

## Taiwan Business Indicators in March 2006

Press Release

Council for Economic Planning and Development

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In March 2006, Taiwan's business indicators displayed declines on both the real and financial sides of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index decreased 2.3% and 1.1%, respectively, from the previous month. The monitoring indicators flashed "green" for the eighth consecutive month in March, reflecting continued steady expansion of the economy.

1. **Leading Indicators.** The leading index stood at 107.2 (2001=100), sliding 2.3% from February, based on revised data. All seven indicators that make up the composite index made negative contribution. These are wholesale price change from six months earlier, money supply M1B\*, manufacturing new orders\*, customs-cleared exports\*, floor area of building construction permits, stock prices\*, and average work hours in the manufacturing sector.

(Note: components marked with an asterisk indicate year-on-year change rate)

2. **Coincident Indicators.** The coincident index stood at 113.0 (2001=100), declining 1.1% from February. Among the six indicators that make up the composite index, the only one that made positive contribution was average monthly wage of manufacturing workers\*. Four components that made negative contribution were manufacturing production\*, industrial production\*, bank clearings\* and manufacturing sales. Domestic freight was not included due to data unavailability.

3. The Monitoring Indicators. The total score recorded 23 points in March, down 5 points from February. The loss was attributable to decelerations in money supply M1B, bank clearings and remittance, manufacturing new orders, customs-cleared exports, and industrial production. The light signals for direct and indirect finance, stock prices, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. The March survey of manufacturers indicated that 18% of manufacturing businesses expected the economy to be better over the next three months, down from the revised 31% a month earlier, while another 11% held a negative view, up from the revised 10% a month earlier; and 71% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 59% in the February survey.

**~~ The next release is scheduled for May 26, 2006 ~~**

## Leading Indicators

	Seasonally adjusted						
	2005				2006		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index(2001=100)	108.8	107.8 <sub>r</sub>	109.2 <sub>r</sub>	109.6 <sub>r</sub>	109.3 <sub>r</sub>	109.7 <sub>r</sub>	107.2 <sub>p</sub>
Change from prior month (%)	0.2 <sub>r</sub>	-0.9 <sub>r</sub>	1.3 <sub>r</sub>	0.4 <sub>r</sub>	-0.3 <sub>r</sub>	0.4 <sub>r</sub>	-2.3 <sub>p</sub>
Indicators :							
Manufacturing new orders (yoy %)	3.2	3.3	4.2	3.9	5.1	8.6	4.7 <sub>p</sub>
Manufacturing work hours (monthly average)	190.9	186.5	189.9	187.4	187.1	190.0 <sub>r</sub>	189.2 <sub>p</sub>
Customs-cleared exports (yoy %)	5.4	11.4	13.2	20.5	16.1 <sub>r</sub>	17.4	13.5 <sub>p</sub>
Money supply M1B (yoy %)	6.1	5.1	5.4	6.6	7.2	6.9	4.6
Wholesale price ( % change from 6 month earlier )	2.6 <sub>r</sub>	2.3 <sub>r</sub>	3.0 <sub>r</sub>	2.8 <sub>r</sub>	1.3 <sub>r</sub>	1.6 <sub>r</sub>	-0.3 <sub>p</sub>
Stock price (yoy %)	3.4	-0.1	2.4	6.9	11.7	8.4	6.5
Floor area of building construction permits (1000 m <sup>2</sup> )	3,896	3,441	3,766	3,463	3,439 <sub>r</sub>	3,166 <sub>r</sub>	2,939 <sub>p</sub>

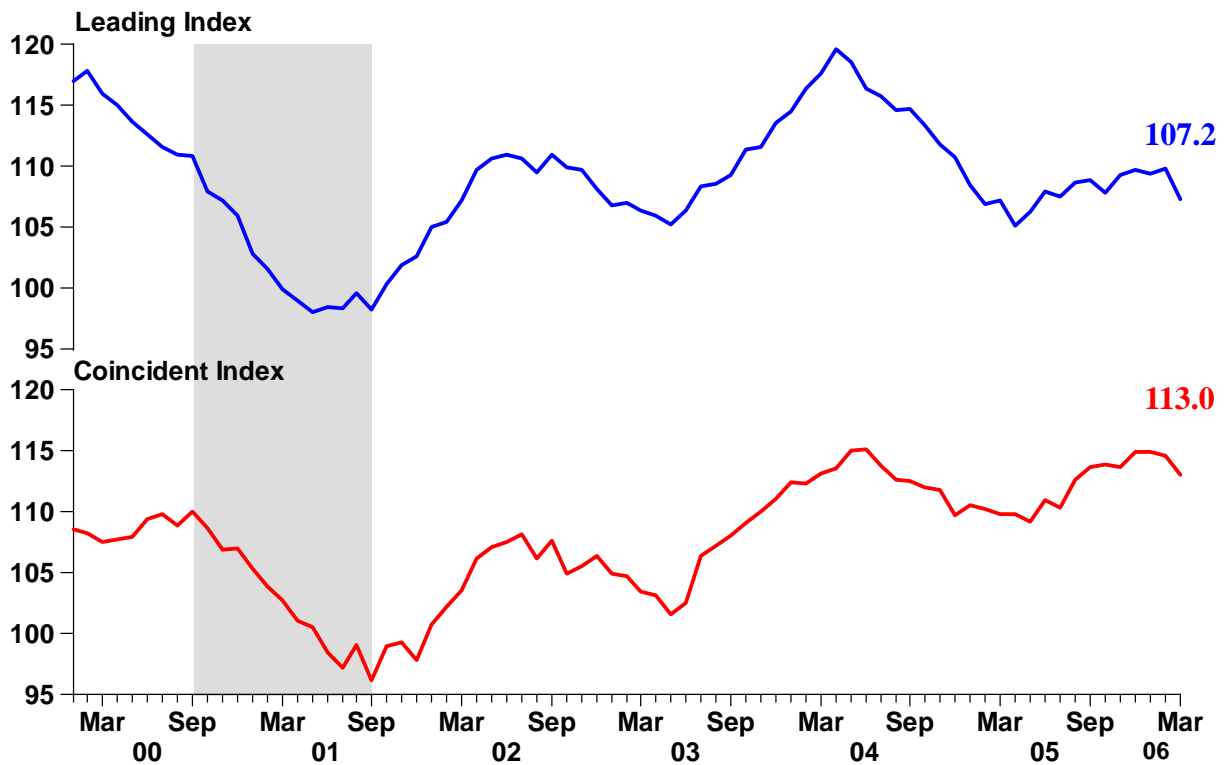
p: Preliminary. r: Revised.

## Coincident Indicators

	Seasonally adjusted						
	2005				2006		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite index(2001=100)	113.5	113.8	113.6	114.8	114.8	114.2 <sub>r</sub>	113.0 <sub>p</sub>
Change from prior month (%)	0.8	0.3	-0.2	1.1	0.0	-0.5	-1.1 <sub>p</sub>
Indicators :							
Industrial production (yoy %)	7.8	8.6	9.2	10.6	9.6	8.3 <sub>r</sub>	6.3 <sub>p</sub>
Manufacturing production (yoy %)	8.1	8.2	10.4	11.1	10.4	9.8	6.1 <sub>p</sub>
Manufacturing sales (NT\$ billion)	795.3	786.3	795.2	798.3	799.4	793.5	784.9 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	3.3	2.5	0.7	2.4	1.6	1.8 <sub>r</sub>	2.8 <sub>p</sub>
Bank clearings (yoy %)	-4.6	2.6	-5.9	-0.7	6.7	4.2	0.4
Domestic freight (million t-km)	1,825	1,816	1,790	1,827	-	-	-

p: Preliminary. r: Revised.

## Taiwan Composite Indices of Cyclical Indicators



## Monitoring Indications

		2005										2006			
		3	4	5	6	7	8	9	10	11	12	1	2	3	
Total Scores															
		22	20	18	20	19	23	23	24	24	27	28	28	23	
Financial Sector	Monetary Aggregates M1B, yoy%														4.6
	Direct and Indirect Finance, yoy%														6.4
	Bank Clearings and Remittance, yoy%														0.7
	Stock Price Index, 1966=100, yoy%														6.5
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%														4.4 <sub>p</sub>
	Exports, 2001\$, yoy%														12.4
	Industrial Production Index, 2001=100, yoy%														6.3
	Manufacturing Inventory-to-Sales ratio, %														64.2
Nonagricultural Employment, yoy%															2.0

Note: All data, except stock price index, have been seasonally adjusted.

## Business Expectations

		Business conditions 3 months later (% of manufacturing firms surveyed)				Capacity utilization (%)	Profit rate (%)	
		Better (1)	Same (2)	Worse (3)	Net change (1)-(3)			Net change Seasonally adjusted
2005	Feb	23	67	10	13	-1	77.0	4.6
	Mar	17	72	11	6	1	80.5	5.1
	Apr	14	67	19	-5	-2	79.8	5.0
	May	18	65	17	1	3	79.8	5.0
	Jun	19	61	20	-1	4	79.6	4.9
	Jul	17	60	23	-6	0	79.6	4.8
	Aug	19	65	16	3	2	81.0	5.0
	Sep	12	66	22	-10	-5	80.8	5.2
	Oct	11	64	25	-14	-7	81.0	5.2
	Nov	11	68	21	-10	-3	81.0	5.1
	Dec	13	69	18	-5	-5	81.2	4.9
	2006	Jan	19	63	18	1	-4	78.9
Feb <sub>r</sub>		31	59	10	21	4	78.1	4.6
Mar <sub>p</sub>		18	71	11	7	2	81.0	4.9