

Taiwan Business Indicators in July 2006

Press Release

Council for Economic Planning and Development

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In July 2006, Taiwan's business indicators displayed mixed signals of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index decreased 0.5% while the coincident index increased 1.5%, from the previous month. The monitoring indicators flashed "yellow-blue" for the second consecutive month, reflecting decelerations in major financial indicators despite continued buoyancy in the real side of the economy.

1. **Leading Indicators.** The leading index stood at 110.2 (2001=100), decreasing 0.5% from June, based on revised data. Among the seven indicators that made up the composite index, two that made positive contribution were wholesale price change from six months earlier and manufacturing new orders*. Five that made negative contribution were money supply M1B*, average work hours in the manufacturing sector, stock prices*, customs-cleared exports*, and floor area of building construction permits.

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

2. **Coincident Indicators.** The coincident index stood at 112.7 (2001=100), increasing 1.5% from June, based on revised data. Among the six indicators that made up the composite index, four that made positive contribution were industrial production*, bank clearings*, manufacturing sales, and manufacturing production*. One that made negative contribution was average monthly wage of manufacturing workers*. Domestic freight was not included due to data unavailability.
3. **The Monitoring Indicators.** The total score increased 1 point to 22 in July from June, flashing the signal of "yellow-blue" for the second

consecutive month. Among the nine indicators, three showed changes in their individual light signals, two with gains and one with loss. The improvement was recorded in industrial production and non-agricultural employment, while the fall was recorded in money supply M1B. The light signals for direct and indirect finance, bank clearings and remittance, stock prices, manufacturing new orders, customs-cleared exports, and manufacturing inventory remained unchanged.

4. Business Expectations. The July survey of manufacturers indicated that 16% of the respondents expected the economy to become better over the next three months, up from the revised 14% a month earlier, while another 13% held a negative view, down from the revised 17% a month earlier; and 71% of the manufacturers surveyed expected the economy's performance to remain unchanged, up from 69% in the June survey.

~~ The next release is scheduled for September 27, 2006 ~~

Leading Indicators

Seasonally adjusted

	2006						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite index(2001=100)	109.3	109.8	107.6	108.3	110.4	110.7 _r	110.2 _p
Change from prior month (%)	-0.3	0.5	-2.0	0.7	1.9	0.3 _r	-0.5 _p
Indicators :							
Manufacturing new orders (yoy %)	5.1	8.6	4.7	4.5	7.8	5.0	6.0 _p
Manufacturing work hours (monthly average)	187.1	190.0	189.0	185.7	188.7	192.3 _r	188.9 _p
Customs-cleared exports (yoy %)	16.1	17.4	13.6	12.0	13.2 _r	21.3	20.0 _p
Money supply M1B (yoy %)	7.2	6.9	4.6	5.6	7.1	5.2	3.1
Wholesale price (% change from 6 month earlier)	1.3	1.7	-0.2	0.8	3.3 _r	5.4 _r	7.2 _p
Stock price (yoy %)	11.7	8.4	6.5	18.1	20.1	5.2	2.7
Floor area of building construction permits (1000 m ²)	3,439	3,166	3,223	3,150	3,069	3,305 _r	3,268 _p

p: Preliminary. r: Revised.

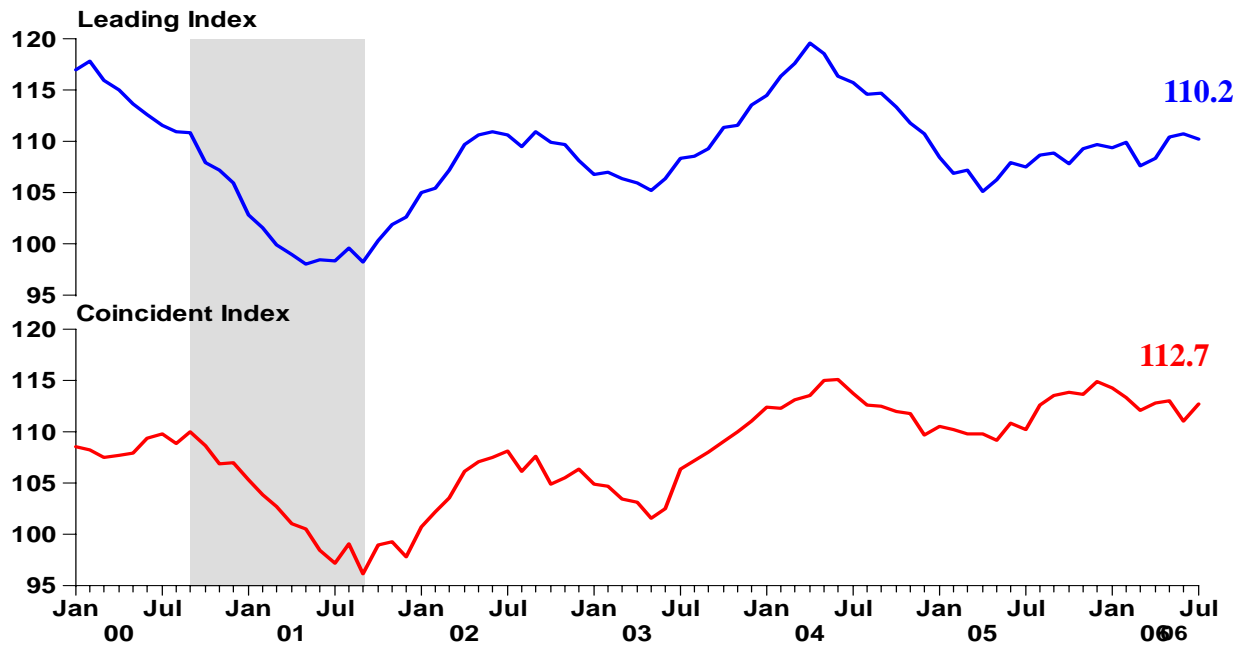
Coincident Indicators

Seasonally adjusted

	2006						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Composite index(2001=100)	114.2	113.3	112.0	112.8	113.0	111.0 _r	112.7 _p
Change from prior month (%)	-0.5	-0.8	-1.1	0.7	0.2	-1.8 _r	1.5 _p
Indicators :							
Industrial production (yoy %)	9.6	8.3	6.8	7.6	7.4	6.0 _r	7.9 _p
Manufacturing production (yoy %)	10.4	9.8	6.2	7.9	7.3	6.2 _r	8.2 _p
Manufacturing sales (NT\$ billion)	799.4	793.5	784.9	799.1	793.9	792.1	806.6 _p
Manufacturing average monthly wage (yoy %)	1.6	1.8	2.3	2.5	4.5	-0.2 _r	-0.5 _p
Bank clearings (yoy %)	6.7	4.2	0.4	2.0	0.9	-4.0	5.2
Domestic freight (million t-km)	1,806	1,788	1,771	1,771	-	-	-

p: Preliminary. r: Revised.

Composite Indices of Cyclical Indicators



Monitoring Indications

		2005						2006						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Total Scores														
		19	23	23	24	24	27	28	28	23	23	24	21	22
Financial Sector	Monetary Aggregates M1B, yoy %													3.1
	Direct and Indirect Finance, yoy %													5.3
	Bank Clearings and Remittance, yoy %													-2.1
	Stock Price Index, 1966=100, yoy %													2.7
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %													-2.3 _p
	Exports, 2001\$, yoy %													14.8
	Industrial Production Index, 2001=100, yoy %													7.9
	Manufacturing Inventory-to-Sales ratio, %													64.8 _p
	Nonagricultural Employment, yoy %													2.5

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	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	4.9
	Feb	31	59	10	21	4	78.1	4.6
	Mar	18	73	9	9	4	81.0	4.9
	Apr	15	70	15	0	3	80.4	4.9
	May	18	69	13	5	5	80.8	5.0
	Jun _r	14	69	17	-3	2	80.5	5.0
	Jul _p	16	71	13	3	6	80.4	4.9