

## Taiwan Business Indicators in February 2006

Press Release

Council for Economic Planning and Development

March 27, 2006

In February 2006, Taiwan's business indicators continued to display upturns 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 increased 0.1% and 0.9%, respectively, from the previous month. The monitoring indicators flashed "green" for the seventh consecutive month in February, reflecting the steadily gathering momentum of the economy.

1. **Leading Indicators.** The leading index stood at 109.6 (2001=100), increasing 0.1% from January, based on revised data. Among the seven indicators that make up the composite index, three that made positive contribution were manufacturing new orders\*, wholesale price change from six months earlier, and customs-cleared exports\*. Four that made negative contribution were stock prices\*, money supply M1B\*, floor area of building construction permits 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 114.2 (2001=100), declining 0.5% from January, based on revised data. Among the six indicators that make up the composite index, one that made positive contribution was average monthly wage of manufacturing workers\*. Four components that made negative contribution were bank clearings\*, manufacturing sales, industrial production\*, and manufacturing production\*. Domestic freight was not included due to data availability.

3. The Monitoring Indicators. The total score in January was revised downward by one point to 28 points, following the revision of industrial production. In February, it continued to be 28. The individual score of components -- money supply M1B, direct and indirect finance, bank clearings and remittance, stock prices, manufacturing new orders, customs-cleared exports, industrial production, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. The February survey of manufacturers indicated that 30% of manufacturing businesses expected the economy to be better over the next three months, up from the revised 19% a month earlier, while another 11% held a negative view, down from the revised 18% a month earlier; and 59% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from the revised 63% in the December survey.

**~~ The next release is scheduled for April 27, 2006 ~~**

## Leading Indicators

Seasonally adjusted

	2005					2006	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite index(2001=100)	108.4	108.8	107.7	109.3	109.9 <sub>r</sub>	109.5 <sub>r</sub>	109.6 <sub>p</sub>
Change from prior month (%)	0.9	0.4	-1.0	1.5	0.5	-0.4 <sub>r</sub>	0.1 <sub>p</sub>
Indicators :							
Manufacturing new orders (yoy %)	4.5	3.2	3.3	4.2	3.9	5.1	8.6 <sub>p</sub>
Manufacturing work hours (monthly average)	190.3	190.9	186.5	189.9	187.4	187.1 <sub>r</sub>	186.0 <sub>p</sub>
Customs-cleared exports (yoy %)	0.8	5.4	11.4	13.2	20.5	17.0	17.4 <sub>p</sub>
Money supply M1B (yoy %)	7.4	6.1	5.1	5.4	6.6	7.2	6.9
Wholesale price ( % change from 6 month earlier )	0.5	2.5	1.9	3.4	3.5 <sub>r</sub>	1.4	1.8 <sub>p</sub>
Stock price (yoy %)	13.6	3.4	-0.1	2.4	6.9	11.7	8.4
Floor area of building construction permits (1000 m <sup>2</sup> )	3,532	3,896	3,441	3,766	3,463	3,542 <sub>r</sub>	3,481 <sub>p</sub>

p: Preliminary. r: Revised.

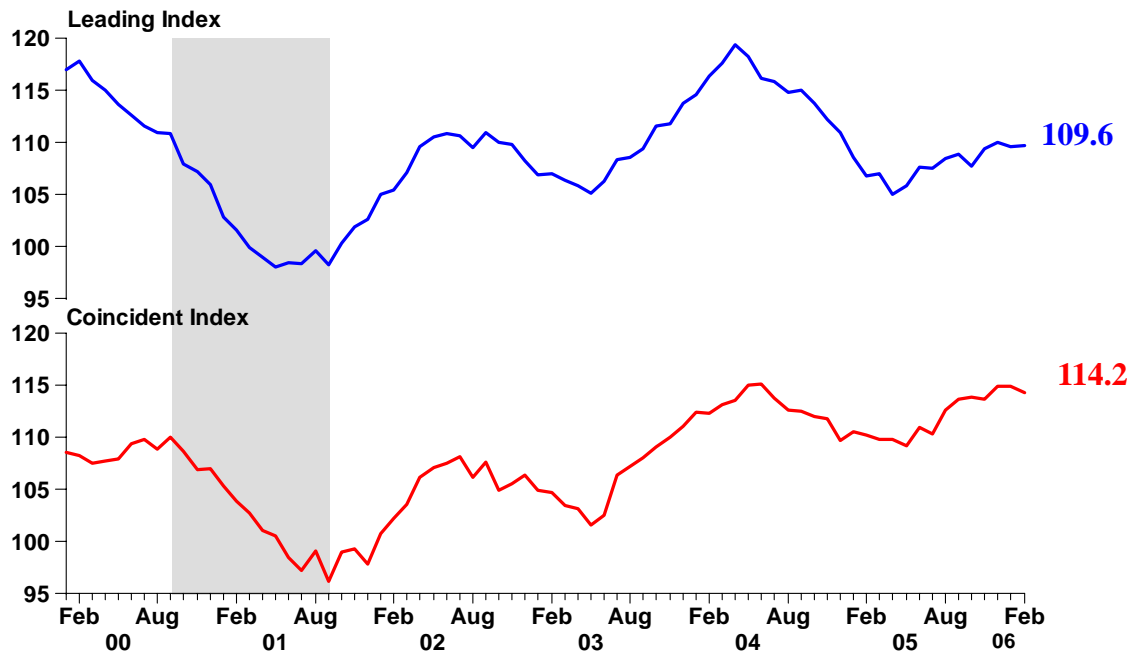
## Coincident Indicators

Seasonally adjusted

	2005					2006	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Composite index(2001=100)	112.6	113.5	113.8	113.6 <sub>r</sub>	114.8 <sub>r</sub>	114.8 <sub>r</sub>	114.2 <sub>p</sub>
Change from prior month (%)	2.2	0.8	0.3	-0.2 <sub>r</sub>	1.1 <sub>r</sub>	0.0 <sub>r</sub>	-0.5 <sub>p</sub>
Indicators :							
Industrial production (yoy %)	6.0	7.8	8.6	9.2	10.6	9.6 <sub>r</sub>	8.7 <sub>p</sub>
Manufacturing production (yoy %)	5.4	8.1	8.2	10.4	11.1	10.4 <sub>r</sub>	9.8 <sub>p</sub>
Manufacturing sales (NT\$ billion)	7,814	7,953	7,863	7,952	7,983	7,994 <sub>r</sub>	7,935 <sub>p</sub>
Manufacturing average monthly wage (yoy %)	2.7	3.3	2.5	0.7	2.4	1.6	1.7 <sub>p</sub>
Bank clearings (yoy %)	-0.1	-4.6	2.6	-5.9	-0.7	6.7	4.2
Domestic freight (million t-km)	1,822	1,825	1,816	1,790	1,827	-	-

p: Preliminary. r: Revised.

## Taiwan Composite Indices of Cyclical Indicators



## Monitoring Indications

		2005												2006	
		2	3	4	5	6	7	8	9	10	11	12	1	2	
Total Scores															
		23	22	20	18	20	19	23	23	24	24	27	28	28	
Financial Sector	Monetary Aggregates M1B, yoy%													6.9	
	Direct and Indirect Finance, yoy%													7.3	
	Bank Clearings and Remittance, yoy%													4.5	
	Stock Price Index, 1966=100, yoy%													8.4	
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													8.8 <sub>p</sub>	
	Exports, 2001\$, yoy%													17.7	
	Industrial Production Index, 2001=100, yoy %													8.7 <sub>p</sub>	
	Manufacturing Inventory-to-Sales ratio, %													60.7 <sub>p</sub>	
	Nonagricultural Employment, yoy%													1.9	

Overheating 
 Transition in need of watching 
 Steadily moving forward 
 Transition in need of watching 
 Transition in need of watching

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 <sub>r</sub>	19	63	18	1	-4	78.9
Feb <sub>p</sub>		30	59	11	19	2	78.1	4.6