

## **Taiwan Business Indicators in November 2011**

Press Release

Council for Economic Planning and Development

December 27, 2011

In November 2011, Taiwan Business Indicators indicated that the economy has significant downside risks. 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 0.1 points, the trend-adjusted coincident index decreased by 1.4% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal for the fourth consecutive month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 126.8, down by 0.01% from October. Its annualized six-month rate of change decreased by 0.1 points to -0.5%. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were average monthly overtime in industry and services, stock price index, real monetary aggregates M1B, index of export orders, SEMI book-to-bill ratio, building permits, and index of producer's inventory for manufacturing (inverted).
2. **Coincident Indicators:** With revised data, the coincident index stood at 128.4, down by 0.5% from October. Its trend-adjusted index decreased by 1.4% to 94.8. Among the seven indicators making up the trend-adjusted index, electric power consumption had positive cyclical movements from previous month. The sales index of wholesale, retail and food services, real machineries and electrical equipments imports, the industrial production index, real customs-cleared exports, index of producer's shipment for manufacturing, and nonagricultural employment had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 145.1, up by 1.1% from October. Its trend-adjusted index rose by 0.2% to 107.1. Among the six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, inventories to sales ratio for manufacturing, interbank overnight call-loan rate, loans and investments of major financial institutions had positive cyclical

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

4. The Monitoring Indicators: The total score in November was down by 2 points to 17. The overall light signal flashed the "yellow- blue" signal for the fourth consecutive month. Among the nine components, industrial production index lost one point and changed its individual light signal from "yellow-blue" to "blue", customs-cleared exports lost one point and changed its individual light signal from "green" to "yellow-blue". The light signals for the rest of seven components remained unchanged.

**~~ The next release is scheduled for January 31 2012 ~~**

## Leading Indicators

Seasonally adjusted

	2011						
	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>Composite Index</b>	127.6	127.5	127.2	127.0	126.9	126.8	126.8
Change from preceding month (%)	-0.03	-0.1	-0.2	-0.2	-0.1	-0.1	-0.01
Annualized 6-month rate of change (%)	2.3	1.7	1.0	0.4	-0.1	-0.4	-0.5
Change from preceding month (point)	-0.6	-0.7	-0.7	-0.6	-0.4	-0.3	-0.1
<b>Components</b>							
Index of export orders (2006=100)	138.2	134.0	137.2	131.9	130.5	134.9	136.1
Real monetary aggregates M1B (NT\$ billion)	10,654	10,738	10,829	10,945	10,939	10,864	10,890
Stock price index(1966=100)	8,911	8,749	8,681	7,763	7,385	7,345	7,275
Index of producer's Inventory for manufacturing*(2006=100)	123.2	124.5	125.0	125.9	123.8	127.2	128.2 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	8.6	8.7	8.4	8.4	8.2	8.0	7.8 <sub>p</sub>
Building Permits ** (1,000m2)	2,173	2,445	2,233	2,141	2,449	2,217	2,402
SEMI Book-to-Bill Ratio	0.97	0.94	0.85	0.80	0.71	0.74	0.83

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						
	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>Composite Index</b>	132.3	131.8	131.2	130.5	129.8	129.1	128.4
Change from preceding month (%)	-0.2	-0.4	-0.5	-0.5	-0.6	-0.5	-0.5
Trend adjusted index	102.9	101.6	100.3	98.9	97.5	96.2	94.8
Change from preceding month (%)	-1.1	-1.2	-1.3	-1.4	-1.4	-1.4	-1.4
<b>Components</b>							
Industrial production index(2006=100)	130.8	126.9	129.6	127.3	124.4	127.1	126.8
Electric power consumption (billion kWh)	11.74	11.63	11.34	12.00	11.19	11.50	11.90
Index of producer's shipment for manufacturing (2006=100)	126.3	126.1	128.2	126.1	125.6	126.0	126.0 <sub>p</sub>
Sales index of wholesale, retail, and food services (2006=100)	110.1	110.5	110.6	110.9	109.8	107.5	105.9
Nonagricultural employment (1,000)	10,146	10,166	10,186	10,196	10,210	10,216	10,212
Real customs-cleared exports (NT\$ billion)	797.8	765.0	802.2	757.2	743.1	801.5	748.9
Real machineries and electrical equipments imports (NT\$ billion)	316.0	280.8	272.9	248.6	251.3	248.1	243.5

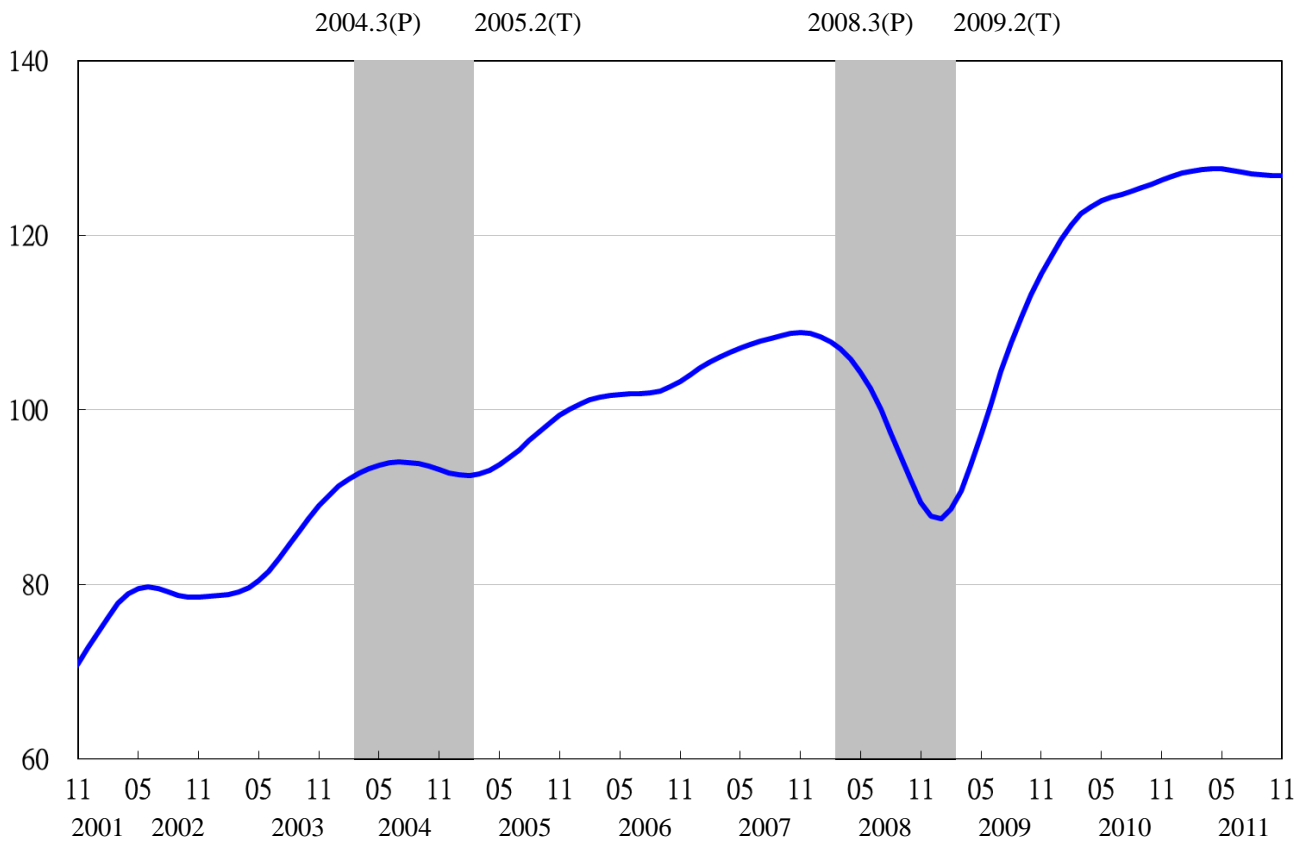
## Lagging Indicators

Seasonally adjusted

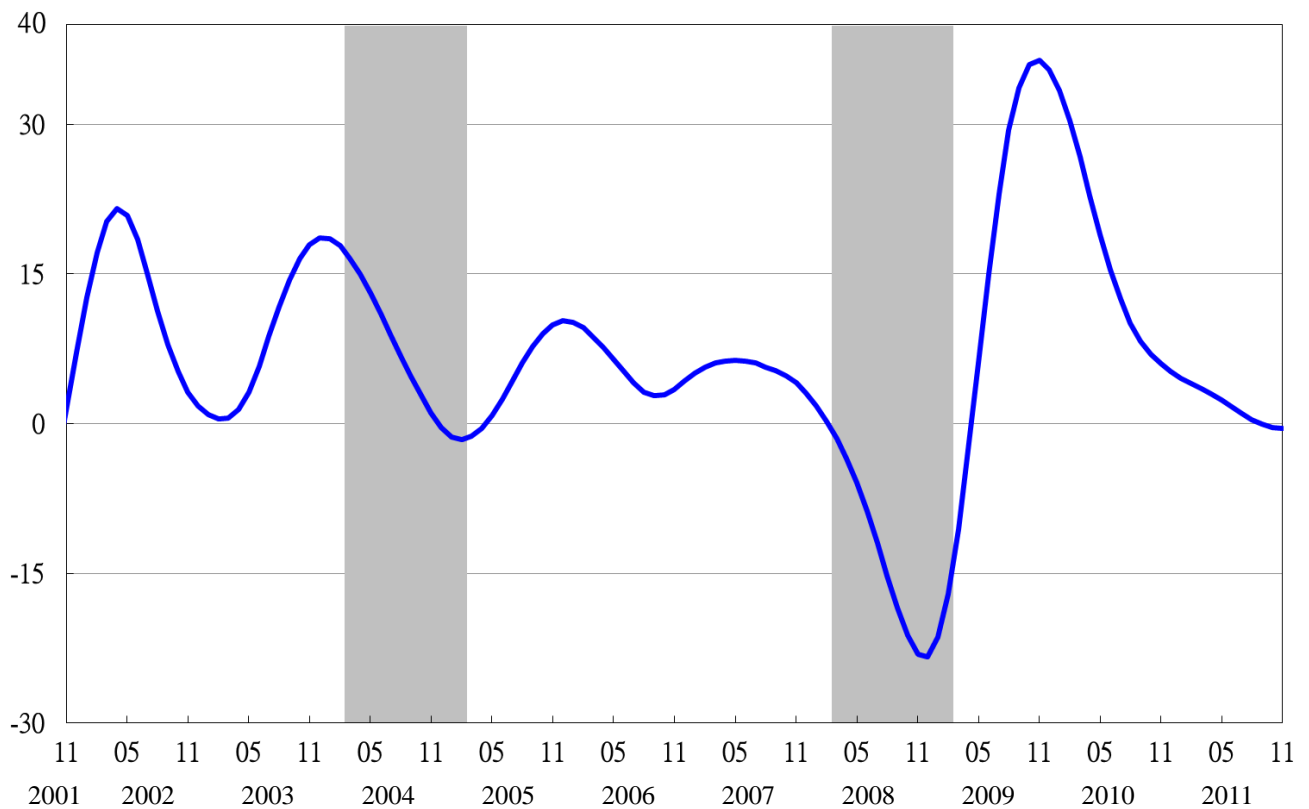
	2011						
	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>Composite Index</b>	134.0	136.3	138.4	140.3	142.0	143.5	145.1
Change from preceding month (%)	1.9	1.7	1.5	1.4	1.2	1.1	1.1
Trend adjusted index	104.2	105.1	105.8	106.3	106.7	106.9	107.1
Change from preceding month (%)	1.0	0.8	0.7	0.5	0.3	0.2	0.2
<b>Components</b>							
Unemployment rate** (%)	4.41	4.40	4.37	4.36	4.27	4.30	4.32
Regular employees on payrolls in industry & services (Thousand persons)	6,669	6,682	6,688	6,698	6,705	6,714	6,722 <sub>p</sub>
The manufacturing unit output labor cost index (index 2006=100)	80.6	80.6	80.5	82.8	82.7	80.7	81.6 <sub>p</sub>
Interbank overnight call-loan rate (percent per annum)	0.319	0.344	0.375	0.388	0.394	0.395	0.396
Loans and investments of major financial institutions (NT\$ billion)	23,482	23,561	23,701	23,890	23,990	24,095	24,171
Inventories to sales ratio for manufacturing (%)	66.9	67.3	66.5	67.3	66.4	67.7	67.7 <sub>p</sub>

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

## Composite Leading Index

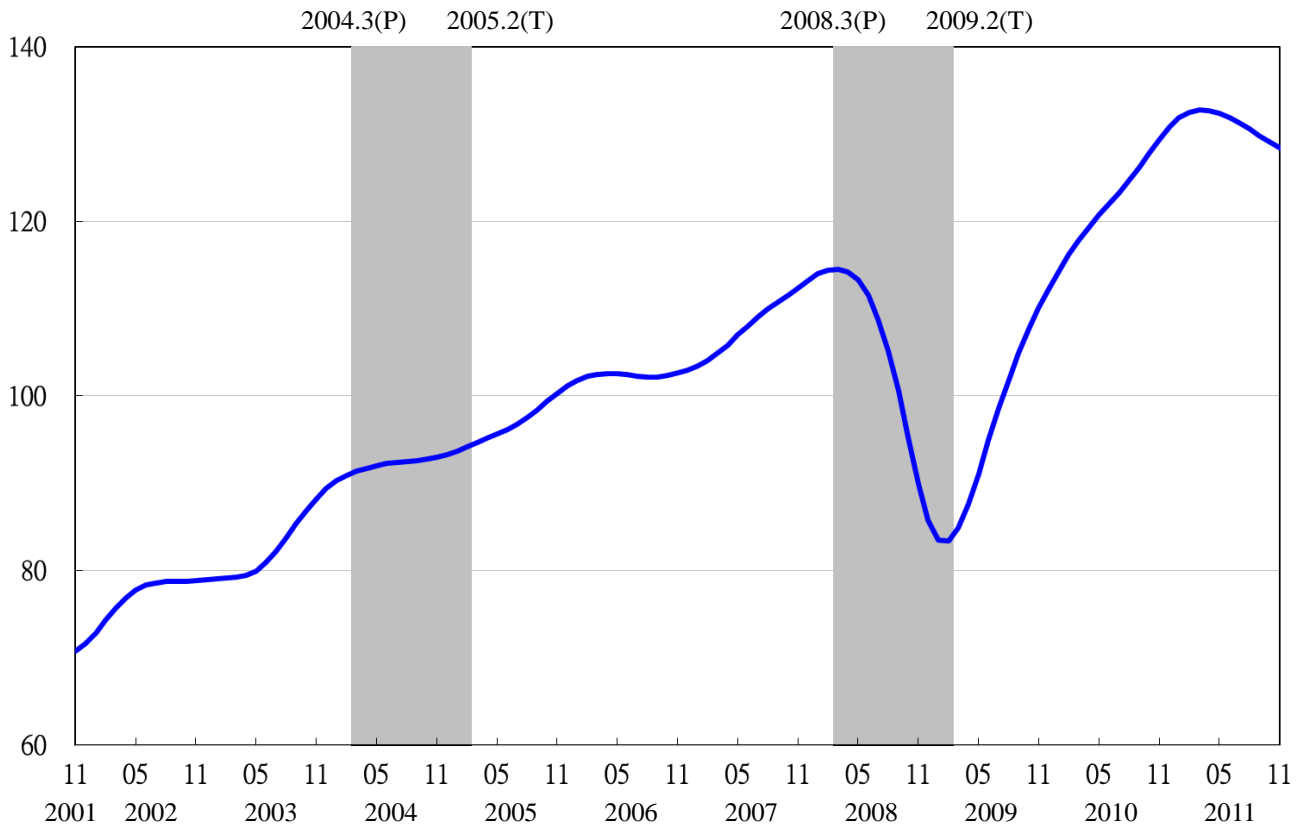


### Annualized 6-month rate of change of composite leading index

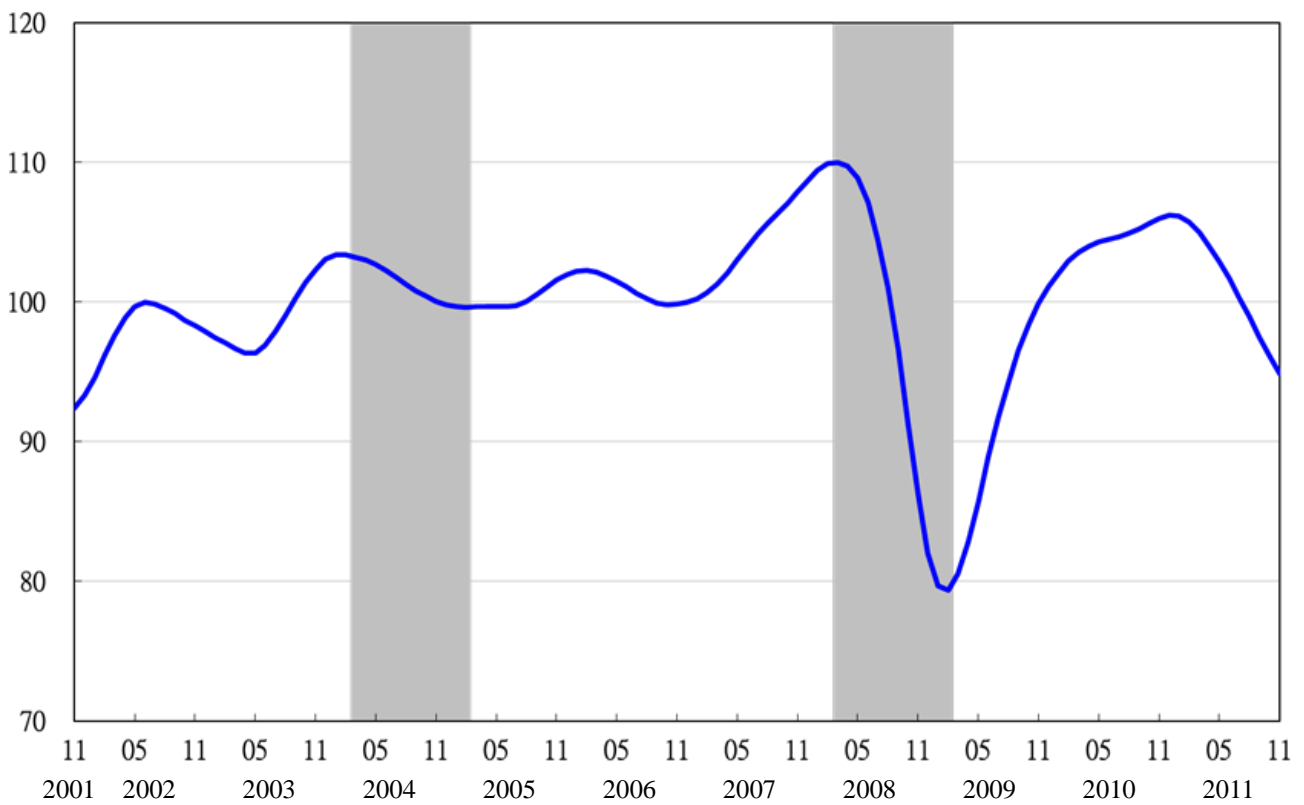


Shaded areas represent recessions.

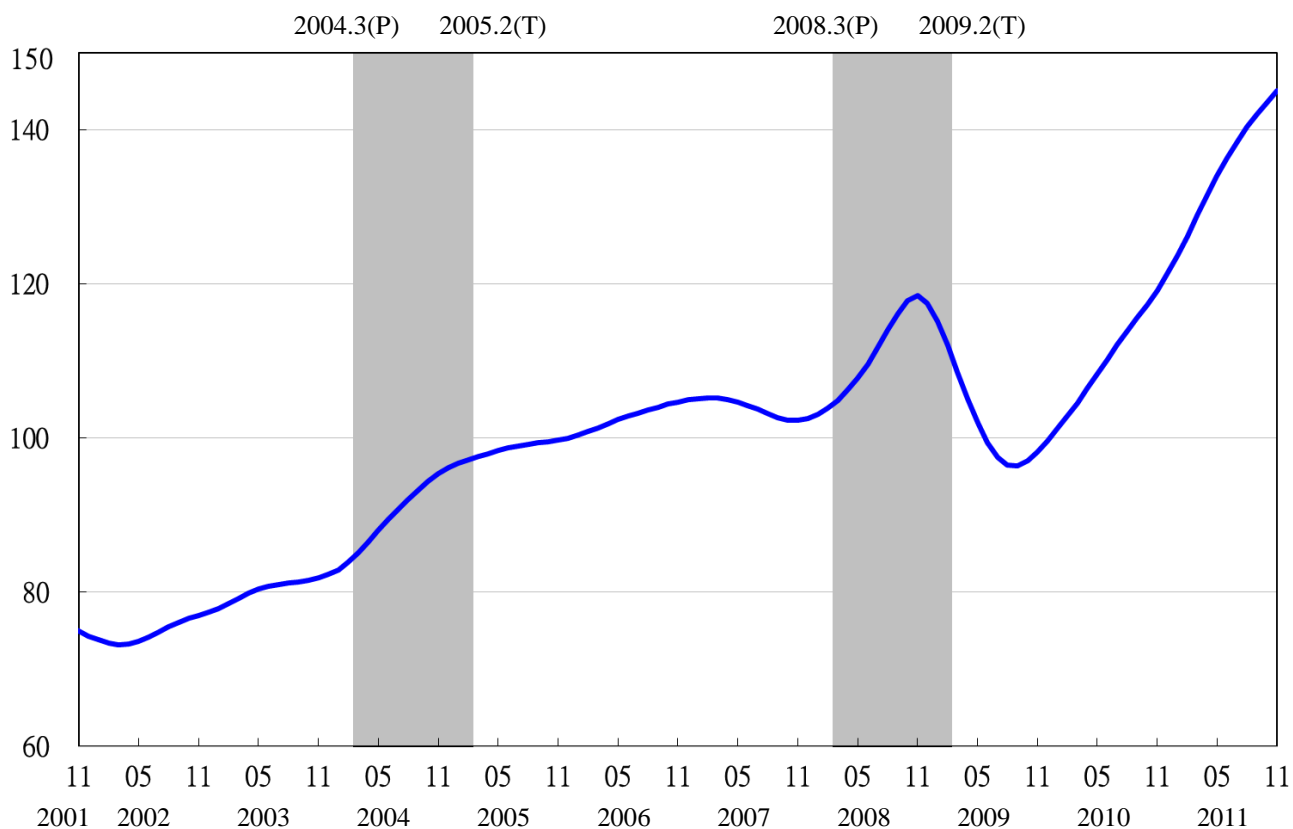
## Composite Coincident Index



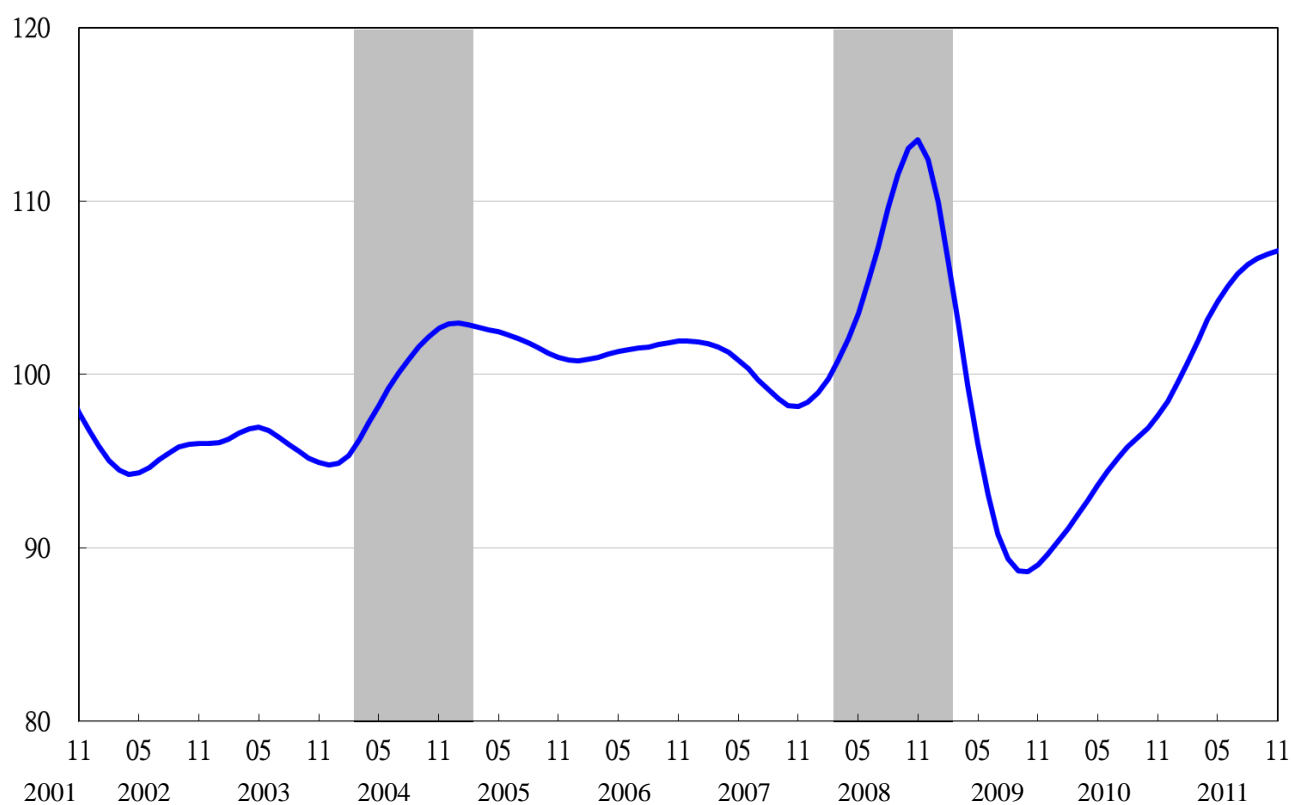
## Trend-adjusted composite coincident index















































































































































## Composite Lagging Index



## Trend-adjusted composite lagging index



## Monitoring Indicators

		2010			2011										
		10	11	12	1	2	3	4	5	6	7	8	9	10	11
Total	Light														
	Score	34	32	34	34	34	31	29	27	25	23	20	21	19 <sub>t</sub>	17
Monetary Aggregates M1B															 4.3
Direct and Indirect Finance															 5.4
Stock Price Index															 -12.9
Industrial Production Index															 -4.3
Nonagricultural Employment															 1.9
Customs-Cleared Exports															 1.2
Imports of Machineries and Electrical Equipments															 -13.5
Manufacturing Sales															 0.1 <sub>p</sub>
Sales Index of Wholesale, Retail and Food Services															 -4.2

 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.