

Taiwan Business Indicators in September 2011

Press Release

Council for Economic Planning and Development

October 27, 2011

In September 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 0.9 points, the trend-adjusted coincident index decreased by 1.7% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal for the second consecutive month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 126.8, down by 0.3% from August. Its annualized six-month rate of change decreased to -0.7%. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which were index of export orders, stock price index, SEMI book-to-bill ratio, average monthly overtime in industry and services, real monetary aggregates M1B, building permits, and index of producer's inventory for manufacturing (inverted).
2. **Coincident Indicators:** With revised data, the coincident index stood at 130.3, down by 0.7% from August. Its trend-adjusted index decreased by 1.7% to 96.1. Among the seven indicators making up the trend-adjusted index, nonagricultural employment had positive cyclical movements from previous month. The industrial production index, real machineries and electrical equipments imports, real customs-cleared exports, electric power consumption, index of producer's shipment for manufacturing, and the sales index of wholesale, retail and food services had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 148.7, up by 2.0% from August. Its trend-adjusted index rose by 1.0% to 109.7. Among the six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, inventories to sales ratio for manufacturing, loans and investments of major financial

institutions, 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 September increased 1 point to 21. The overall light signal flashed the "yellow- blue" signal for the second consecutive month. Among the nine components, stock price index lost one point and changed its individual light signal from "green" to "yellow- blue", nonagricultural employment gained one point and changed its individual light signal from "green" to "yellow-red", manufacturing sales gained one point and changed its individual light signal from "blue" to "yellow-blue". The light signals for the rest of six components remained unchanged.

~~ The next release is scheduled for November 28 2011 ~~

Leading Indicators

Seasonally adjusted

	2011						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	128.0	128.1	128.1	128.0	127.7	127.3	126.8
Change from preceding month (%)	0.2	0.1	-0.02	-0.1	-0.2	-0.3	-0.3
Annualized 6-month rate of change (%)	3.8	3.3	2.7	1.9	1.1	0.1	-0.7
Change from preceding month (point)	-0.5	-0.5	-0.6	-0.7	-0.9	-0.9	-0.9
Components							
Index of export orders (2006=100)	139.8	136.7	138.2	134.0	137.0	131.5	129.8
Real monetary aggregates M1B (NT\$ billion)	10,700	10,642	10,654	10,738	10,829	10,945	10,941
Stock price index(1966=100)	8,575	8,861	8,911	8,749	8,681	7,763	7,385
Index of producer's Inventory for manufacturing*(2006=100)	121.4	121.7	123.2	124.5	125.2	126.4	126.5 _p
Average monthly overtime in industry and services (hours/month)	8.9	8.9	8.6	8.7	8.5	8.5	8.4 _p
Building Permits ** (1,000m2)	2,335	2,542	2,183	2,461	2,256	2,158	2,473
SEMI Book-to-Bill Ratio	0.95	0.98	0.97	0.94	0.85	0.80	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

	2011						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	133.4	133.4	133.2	132.7	132.1	131.2	130.3
Change from preceding month (%)	0.2	-0.01	-0.2	-0.3	-0.5	-0.6	-0.7
Trend adjusted index	104.3	103.3	102.1	100.8	99.3	97.8	96.1
Change from preceding month (%)	-0.7	-1.0	-1.1	-1.3	-1.4	-1.6	-1.7
Components							
Industrial production index(2006=100)	136.8	132.0	130.8	126.9	129.6	127.3	124.2
Electric power consumption (billion kWh)	11.57	11.21	11.74	11.63	11.37	12.03	11.21
Index of producer's shipment for manufacturing (2006=100)	132.0	127.4	126.5	126.3	128.6	126.5	127.8 _p
Sales index of wholesale, retail, and food services (2006=100)	109.9	109.2	110.1	110.5	110.6	110.9	110.2
Nonagricultural employment (1,000)	10,118	10,135	10,146	10,166	10,187	10,197	10,212
Real customs-cleared exports (NT\$ billion)	786.4	816.2	800.3	767.4	803.8	755.7	740.8
Real machineries and electrical equipments imports (NT\$ billion)	292.3	278.3	316.8	281.4	273.2	248.6	251.4

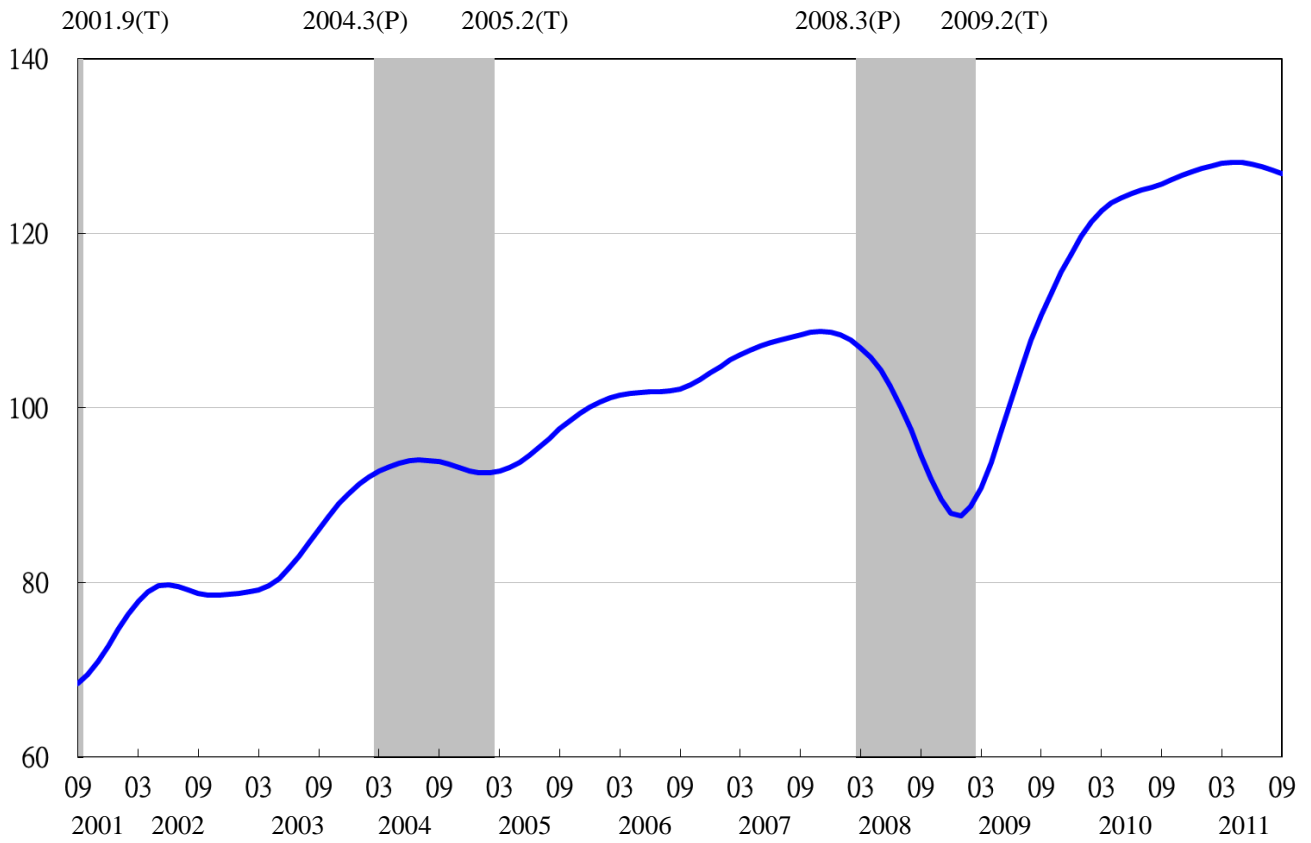
Lagging Indicators

Seasonally adjusted

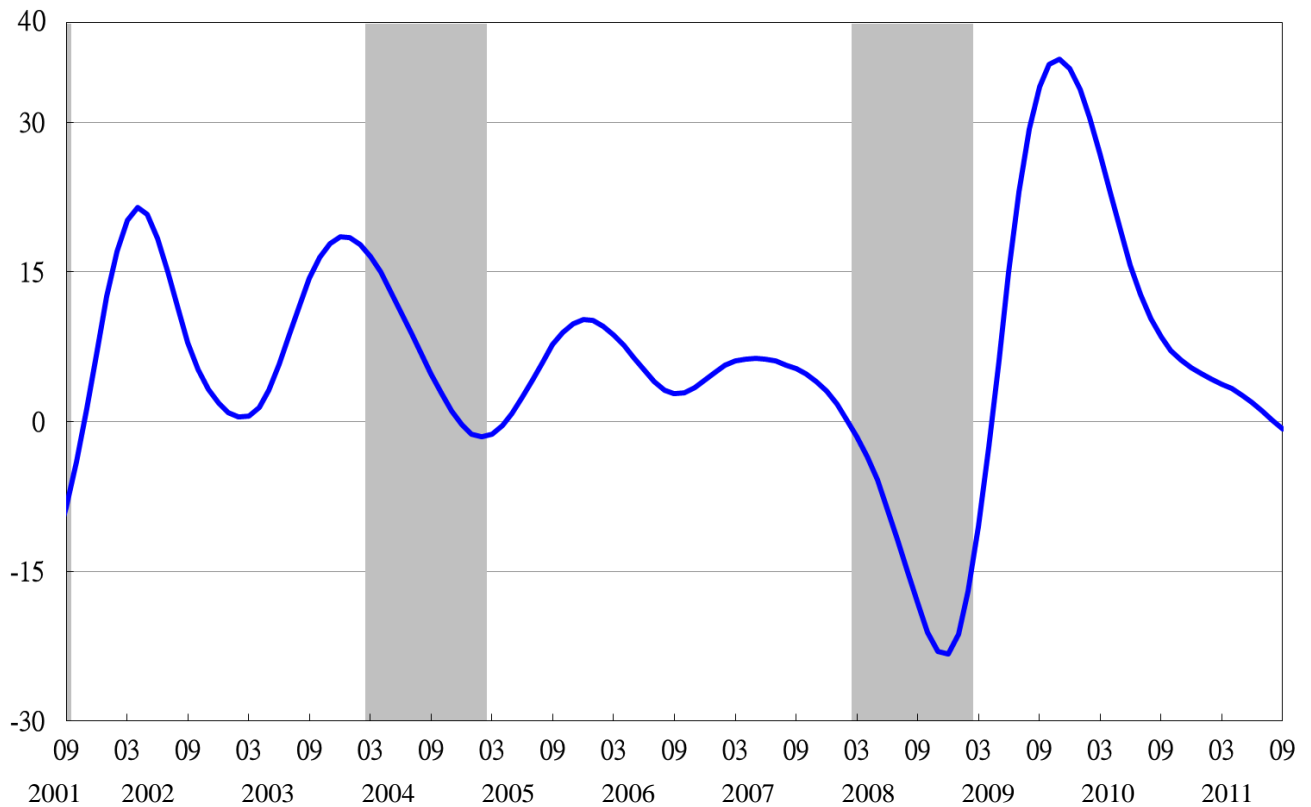
	2011						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	131.2	134.3	137.3	140.1	143.0	145.8	148.7
Change from preceding month (%)	2.3	2.3	2.2	2.1	2.0	2.0	2.0
Trend adjusted index	102.6	104.0	105.3	106.4	107.5	108.6	109.7
Change from preceding month (%)	1.3	1.3	1.2	1.1	1.0	1.0	1.0
Components							
Unemployment rate** (%)	4.42	4.35	4.41	4.40	4.37	4.36	4.27
Regular employees on payrolls in industry & services (Thousand persons)	6,634	6,649	6,670	6,683	6,688	6,697	6,702 _p
The manufacturing unit output labor cost index (index 2006=100)	75.3	79.5	81.6	79.9	81.5	83.4	85.1 _p
Interbank overnight call-loan rate (percent per annum)	0.274	0.296	0.319	0.344	0.375	0.388	0.394
Loans and investments of major financial institutions (NT\$ billion)	23,282	23,360	23,482	23,561	23,701	23,890	23,986
Inventories to sales ratio for manufacturing (%)	63.0	66.4	67.0	67.5	66.6	67.3	67.0 _p

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

Composite Leading Index

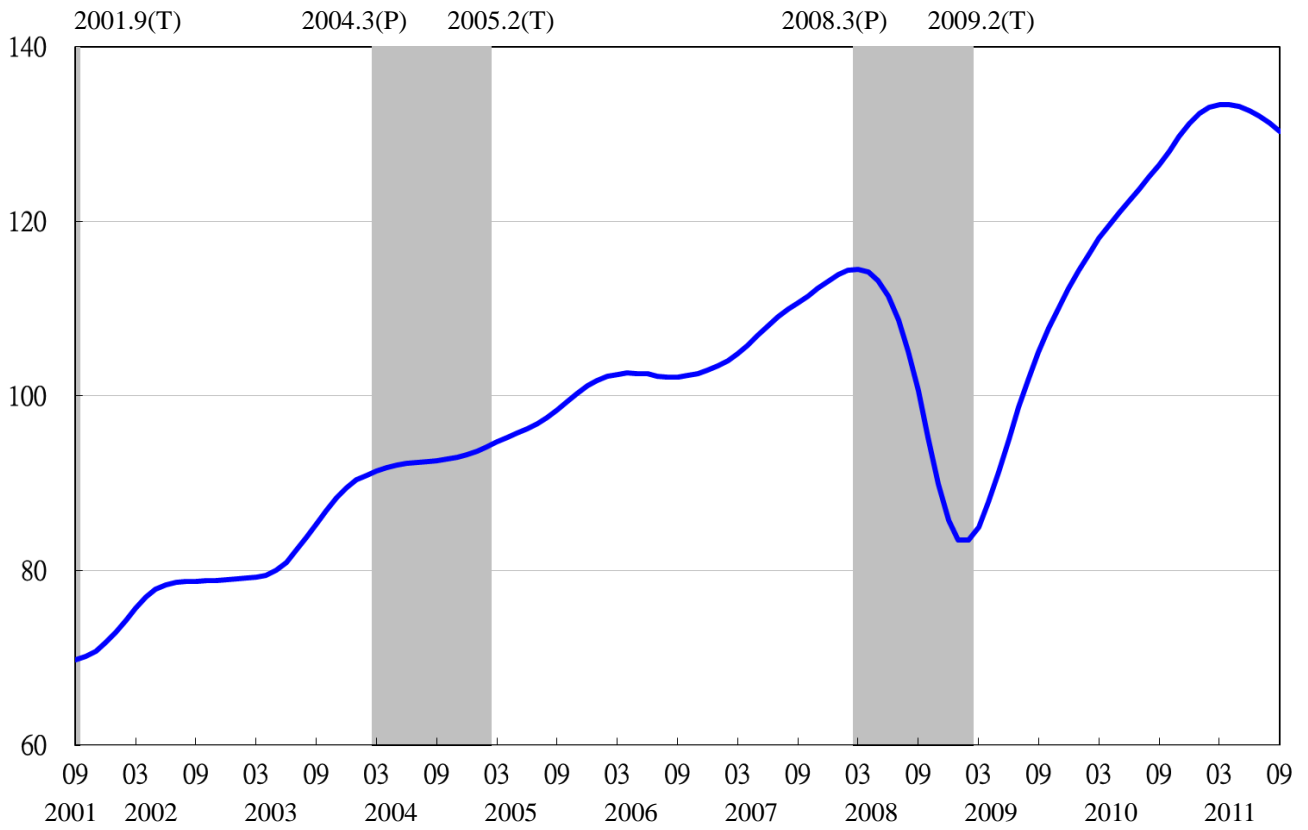


Annualized 6-month rate of change of composite leading index

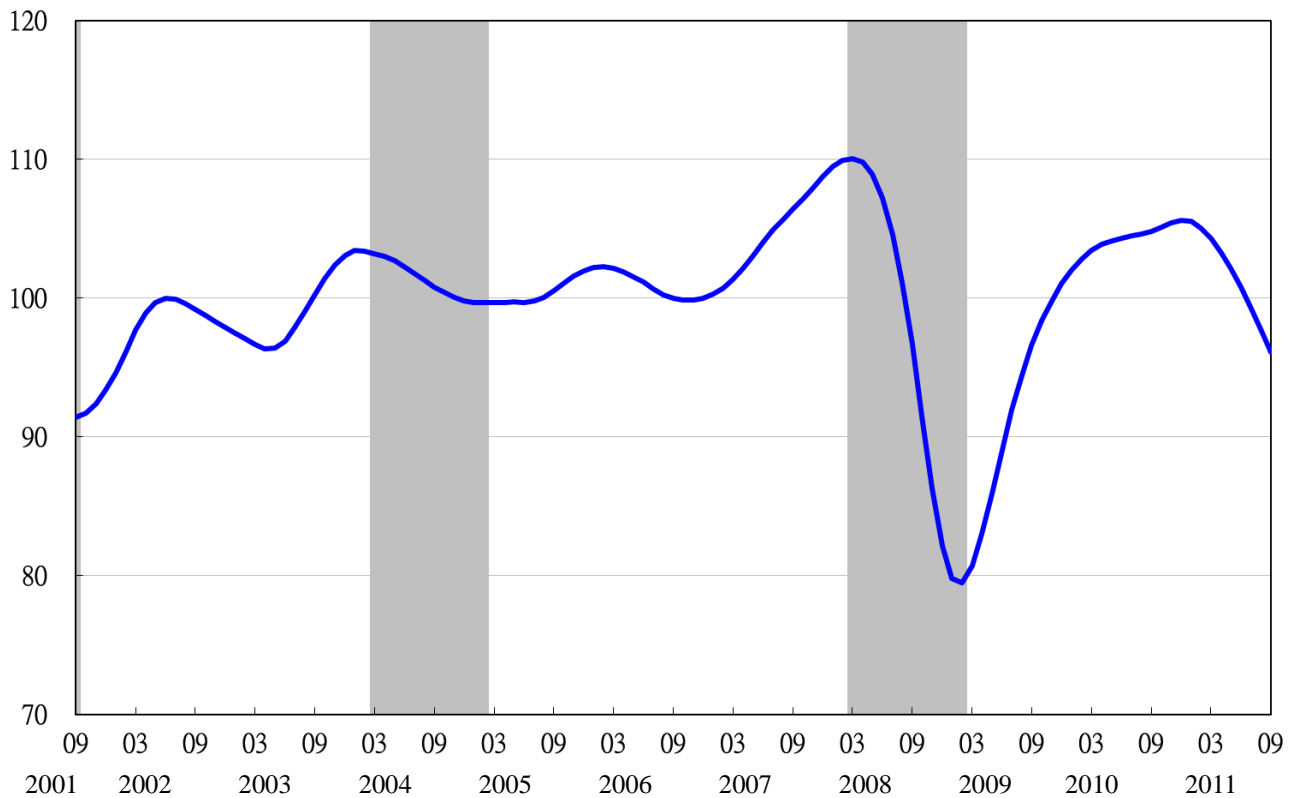


Shaded areas represent recessions.

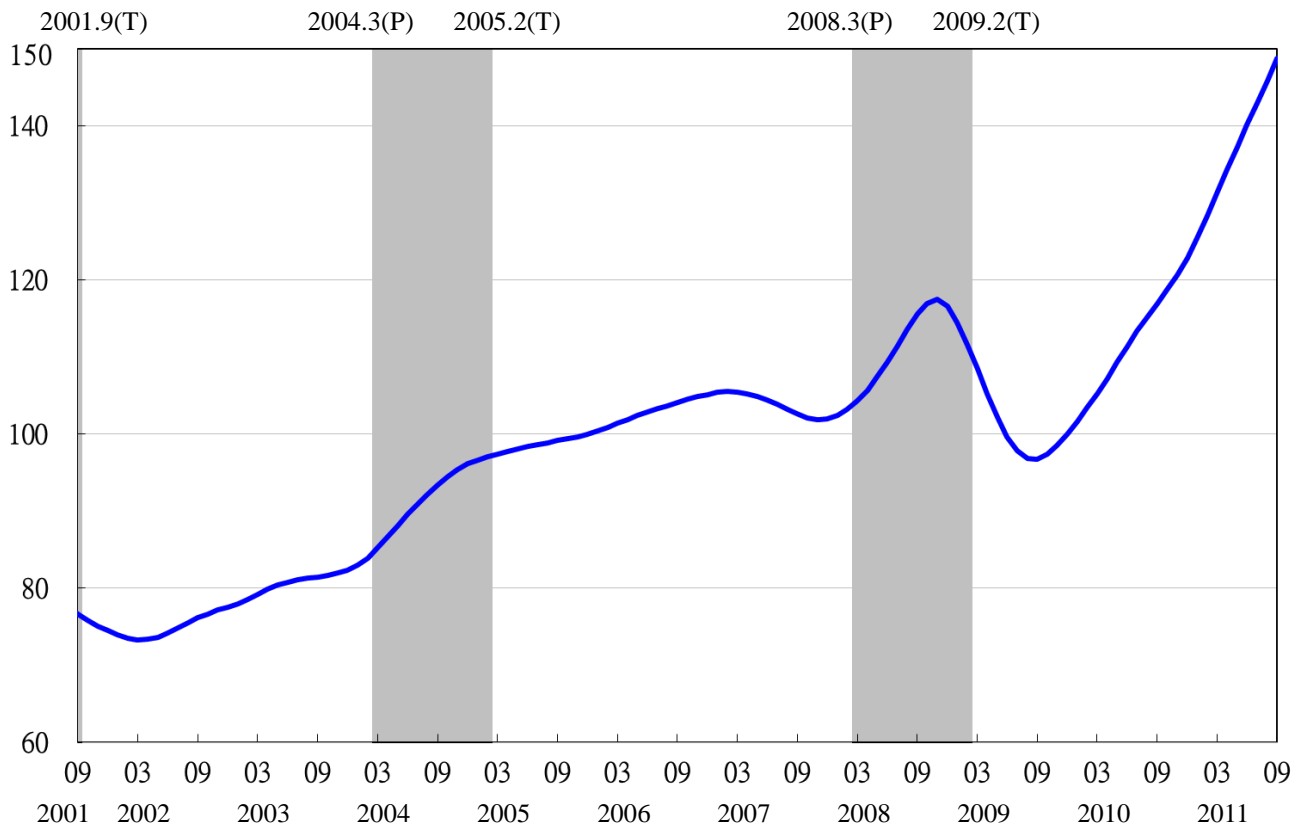
Composite Coincident Index



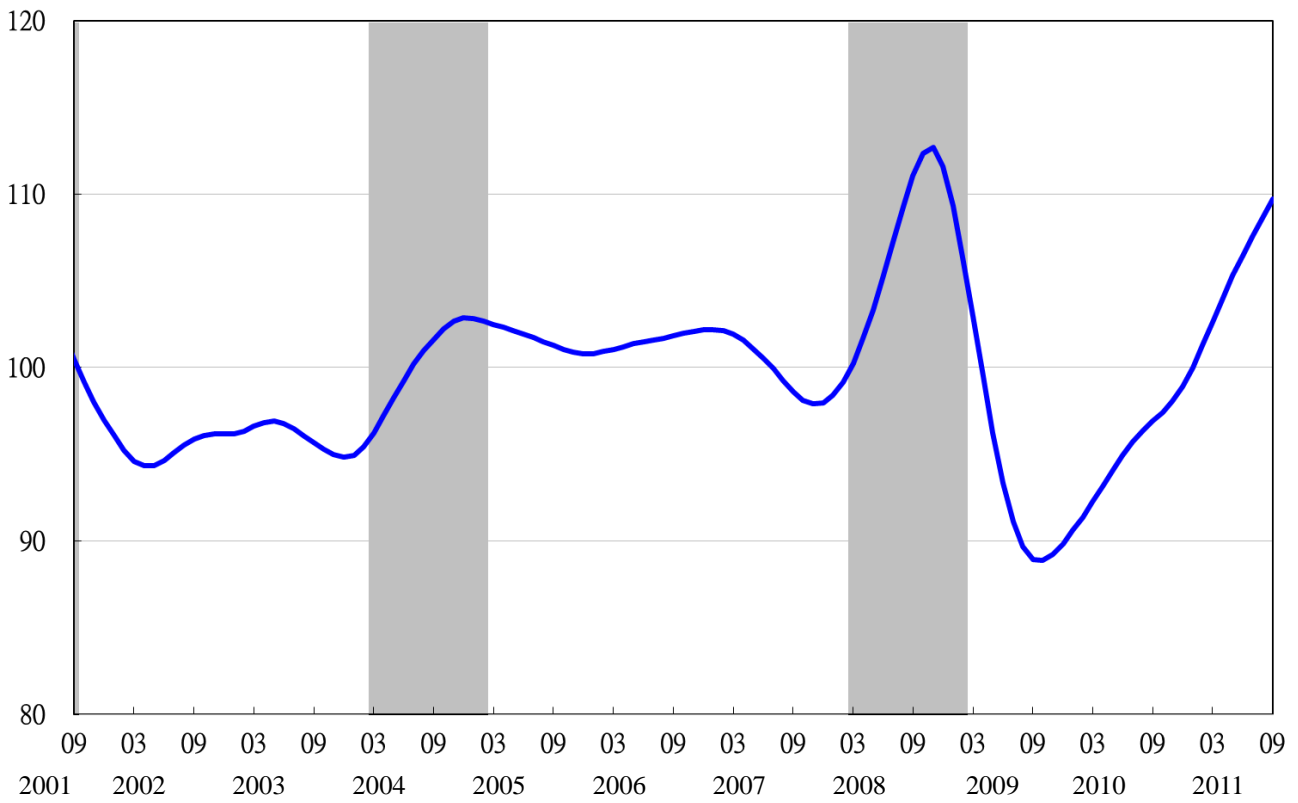
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2010					2011									
	8	9	10	11	12	1	2	3	4	5	6	7	8	9	
Total	Light														
	Score	38	37	34	32	34	34	34	31	29	27	25	23	20	21
Monetary Aggregates M1B															6.3
Direct and Indirect Finance															5.8
Stock Price Index															-8.1
Industrial Production Index															4.1
Nonagricultural Employment															2.3
Customs-Cleared Exports															-0.2
Imports of Machineries and Electrical Equipments															-16.2
Manufacturing Sales															1.3p
Sales Index of Wholesale, Retail and Food Services															0.6

● 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.