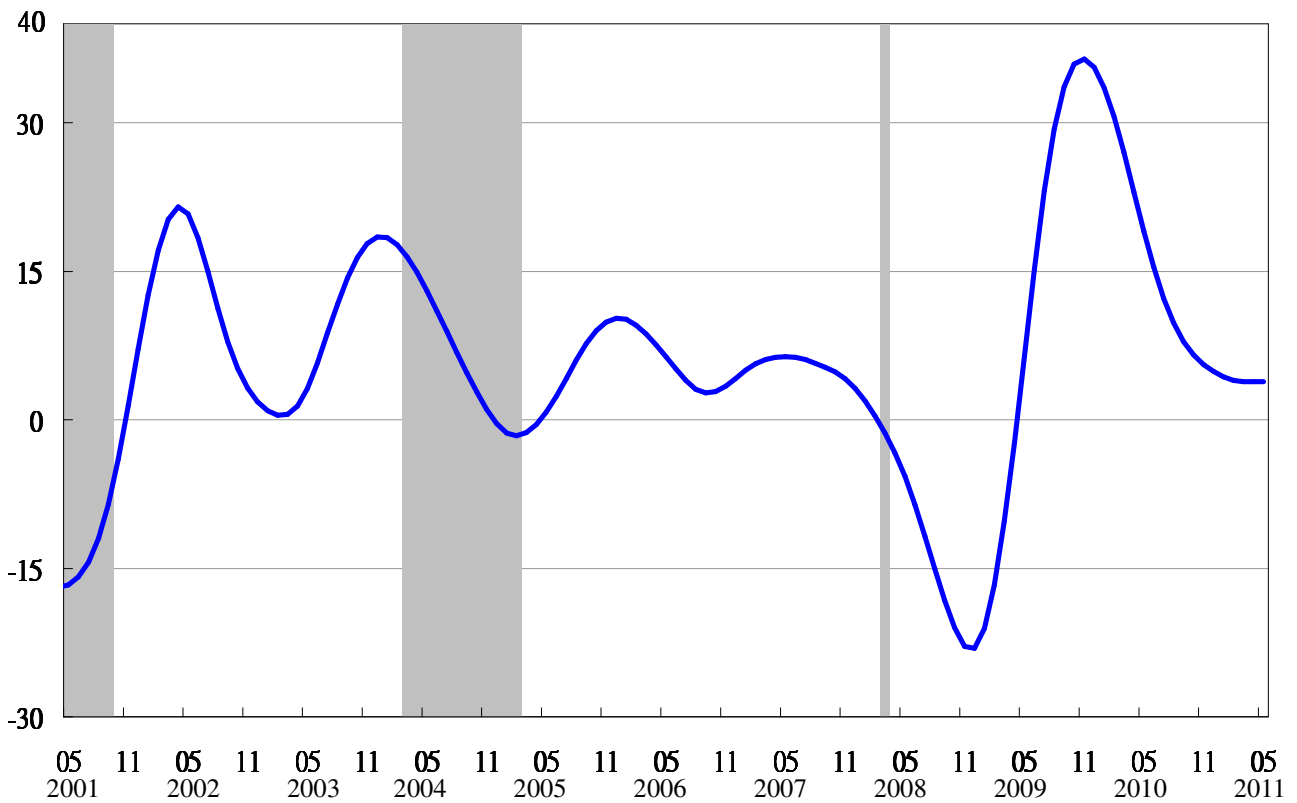
	2010		2011				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	125.9	128.4	131.4	134.8	138.4	142.3	146.2
Change from preceding month (%)	1.8	2.0	2.3	2.6	2.7	2.8	2.8
Trend adjusted index	100.7	101.7	102.9	104.4	106.1	107.9	109.7
Change from preceding month (%)	0.7	1.0	1.2	1.4	1.6	1.7	1.7
Components							
Unemployment rate** (%)	4.83	4.72	4.71	4.59	4.42	4.35	4.41
Regular employees on payrolls in industry & services (Thousand persons)	6,552	6,572	6,590	6,611	6,636	6,652	6,672 _p
The manufacturing unit output labor cost index (index 2006=100)	77.8	76.3	77.0	78.4	75.4	77.8	79.4 _p
Interbank overnight call-loan rate (percent per annum)	0.231	0.239	0.257	0.262	0.274	0.296	0.319
Loans and investments of major financial institutions (NT\$ billion)	22,578	22,773	23,073	23,187	23,283	23,370	23,495
Inventories to sales ratio for manufacturing (%)	57.2	58.3	58.5	61.2	63.0	66.7	67.2 _p

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

Composite Leading Index

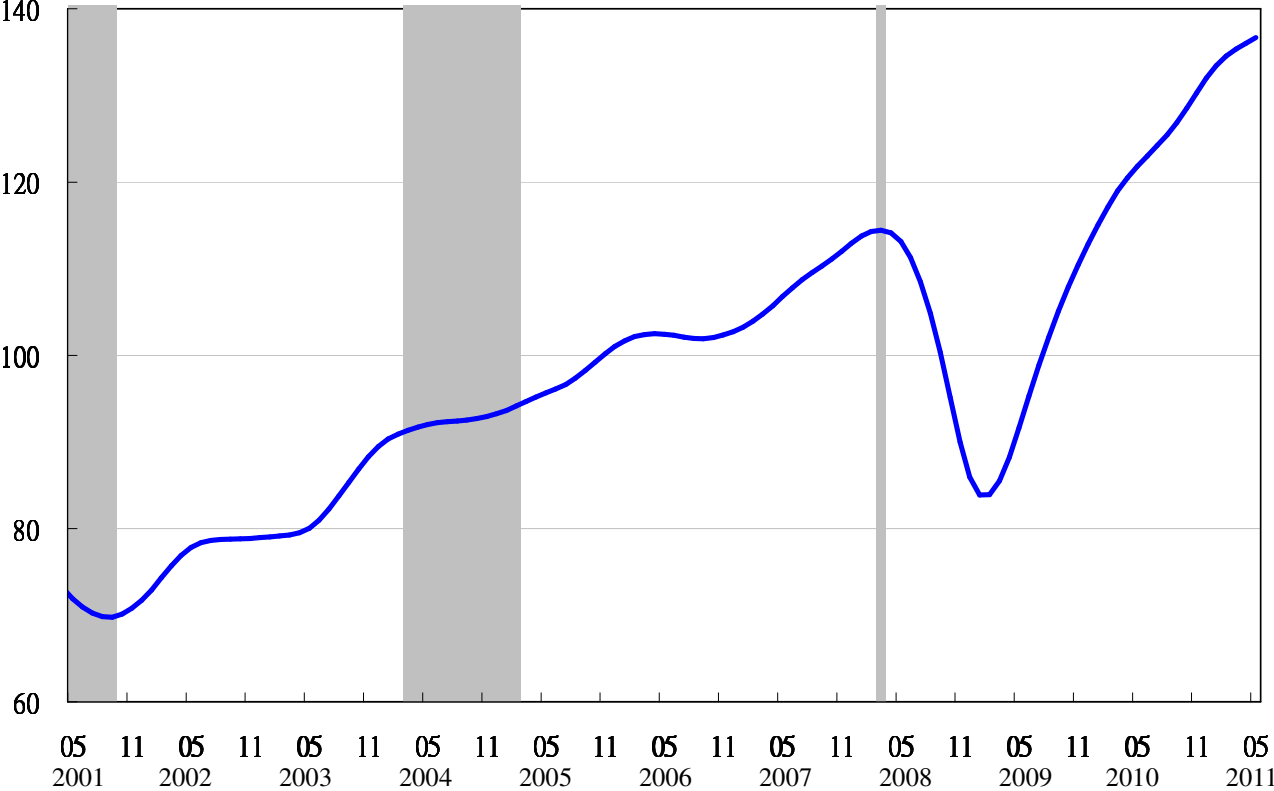


Annualized 6-month rate of change of composite leading index

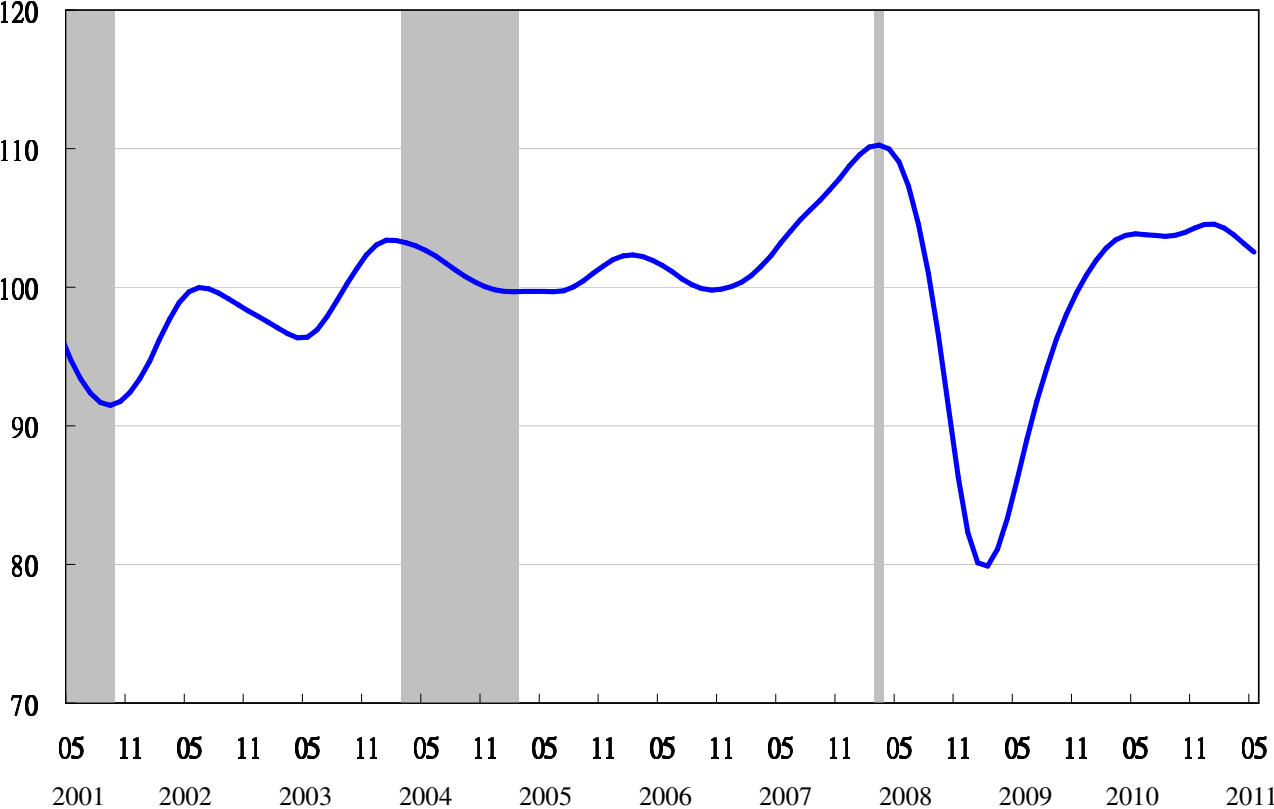


Shaded areas represent recessions.

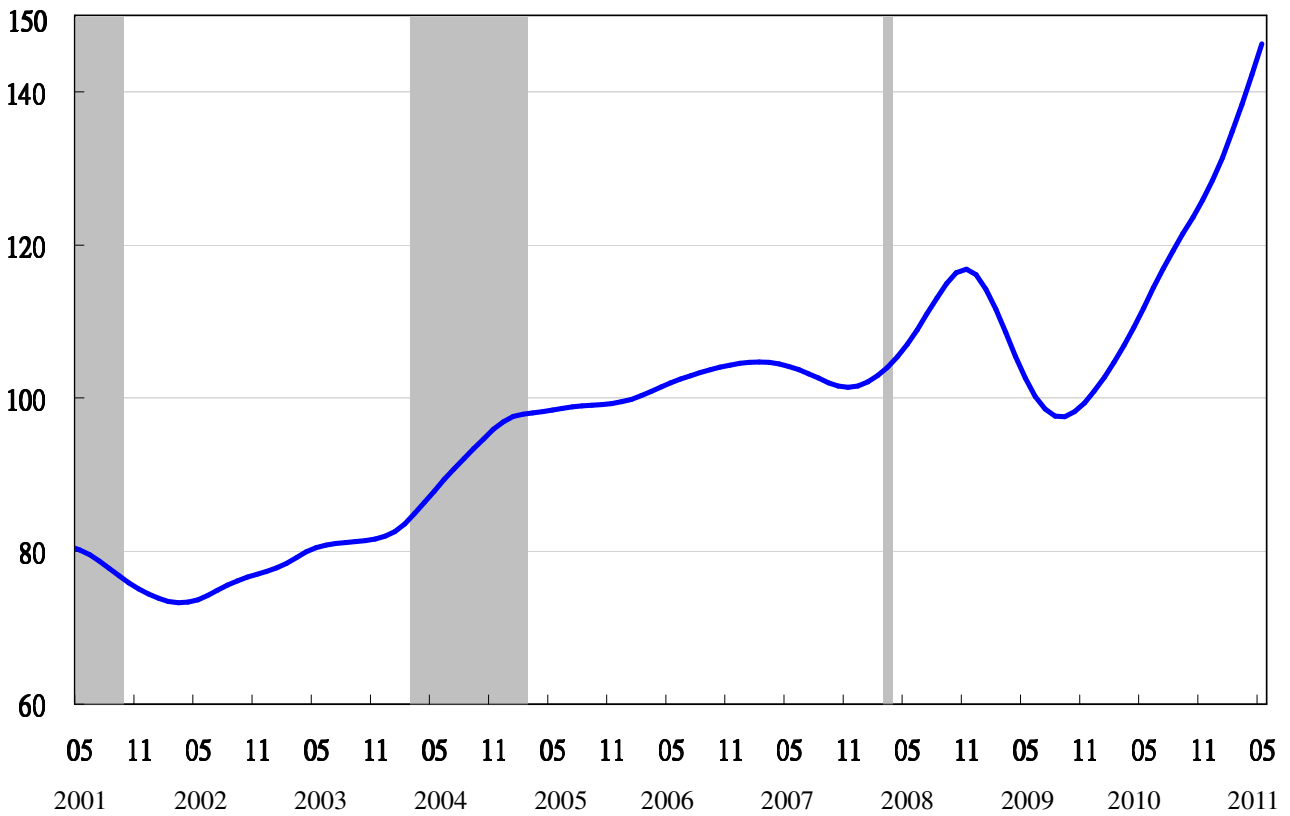
Composite Coincident Index



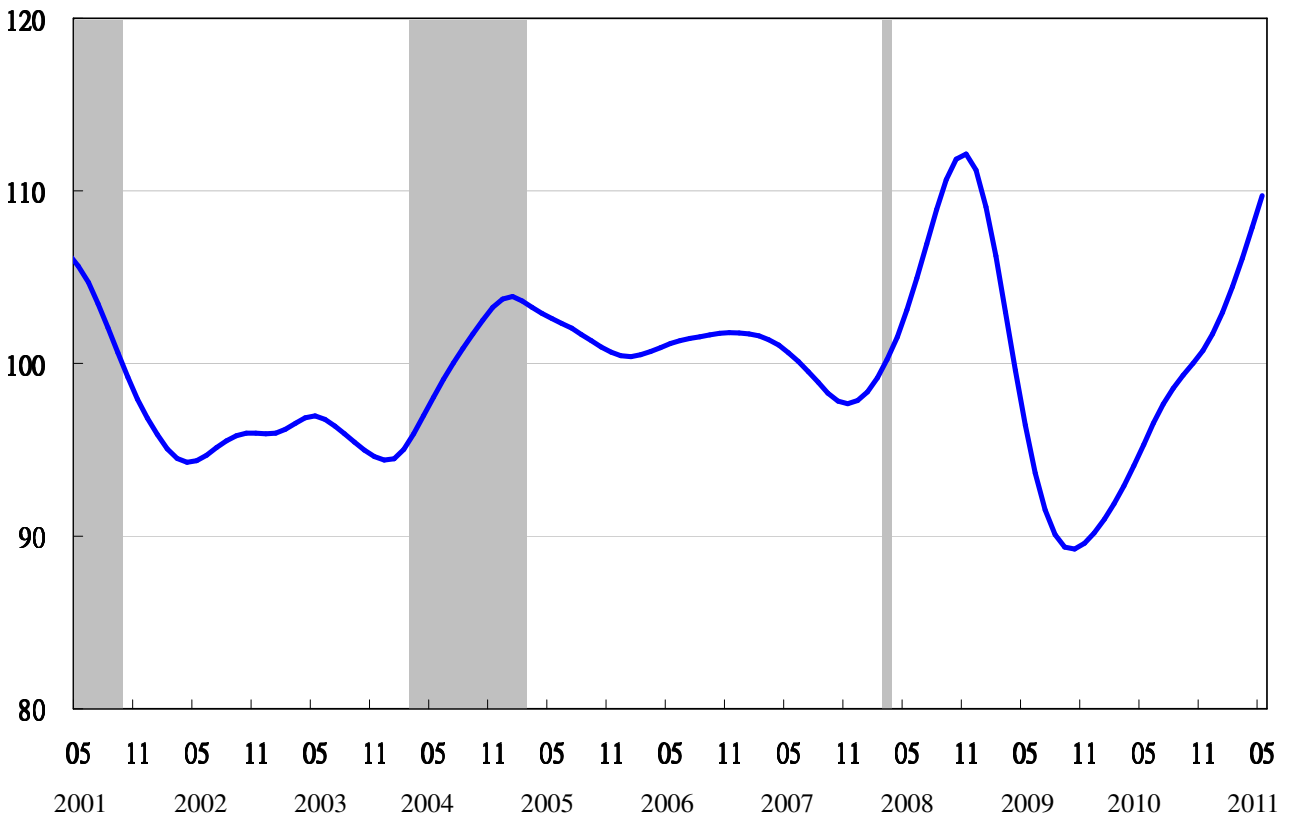
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

		2010										2011				
		4	5	6	7	8	9	10	11	12	1	2	3	4	5	
Total	Light															
	Score	39	37	37	38	38	37	34	32	34	34	34	31	29	28	
Monetary Aggregates M1B															8.2	
Direct and Indirect Finance															5.1	
Stock Price Index															18.4	
Industrial Production Index															8.4	
Nonagricultural Employment															2.3	
Customs-Cleared Exports															-0.3	
Imports of Machinery and Electrical Equipment															7.7	
Manufacturing Sales															6.5	
Sales Index of Wholesale, Retail and Food Services															2.1	

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.