

Taiwan Business Indicators in May 2014

Press Release

National Development Council (NDC)

June 27, 2014

In May 2014, the Taiwan Business Indicators showed that the domestic economy was stable, but some risks remained. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index decreased by 0.18%, the trend-adjusted coincident index increased by 0.10% from the previous month, and the overall monitoring indicator flashed the "green" signal for the fourth consecutive month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 104.34, down by 0.04% from April 2014. Its trend-adjusted index decreased by 0.18% to 100.44. Among the seven indicators making up the trend-adjusted index, the TIER manufacturing sector composite indicator and TAIEX average closing price had positive cyclical movements from the previous month, while building permits, SEMI book-to-bill ratio, net accession rate of employees on payrolls of industry and services, the index of export orders, and real monetary aggregates M1B had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 104.79, up by 0.23% from April 2014. Its trend-adjusted index increased by 0.10% to 100.87. Among the seven indicators making up the trend-adjusted index, the index of producer's shipment for manufacturing, electric power consumption, sales of trade and food services, and the industrial production index had positive cyclical movements from the previous month, while real machineries and electrical equipments imports, real customs-cleared exports, and nonagricultural employment had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 102.46, up by 0.40% from April 2014. Its trend-adjusted index increased by 0.27% to 98.63. Among the six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, the unemployment rate (inverted) , and regular employees on payrolls in industry and services had positive cyclical movements from the previous month, while 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 May 2014 decreased by five points to 24, flashing the “green” signal for the fourth month. Among the nine components, the TAIEX average closing price lost one point to change its individual light signal from “yellow-red” to “green”, the customs-cleared exports and the sales of trade and food services each lost one point to change its individual light signal from “green” to “yellow-blue”, and the imports of machineries and electrical equipments lost two points to change its individual light signal from “yellow-red” to “yellow-blue”. The light signal for the rest of five components remained unchanged.

~~ **The next release is scheduled for July 28 2014** ~~

Table 1 Leading Indicators

	Seasonally adjusted						
	2013		2014				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	103.64	103.91	104.11	104.28	104.36	104.38	104.34
Change from preceding month (%)	0.29	0.26	0.19	0.16	0.08	0.02	-0.04
Trend adjusted index	100.59	100.71	100.77	100.80	100.74	100.62	100.44
Change from preceding month (%)	0.16	0.12	0.06	0.03	-0.06	-0.12	-0.18
Components							
Index of export orders (2011=100)	112.28	118.80	107.04	108.86	110.46	114.37	111.18
Real monetary aggregates M1B (NT\$ billion)	12,878	12,943	13,052	12,954	13,166	13,137	13,194
TAIEX average closing price (1966=100)*	8,237	8,431	8,567	8,496	8,687	8,900	8,936
Net accession rate of employees on payrolls of industry and services ** (%)	0.29	0.08	0.19	0.37	0.16	0.20	0.17 _p
Building permits *** (1,000m ²)	2,293	2,937	2,583	3,592	2,885	2,968	2,535
SEMI Book-to-Bill Ratio	1.11	1.02	1.04	1.01	1.06	1.03	1.00
The TIER manufacturing sector composite indicator (2006=100)	95.81	98.76	101.23	101.33	102.11	101.82	103.86

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				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	103.01	103.44	103.75	104.02	104.27	104.54	104.79
Change from preceding month (%)	0.42	0.41	0.31	0.26	0.24	0.26	0.23
Trend adjusted index	99.98	100.26	100.43	100.55	100.65	100.78	100.87
Change from preceding month (%)	0.29	0.27	0.17	0.12	0.10	0.13	0.10
Components							
Industrial production index (2011=100)	102.2	104.3	102.5	103.8	101.8	104.0	104.8
Electric power consumption (billion kWh)	11.84	11.78	12.03	12.07	11.66	11.93	12.09
Index of producer's shipment for manufacturing (2011=100)	99.0	101.8	97.5	102.0	99.5	102.3	101.5 _p
Sales of trade and food services (NT\$ billion)	1,199	1,211	1,220	1,192	1,191	1,220	1,221
Nonagricultural employment (thousand persons)	10,463	10,471	10,482	10,496	10,499	10,512	10,520
Real customs-cleared exports (NT\$ billion)	785.9	804.4	774.9	802.6	804.0	826.6	789.9
Real machineries and electrical equipments imports (NT\$ billion)	208.1	246.7	216.6	206.4	228.0	229.9	203.8

Table 3 Lagging Indicators

	Seasonally adjusted						
	2013		2014				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	101.93	101.64	101.49	101.50	101.71	102.04	102.46
Change from preceding month (%)	-0.30	-0.28	-0.15	0.01	0.21	0.33	0.40
Trend adjusted index	98.93	98.52	98.23	98.11	98.18	98.37	98.63
Change from preceding month (%)	-0.44	-0.42	-0.29	-0.13	0.08	0.19	0.27
Components							
Unemployment rate* (%)	4.15	4.14	4.07	4.05	4.06	4.04	3.99
Regular employees on payrolls in industry & services (thousand persons)	7,008	7,013	7,026	7,034	7,044	7,057	7,069 _p
The manufacturing unit output labor cost index (2011=100)	103.7	100.7	101.7	97.4	104.0	102.8	107.3 _p
Interbank overnight call-loan rate** (percent per annum)	0.386	0.387	0.388	0.387	0.387	0.387	0.388
Loans and investments of monetary financial institutions (NT\$ billion)	26,745	26,695	26,886	27,006	27,126	27,263	27,333
Inventories to sales ratio for manufacturing (%)	66.8	65.5	66.5	65.2	65.8	63.2	63.4 _p

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

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

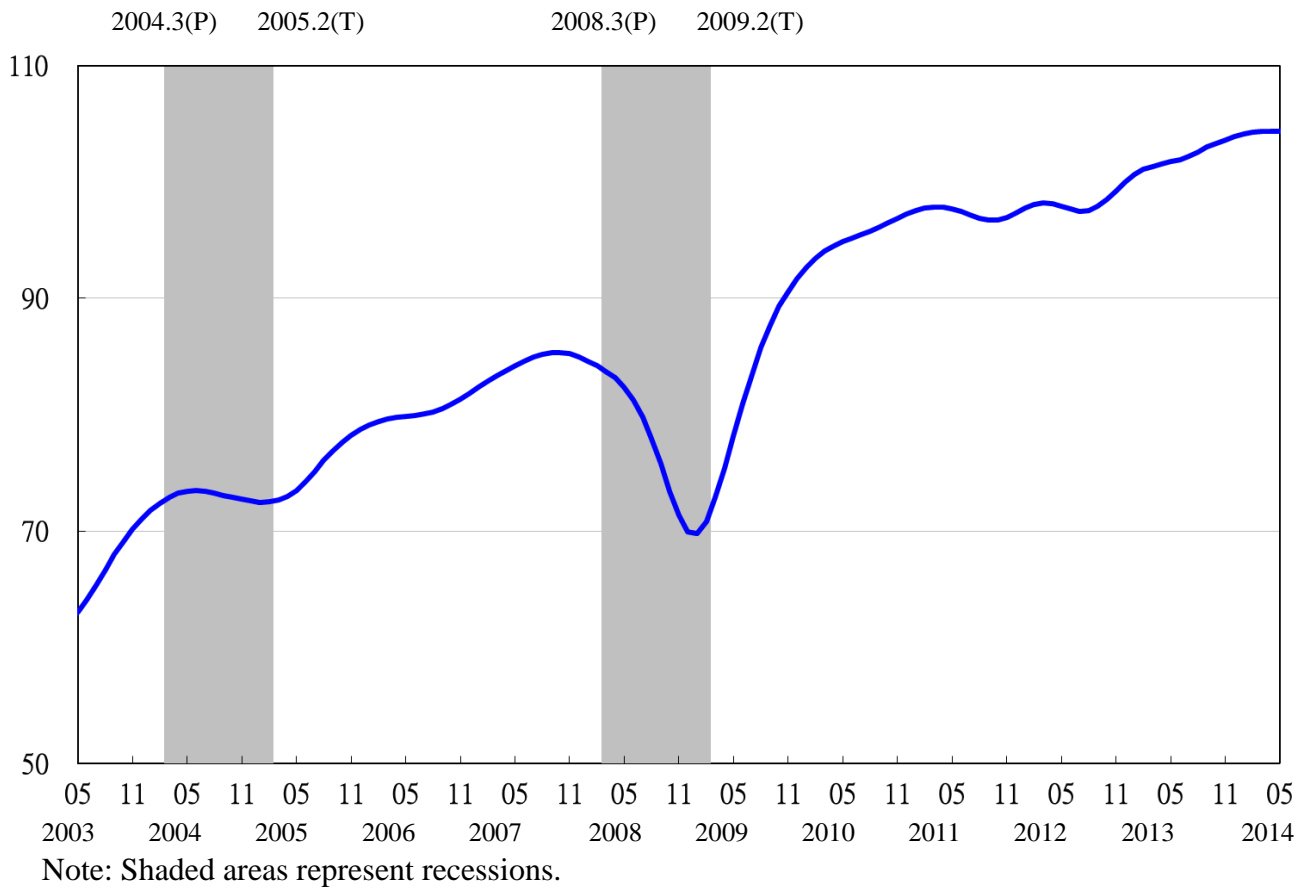


Figure 1 Composite Leading Index

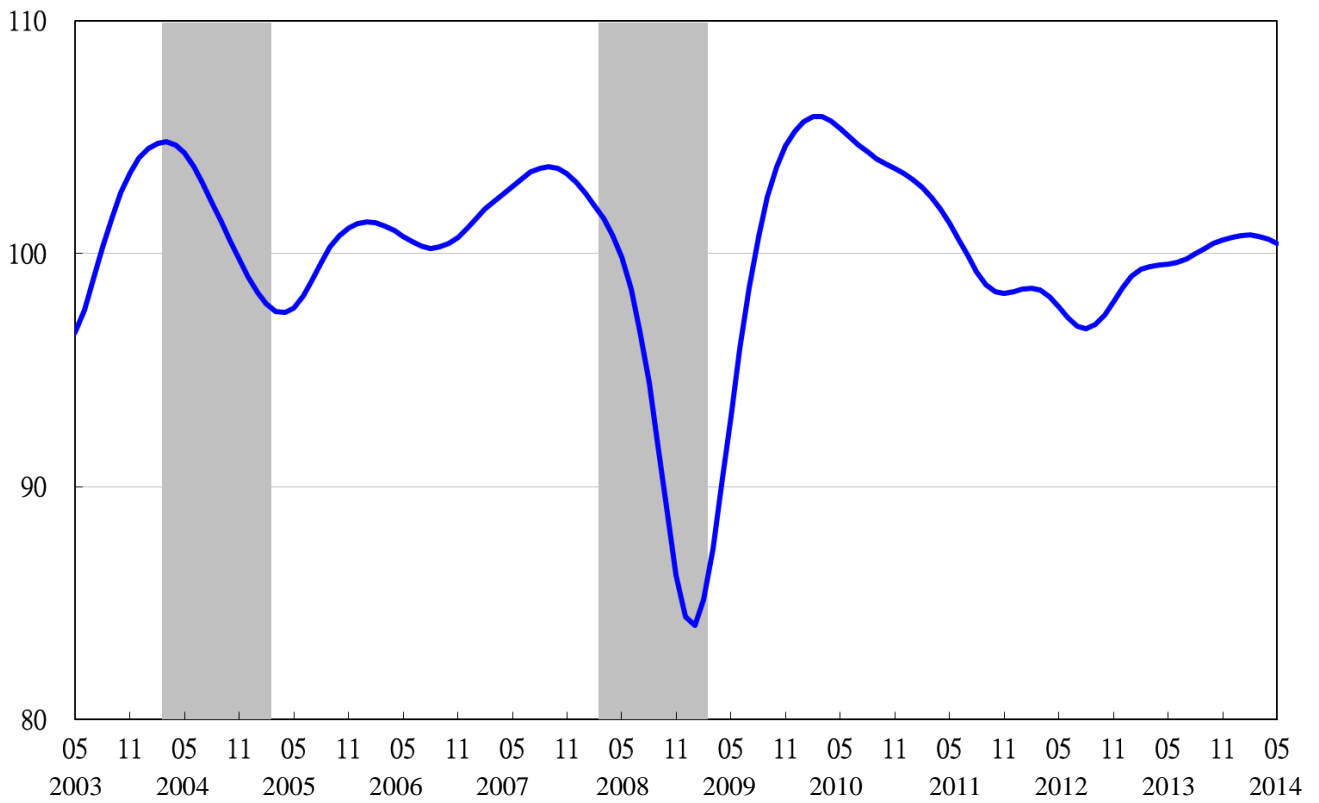


Figure 2 Trend-adjusted Leading Index

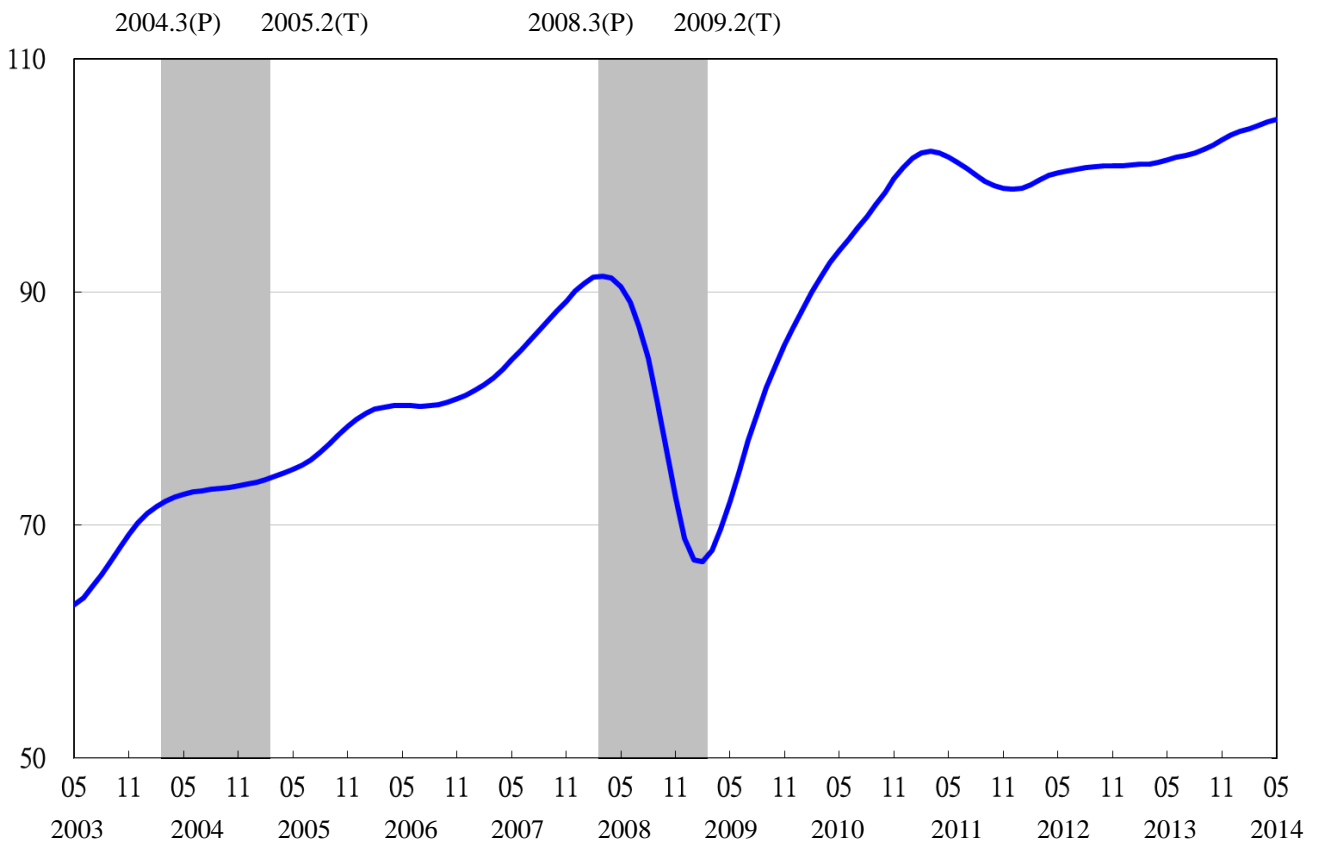


Figure 3 Composite Coincident Index

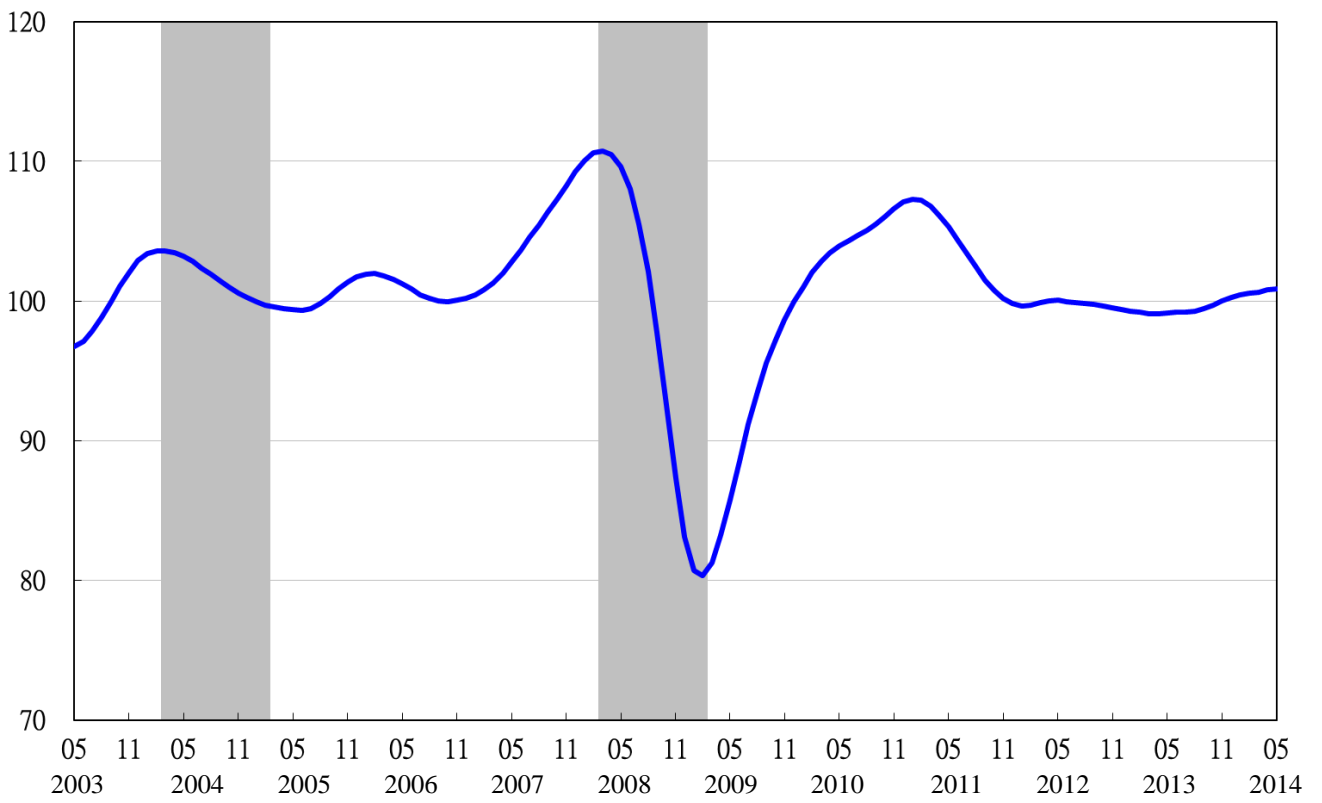


Figure 4 Trend-adjusted Coincident Index

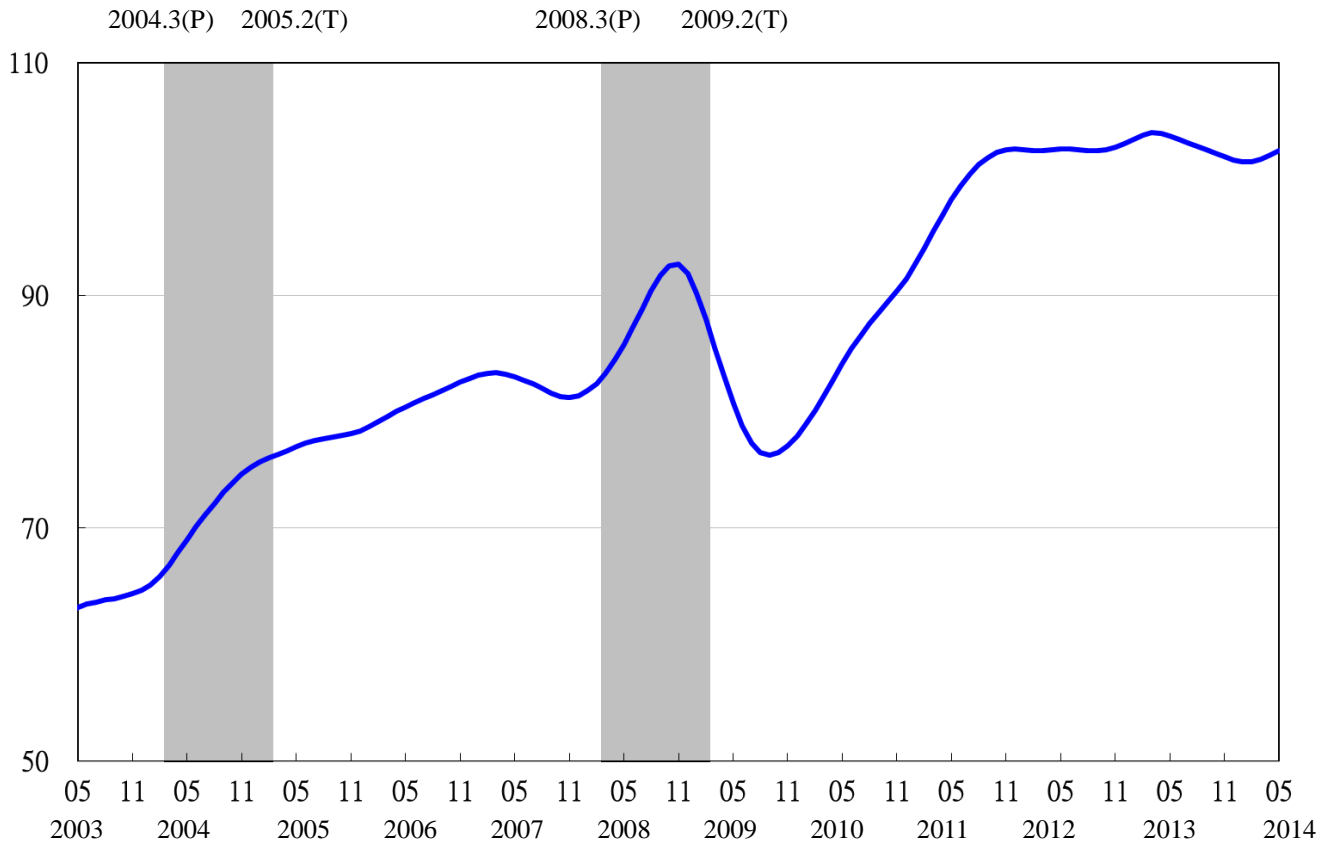


Figure 5 Composite Lagging Index

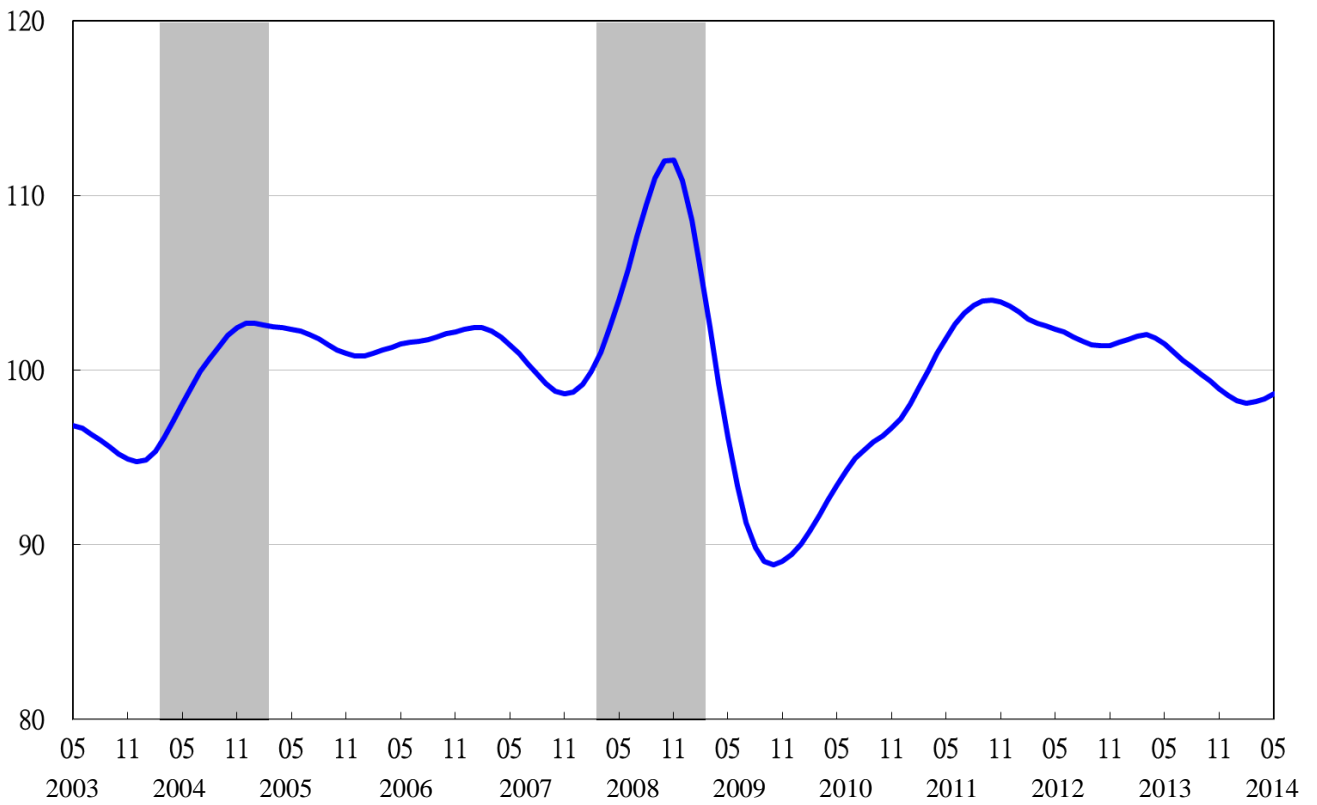


Figure 6 Trend-adjusted Lagging Index

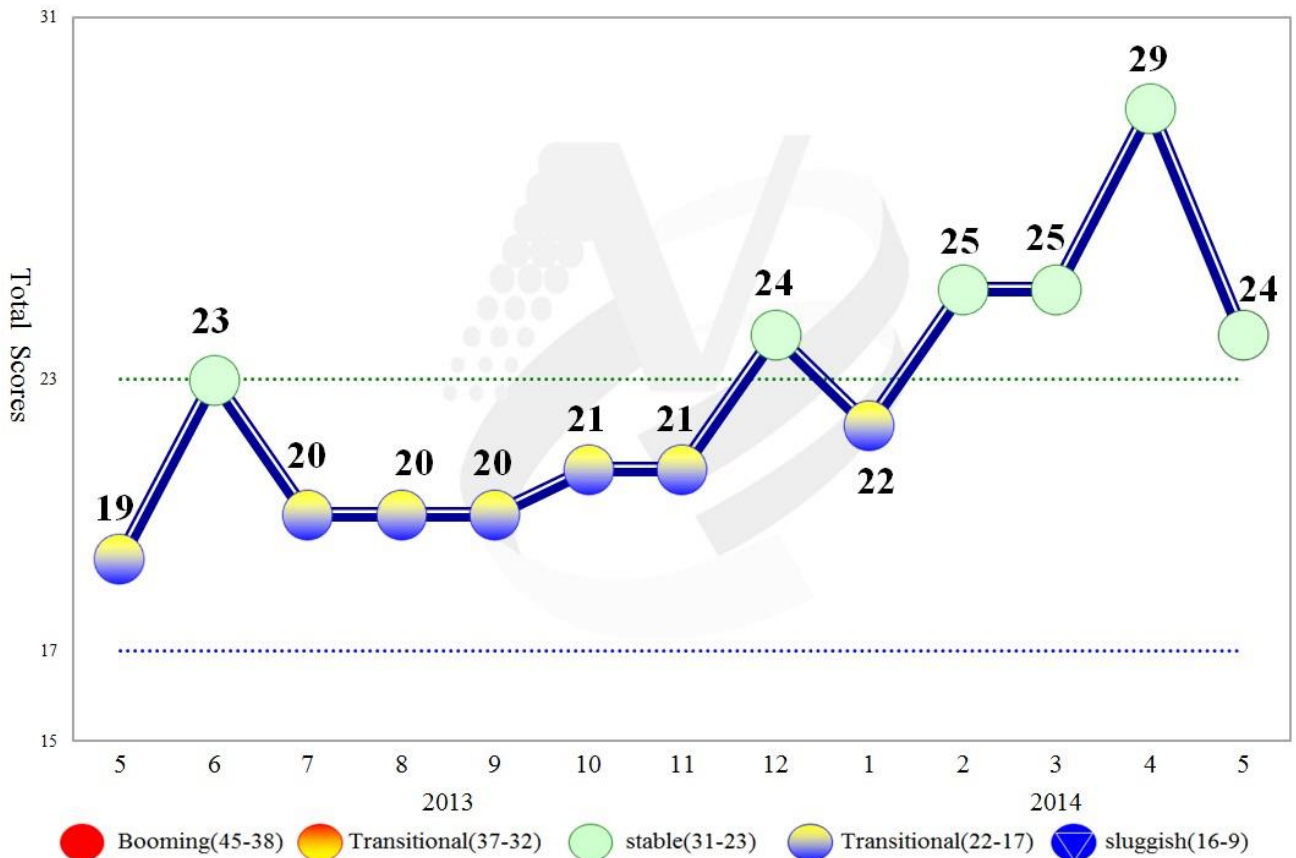


Figure 7 Total Scores in the Past Year

	Month	2013										2014						
		5	6	7	8	9	10	11	12	1	2	3	4	5				
Total	Light	●	●	New Series beginning in July 2013*										●	●	●	●	●
	Score	19	23	20	20	20	21	21	24	22	25	25	29	24				
Monetary Aggregates M1B		●	●	●	●	●	●	●	●	●	●	●	●	9.1	●	8.2		
Direct and Indirect Finance		●	●	—————										—————				
TAIEX average closing price		●	●	●	●	●	●	●	●	●	●	●	●	12.8	●	8.0		
Industrial Production Index		●	●	●	●	●	●	●	●	●	●	●	5.5 _r	●	5.9			
Nonagricultural Employment		●	●	●	●	●	●	●	●	●	●	●	1.0	●	1.1			
Customs-Cleared Exports		●	●	●	●	●	●	●	●	●	●	●	9.1 _r	●	1.5			
Imports of Machinery and Electrical Equipments		●	●	●	●	●	●	●	●	●	●	●	11.8 _r	●	-6.2			
Manufacturing Sales		●	●	●	●	●	●	●	●	●	●	●	6.9 _r	●	4.0			
Sales Index of Trade and Food Services		●	●	●	●	●	●	●	●	●	●	●	4.7	●	4.0			
—————		—————	—————	●	●	●	●	●	●	●	●	●	101.8	●	103.9			
				The TIER Manufacturing Sector Composite Indicator														

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