

Taiwan Business Indicators in January 2011

Press Release

Council for Economic Planning and Development

March 1, 2011

In January 2011, Taiwan Business Indicators indicated that the economy continued its steady growth optimistically. 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 0.2 points, the trend-adjusted coincident index increased by 0.9% from the previous month, and the overall monitoring indicator flashed the "yellow-red" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 124.8, up by 0.6% from December. Its annualized six-month rate of change increased by 0.2 points to 4.2%. Among the seven indicators making up the trend-adjusted index, index of export orders, stock price index, building permits had positive cyclical movement from previous month. SEMI book-to-bill ratio, index of producer's inventory for manufacturing, average monthly overtime in industry and services, and real monetary aggregates M1B had negative cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 134.6, up by 1.8% from December. Its trend-adjusted index increased by 0.9% to 107.6. Among the seven indicators making up the trend-adjusted index, the industrial production index, electric power consumption, sales index of wholesale, retail and food services, nonagricultural employment, index of producer's shipment for manufacturing and real machineries and electrical equipments imports had positive cyclical movements from previous month. The real customs-cleared exports had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 132.0, up by 1.6% from December. Its trend-adjusted index rose by 0.6% to 105.5. Among the six indicators making up the trend-adjusted index, unemployment rate, loans and investments of major financial institutions, regular employees on payrolls in industry and services,

and interbank overnight call-loan rate had positive cyclical movements from previous month.

4. The Monitoring Indicators: The total score in December 2010 was adjusted upward by one point to 34, following the revision of manufacturing sales. January's total score remained at 34, flashing the "yellow-red" signal for the fifth consecutive month. Among the nine components, direct and indirect finance gained one point and changed its individual light signal from "yellow-blue" to "green", sales index of wholesale, retail and food services gained two points and changed its individual light signal from "green" to "red". Stock price, customs cleared exports and imports of machineries and electrical equipments each lost one point and changed their individual light signals from "yellow-red" to "green". The light signals for the rest of four components remained unchanged.

~~ **The next release is scheduled for March 28 2011** ~~

Leading Indicators

	Seasonally adjusted						
	2010						2011
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	122.4	122.5	122.7	123.0	123.5	124.1	124.8
Change from preceding month (%)	0.0	0.1	0.1	0.3	0.4	0.5	0.6
Annualized 6-month rate of change (%)	10.0	7.6	5.8	4.6	4.1	4.0	4.2
Change from preceding month (point)	-3.2	-2.5	-1.8	-1.1	-0.6	-0.1	0.2
Components							
Index of export orders (2006=100)	133.9	137.3	136.2	135.5	139.6	141.0	148.8
Real monetary aggregates M1B (NT\$ billion)	10,280	10,421	10,530	10,586	10,707	10,806	10,836
Stock price index(1966=100)	7,639	7,884	8,040	8,210	8,350	8,777	8,971
Index of producer's Inventory for manufacturing*(2006=100)	109.8	111.2	110.6	110.8	112.7	113.9	114.7 _p
Average monthly overtime in industry and services (hours/month)	9.0	8.9	8.7	8.8	8.8	8.6	8.7 _p
Building Permits ** (1,000m2)	2,002	2,253	2,300	2,293	2,256	2,584	2,581
SEMI Book-to-Bill Ratio	1.23	1.17	1.03	0.98	0.97	0.90	0.85

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
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	123.5	124.7	126.1	127.8	129.9	132.2	134.6
Change from preceding month (%)	0.9	0.9	1.1	1.4	1.6	1.8	1.8
Trend adjusted index	104.4	104.4	104.6	105.1	105.8	106.6	107.6
Change from preceding month (%)	-0.1	0.0	0.2	0.4	0.7	0.8	0.9
Components							
Industrial production index(2006=100)	121.2	122.2	119.3	124.6	132.5	137.0	138.9
Electric power consumption (billion kWh)	11.32	11.08	11.28	11.23	11.23	11.77	11.64
Index of producer's shipment for manufacturing (2006=100)	122.3	124.5	121.6	126.8	130.2	130.7	132.3 _p
Sales index of wholesale, retail, and food services (2006=100)	109.4	109.3	109.5	110.7	110.6	111.0	113.8
Nonagricultural employment (1,000)	9,971	9,981	9,990	10,005	10,019	10,042	10,067
Real customs-cleared exports (NT\$ billion)	767.6	759.1	743.3	749.6	751.8	764.6	773.7
Real machineries and electrical equipments imports (NT\$ billion)	270.4	276.2	280.9	278.0	281.8	290.9	300.6

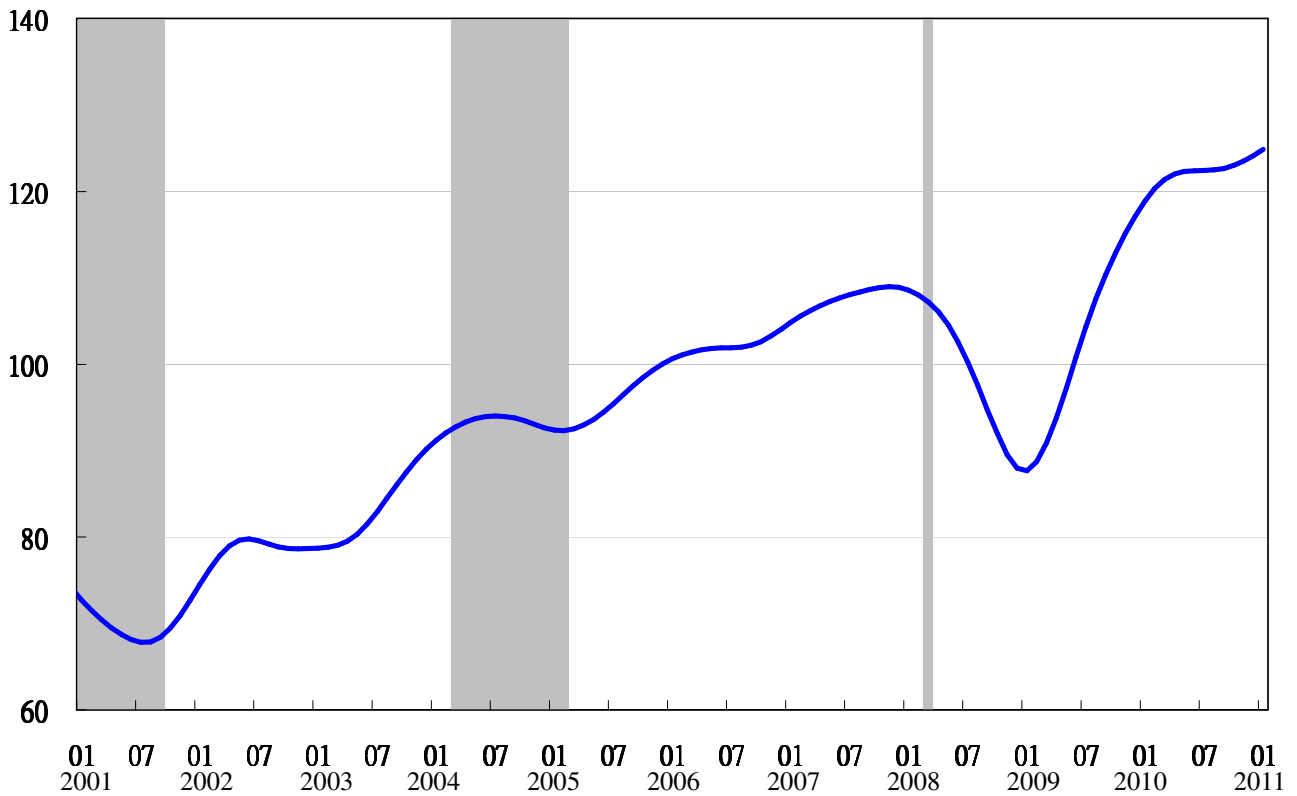
Lagging Indicators

Seasonally adjusted

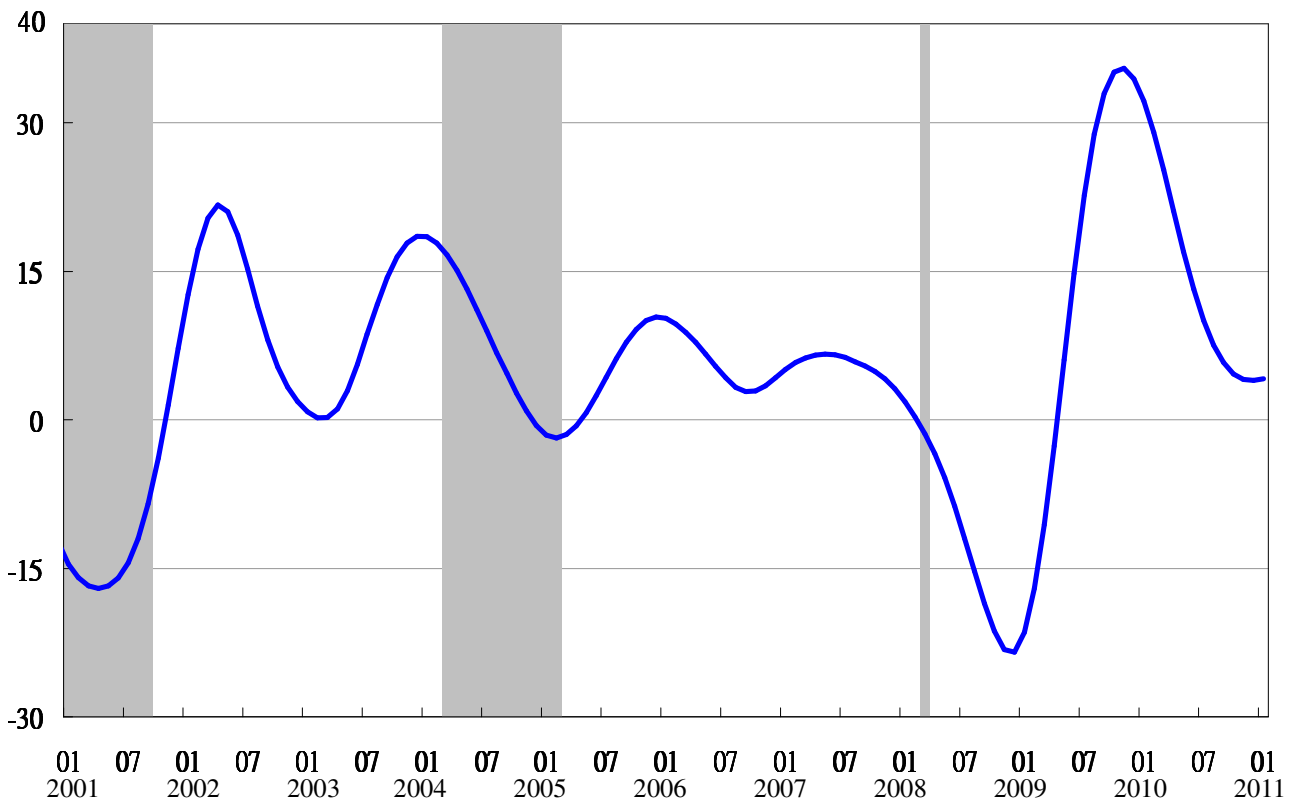
	2010						2011
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	119.5	121.9	124.0	126.0	128.0	130.0	132.0
Change from preceding month (%)	2.2	2.0	1.8	1.6	1.5	1.6	1.6
Trend adjusted index	101.0	102.0	102.9	103.6	104.2	104.8	105.5
Change from preceding month (%)	1.3	1.1	0.8	0.7	0.6	0.6	0.6
Components							
Unemployment rate** (%)	5.15	5.07	5.05	4.96	4.83	4.72	4.71
Regular employees on payrolls in industry & services (Thousand persons)	6,476	6,487	6,506	6,526	6,546	6,570	6,593 _p
The manufacturing unit output labor cost index (index 2006=100)	80.6	80.1	82.2	78.0	77.9	76.3	76.3 _p
Interbank overnight call-loan rate (percent per annum)	0.196	0.203	0.210	0.226	0.231	0.239	0.257
Loans and investments of major financial institutions (NT\$ billion)	22,046	22,266	22,198	22,404	22,578	22,773	23,066
Inventories to sales ratio for manufacturing (%)	62.47	61.32	60.54	59.55	56.70	57.29	57.09 _p

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

Composite Leading Index

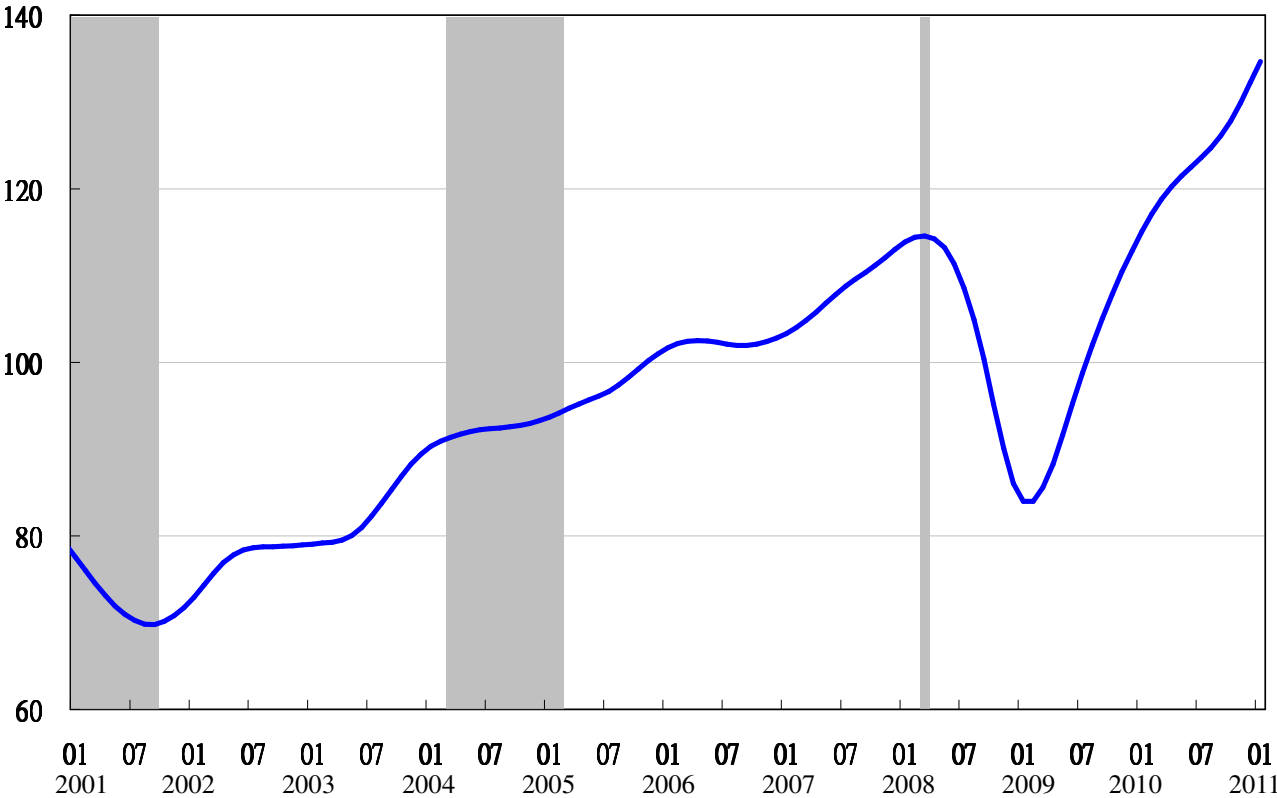


Annualized 6-month rate of change of composite leading index

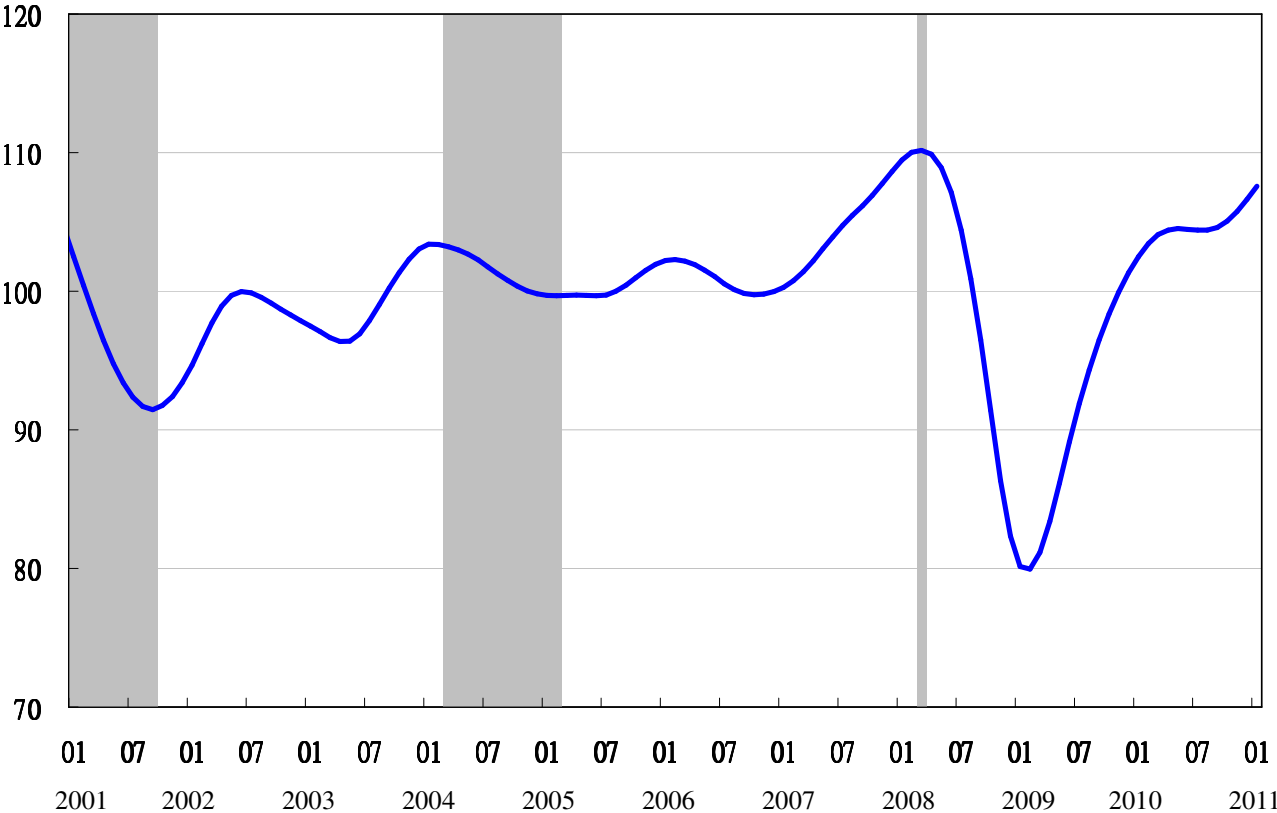


Shaded areas represent recessions.

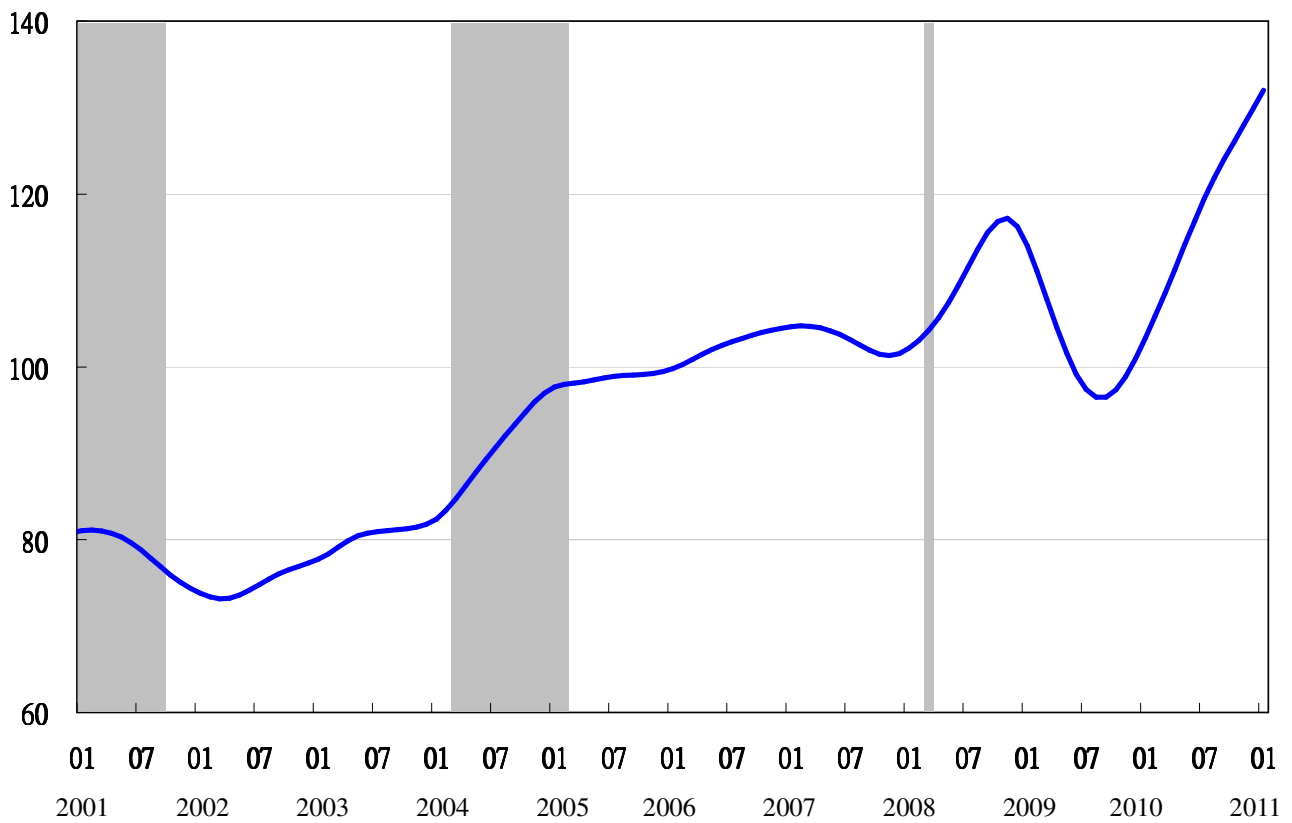
Composite Coincident Index



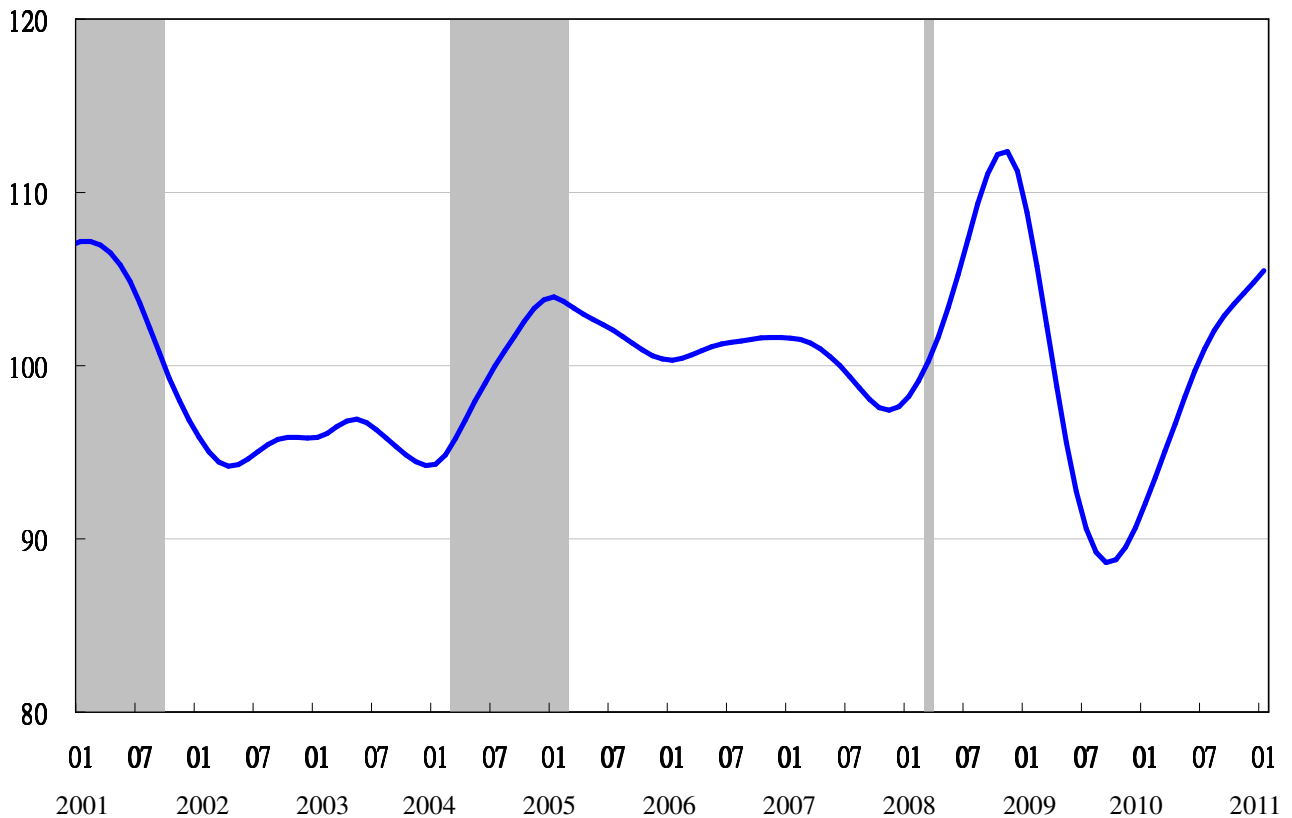
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

		2010												2011	
		1	2	3	4	5	6	7	8	9	10	11	12	1	
Total	Light Score														
		38	38	39	39	37	37	38	38	37	34	32	34 _p	34	
Monetary Aggregates MIB														9.0	
Direct and Indirect Finance														5.2	
Stock Price Index														10.8	
Industrial Production Index														17.2	
Nonagricultural Employment														2.42	
Exports														6.7	
Imports of Machinery and Electrical Equipment														15.8	
Manufacturing Sales														11.2 _p	
Wholesale, Retail and Food Services Sales														10.7	

● 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.