

## Taiwan Business Indicators in March 2014

Press Release

National Development Council (NDC)

April 28, 2014

In March 2014, the Taiwan Business Indicators showed that the economy was gradually stabilizing, but some risks remained. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index increased by 0.10%, the trend-adjusted coincident index slightly decreased by 0.04% from the previous month, and the overall monitoring indicator flashed the "green" signal for the second month.

1. **Leading Indicators:** With revised data, the composite leading index stood at 104.49, up by 0.22% from February 2014. Its trend-adjusted index increased by 0.10% to 101.16. Among the seven indicators making up the trend-adjusted index, the TIER manufacturing sector composite indicator, building permits, net accession rate of employees on payrolls of industry and services, real monetary aggregates M1B, and TAIEX average closing price had positive cyclical movements from the previous month, while the index of export orders and SEMI book-to-bill ratio had negative cyclical movements.
2. **Coincident Indicators:** With revised data, the coincident index stood at 103.70, up by 0.08% from February 2014. Its trend-adjusted index slightly decreased by 0.04% to 100.40. Among the seven indicators making up the trend-adjusted index, real machineries and electrical equipments imports, the index of producer's shipment for manufacturing, and real customs-cleared exports had positive cyclical movements from the previous month, while electric power consumption, sales of trade and food services, nonagricultural employment, and the industrial production index had negative cyclical movements.
3. **Lagging Indicators:** With revised data, the lagging index stood at 100.46, down by 0.15% from February 2014. Its trend-adjusted index decreased by 0.27% to 97.26. Among the six indicators making up the trend-adjusted index, the unemployment rate(inverted) had positive cyclical movement from the previous month, while the manufacturing unit output labor cost index, loans and investments of monetary

financial institutions, the inventories to sales ratio for manufacturing, the interbank overnight call-loan rate, and regular employees on payrolls in industry and services had negative cyclical movements.

4. The Monitoring Indicators: The total score in March 2014 remained at 25, flashing the “green” signal for the second month. Among the nine components, the industrial production index and the customs-cleared exports changed its individual light signal from “green” to “yellow-blue”, each lost one point, while the imports of machineries and electrical equipments gained two points to change its individual light signal from “yellow-blue” to “yellow-red”. The light signal for the rest of six components remained unchanged.

~~ **The next release is scheduled for May 27 2014** ~~

**Table 1 Leading Indicators**

	Seasonally adjusted						
	2013				2014		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Composite Index</b>	102.85	103.18	103.48	103.76	104.00	104.26	104.49
Change from preceding month (%)	0.36	0.32	0.29	0.27	0.24	0.24	0.22
Trend adjusted index	100.28	100.49	100.66	100.81	100.93	101.06	101.16
Change from preceding month (%)	0.24	0.21	0.17	0.15	0.12	0.13	0.10
<b>Components</b>							
Index of export orders (2011=100)	108.3	109.0	112.3	118.8	107.0	108.9	108.3
Real monetary aggregates M1B (NT\$ billion)	12,668	12,760	12,863	12,944	13,059	12,978	13,219
TAIEX average closing price (1966=100)*	8,193	8,366	8,237	8,431	8,567	8,496	8,687
Net accession rate of employees on payrolls of industry and services ** (%)	0.21	0.14	0.29	0.08	0.20	0.34	0.20 <sub>p</sub>
Building permits *** (1,000m <sup>2</sup> )	3,470	3,260	2,271	2,931	2,603	3,588	2,990
SEMI Book-to-Bill Ratio	0.97	1.05	1.11	1.02	1.04	1.01	1.06
The TIER manufacturing sector composite indicator (2006=100)	97.99	96.20	95.81	98.76	101.23	101.33	102.15

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**

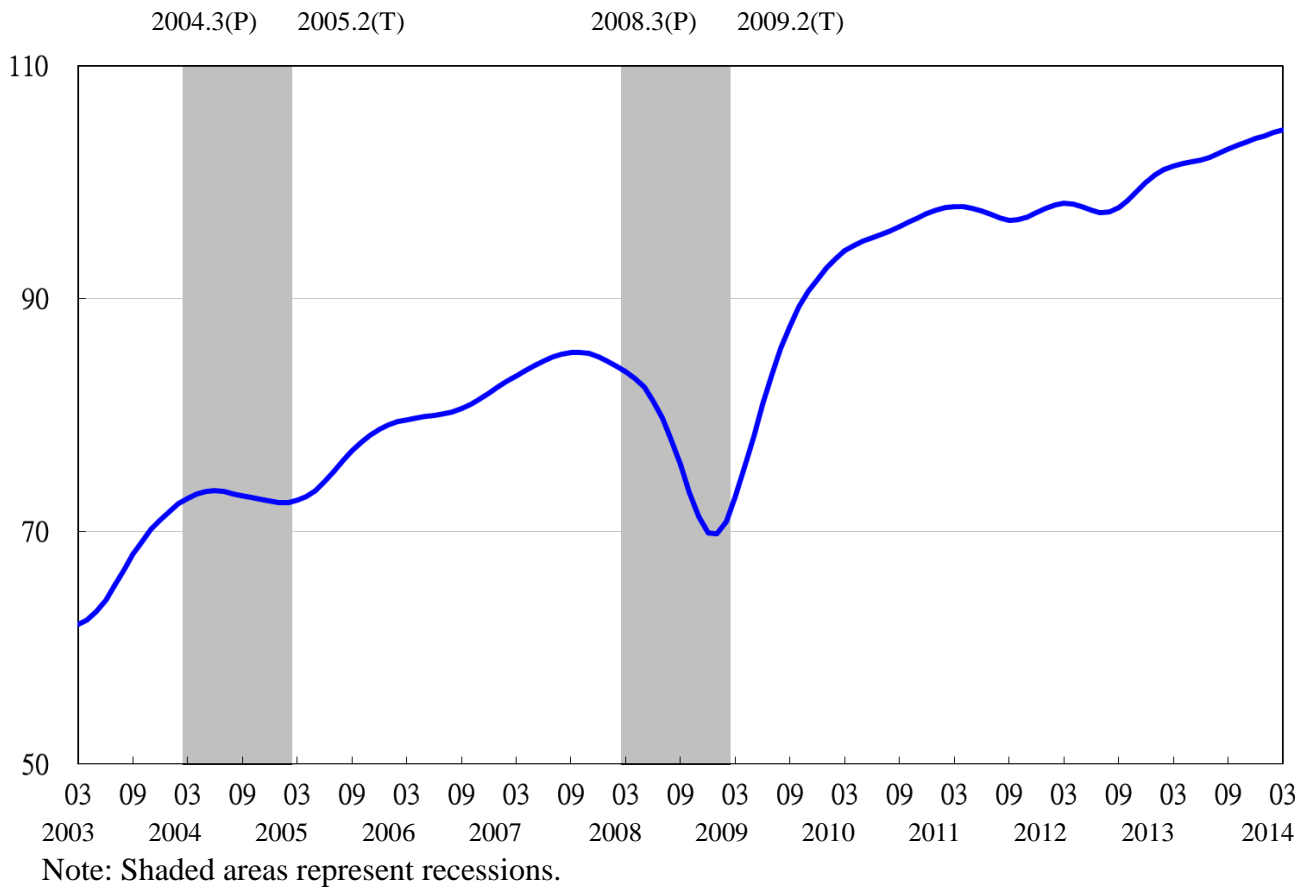
	Seasonally adjusted						
	2013				2014		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Composite Index</b>	102.10	102.46	102.86	103.24	103.48	103.62	103.70
Change from preceding month (%)	0.28	0.35	0.39	0.37	0.24	0.14	0.08
Trend adjusted index	99.55	99.78	100.06	100.31	100.42	100.45	100.40
Change from preceding month (%)	0.16	0.23	0.27	0.25	0.12	0.02	-0.04
<b>Components</b>							
Industrial production index (2011=100)	99.9	101.2	102.2	104.3	102.5	103.8	101.7
Electric power consumption (billion kWh)	11.94	11.72	11.84	11.76	12.03	12.08	11.69
Index of producer's shipment for manufacturing (2011=100)	97.4	98.8	98.9	101.6	97.7	102.2	99.0 <sub>p</sub>
Sales of trade and food services (NT\$ billion)	1,185	1,189	1,199	1,211	1,220	1,192	1,190
Nonagricultural employment (thousand persons)	10,441	10,452	10,462	10,471	10,482	10,495	10,498
Real customs-cleared exports (NT\$ billion)	782.8	792.6	781.1	800.6	777.8	802.5	803.1
Real machineries and electrical equipments imports (NT\$ billion)	217.8	209.5	207.6	246.0	216.3	206.3	228.6

**Table 3 Lagging Indicators**

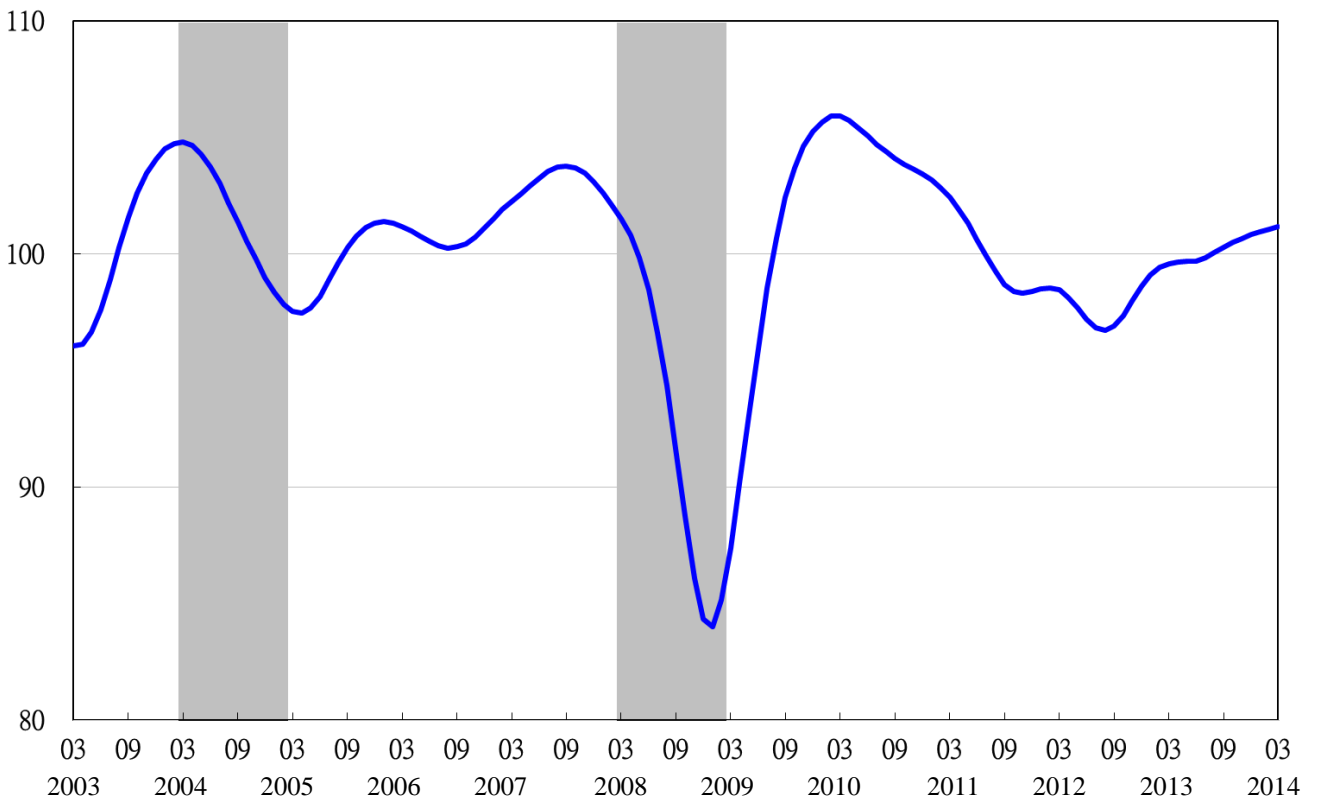
	Seasonally adjusted						
	2013				2014		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Composite Index</b>	102.16	101.87	101.52	101.15	100.85	100.61	100.46
Change from preceding month (%)	-0.30	-0.29	-0.34	-0.36	-0.30	-0.24	-0.15
Trend adjusted index	99.62	99.21	98.75	98.28	97.87	97.52	97.26
Change from preceding month (%)	-0.41	-0.41	-0.46	-0.48	-0.42	-0.36	-0.27
<b>Components</b>							
Unemployment rate* (%)	4.18	4.18	4.15	4.14	4.07	4.05	4.06
Regular employees on payrolls in industry & services (thousand persons)	6,985	6,996	7,008	7,013	7,026	7,034	7,045 <sub>p</sub>
The manufacturing unit output labor cost index (2011=100)	102.2	106.3	103.8	100.6	101.6	97.1	102.8 <sub>p</sub>
Interbank overnight call-loan rate** (percent per annum)	0.386	0.387	0.386	0.387	0.388	0.387	0.387
Loans and investments of monetary financial institutions (NT\$ billion)	26,532	26,617	26,745	26,695	26,886	27,006	27,110
Inventories to sales ratio for manufacturing (%)	67.8	66.6	67.0	65.9	66.8	65.8	66.9 <sub>p</sub>

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

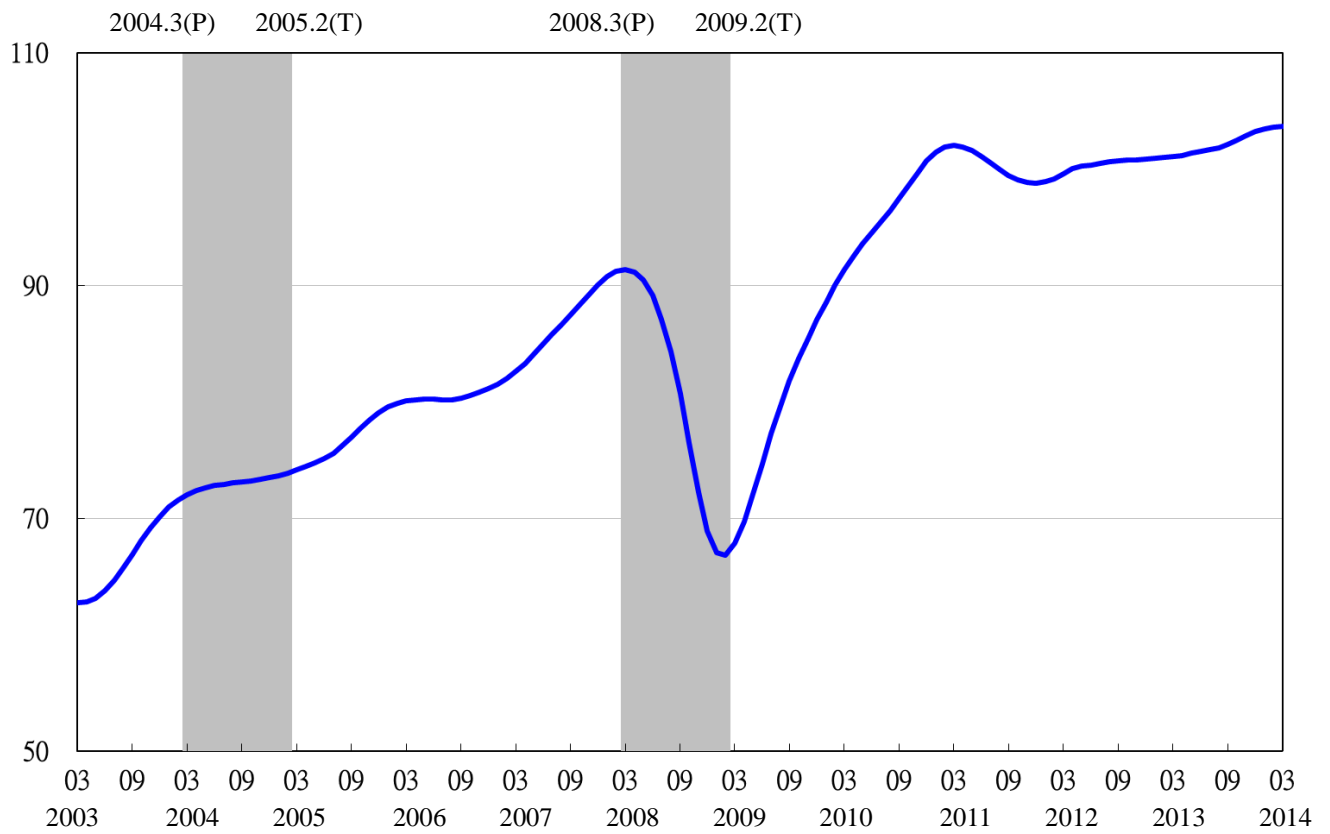
\*\* Interbank overnight call-loan rate is not seasonally adjusted.



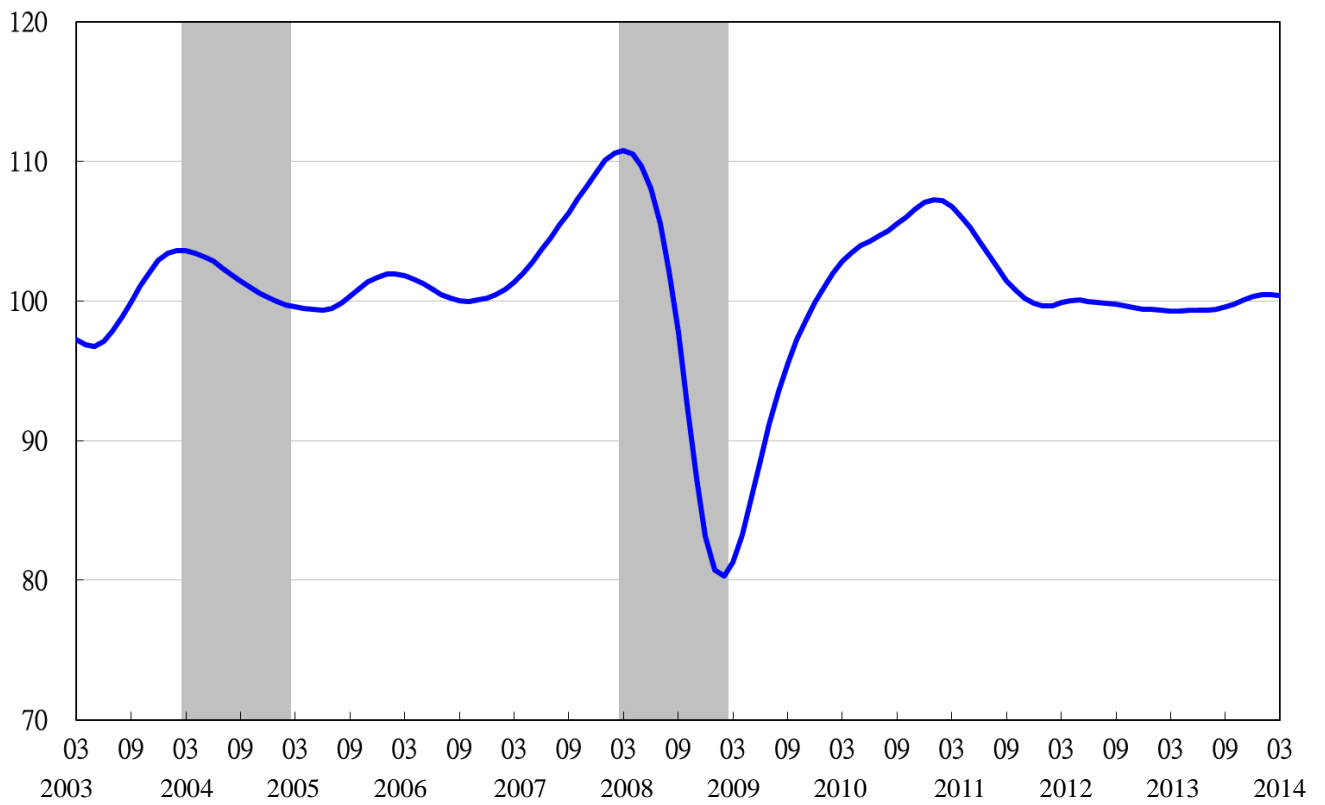
**Figure 1 Composite Leading Index**



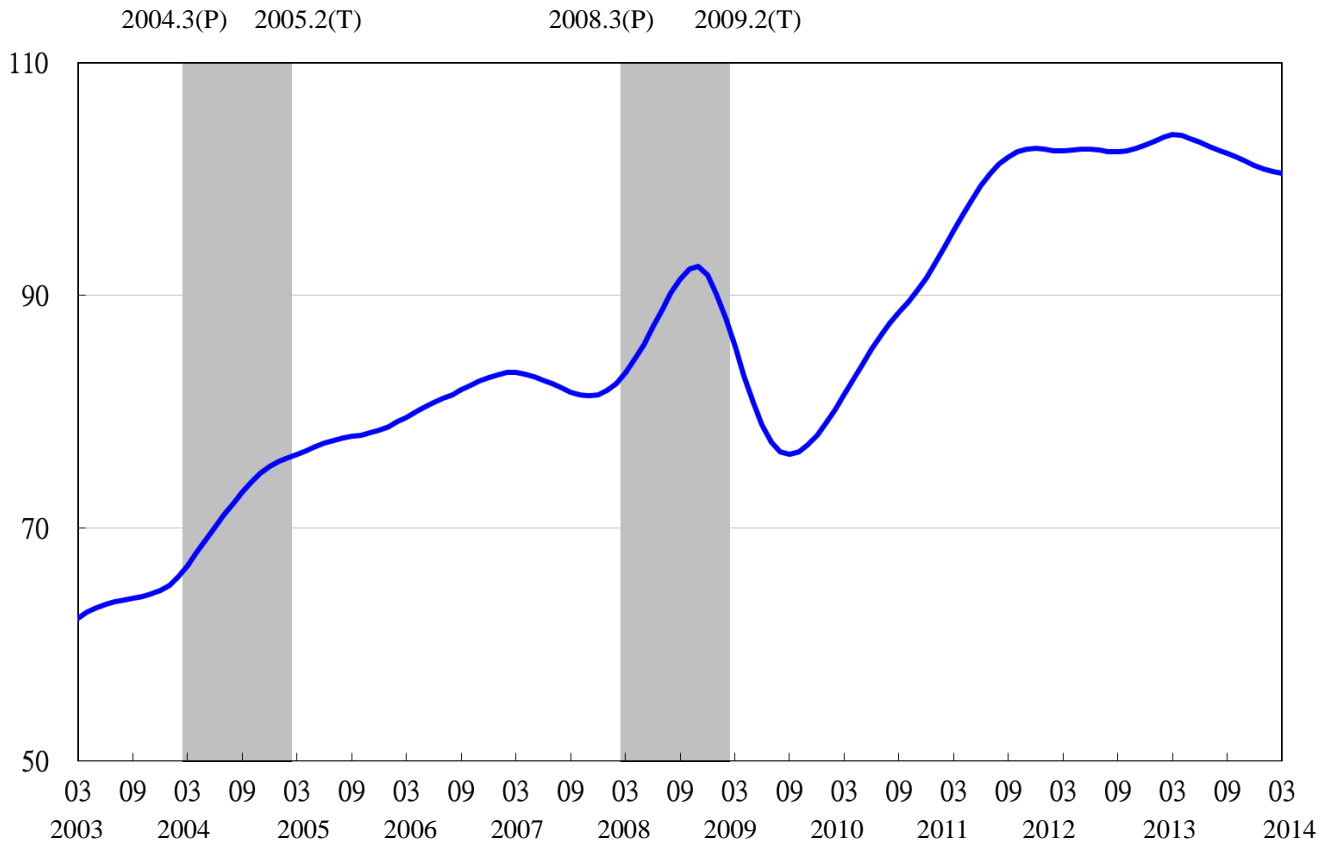
**Figure 2 Trend-adjusted Composite Leading Index**



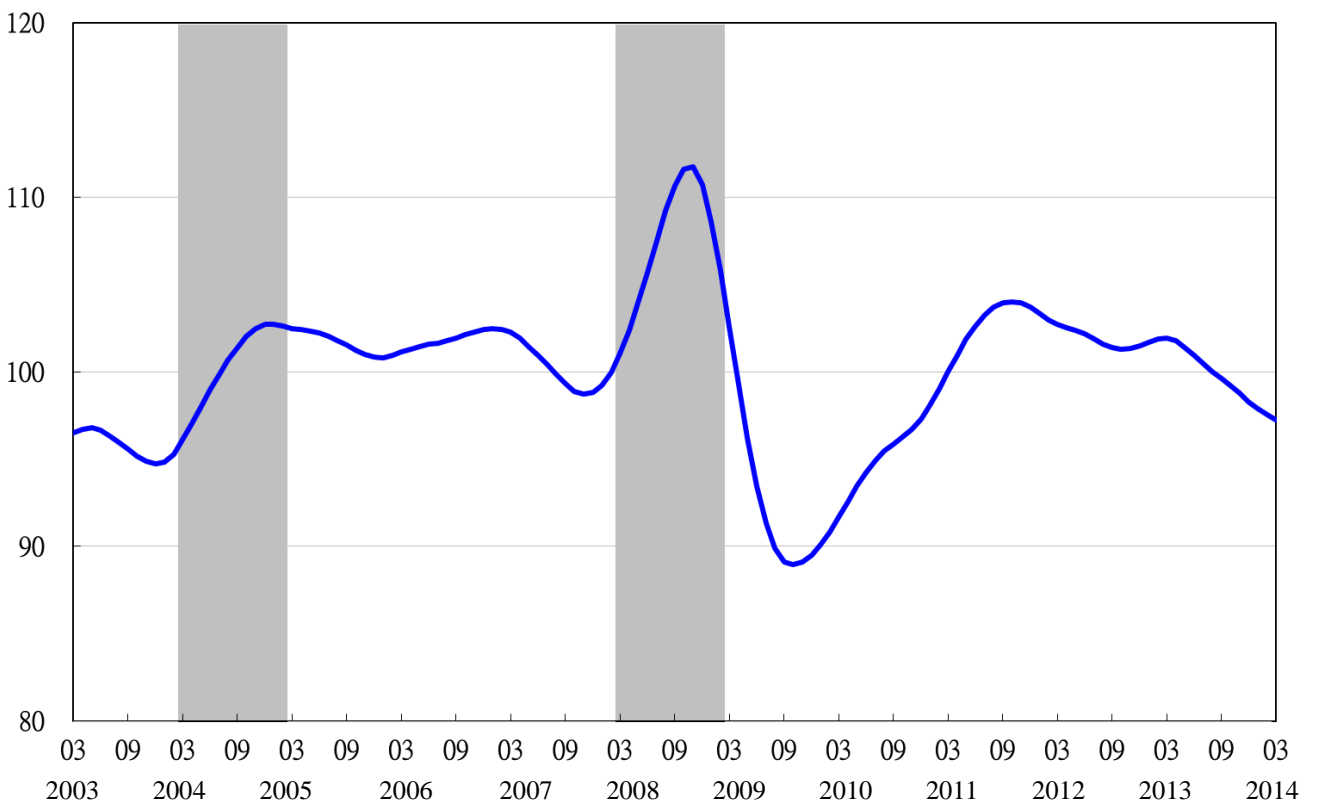
**Figure 3 Composite Coincident Index**



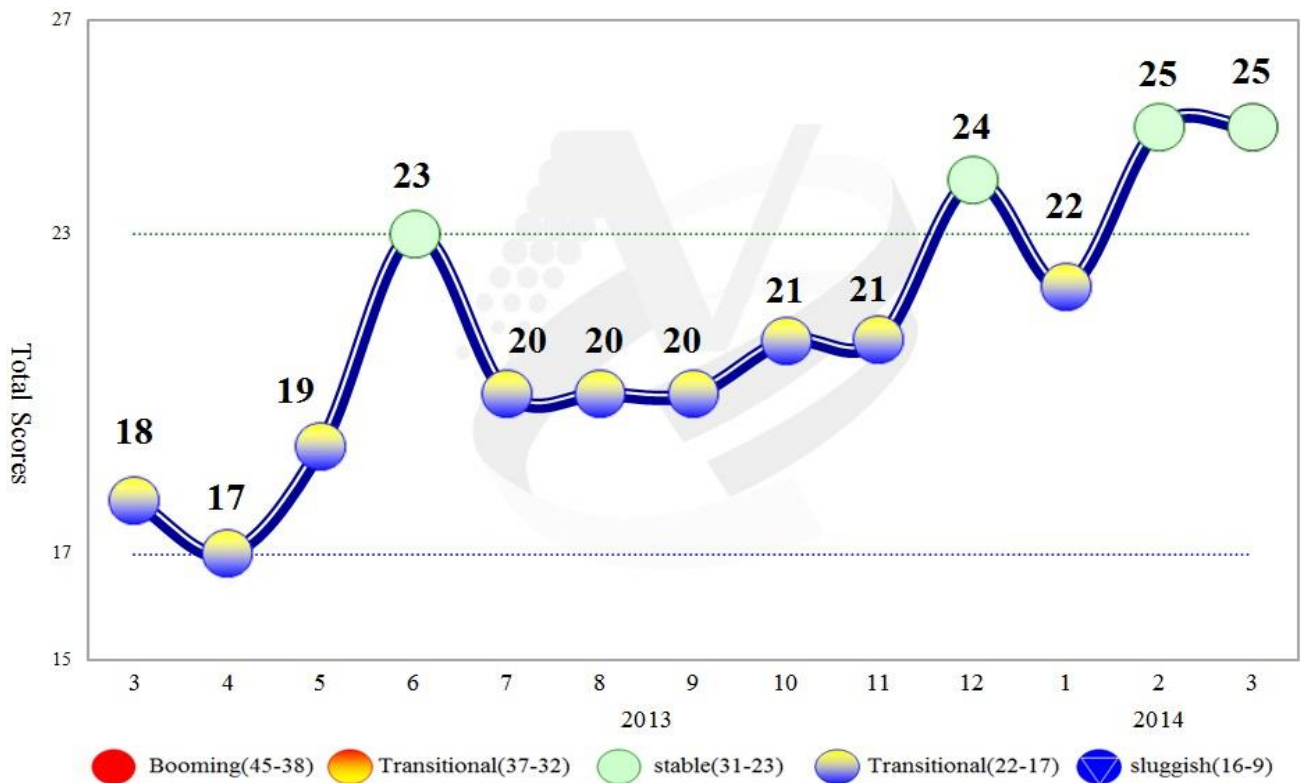
**Figure 4 Trend-adjusted Composite Coincident Index**



**Figure 5 Composite Lagging Index**



**Figure 6 Trend-adjusted Composite Lagging Index**



**Figure 7 Total Scores in the Past Year**

	Month	2013						2014											
		3	4	5	6	7	8	9	10	11	12	1	2	3					
Total	Light					New Series beginning in July 2013*													
	Score	18	17	19	23	20	20	20	21	21	24	22	25	25					
Monetary Aggregates M1B						Monetary Aggregates M1B								9.0		9.0			
Direct and Indirect Finance						---						---							
TAIEX average closing price						TAIEX Average Closing Price								7.1		9.9			
Industrial Production Index						Industrial Production Index								4.0 <sub>t</sub>		2.9			
Nonagricultural Employment						Nonagricultural Employment								1.0		0.9			
Customs-Cleared Exports						Customs-Cleared Exports								7.3		4.0			
Imports of Machinery and Electrical Equipments						Imports of Machineries and Electrical Equipments								-3.8 <sub>t</sub>		10.1			
Manufacturing Sales						Index of producer's shipment for manufacturing								5.2 <sub>t</sub>		3.4 <sub>p</sub>			
Sales Index of Trade and Food Services						Sales of Trade and Food Services								1.1 <sub>t</sub>		1.5			
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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**