

Taiwan Business Indicators in April 2005

Press Release

Council for Economic Planning and Development

May 27, 2005

In April 2005, Taiwan's business indicators displayed a continued softening on both the financial and real 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 by 1.5% and 0.1%, respectively. The monitoring indicators flashed "yellow-green" for the second successive month since July 2003, signaling the economy's continued shift to a slower pace.

1. **Leading Indicators.** The leading index stood at 105.4 (2001=100), down 1.5% from March, based on revised data. Among the seven indicators that make up the leading index, one that made positive contribution was wholesale price change from six months earlier. The components that made negative contribution were money supply M1B*, floor area of building construction permits, manufacturers' new orders*, average work hours in the manufacturing sector, stock prices*, and customs-cleared exports*.

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

2. **Coincident Indicators.** The coincident index stood at 109.5 (2001=100), based on revised data, declining 0.1% from March. Among the six indicators that make up the coincident index, two that made positive contribution were industrial production* and average monthly wage of manufacturing workers*. Three components that made negative contribution were manufacturing sales, bank clearings* and manufacturing production*. Domestic freight was not included due to data availability.

3. The Monitoring Indicators. The total score of the monitoring indicators in March was adjusted upward by one point to 22 points, following the revision of industrial production statistics. In April the score fell by two points to 20. The fall is attributable to slower growth in direct and indirect finance and manufacturing new orders. The light signals for M1B money supply, bank clearings and remittances, stock prices, customs-cleared exports, industrial production, manufacturing inventory and non-agricultural employment remained unchanged.
4. Business Expectations. A survey of manufacturers for April indicated that 13% of manufacturing businesses expected the economy to be better over the next three months, down from 17% a month earlier, while another 18% held a negative view, up from 11% a month earlier; 69% of the manufacturers surveyed expected the economy's performance to remain unchanged, down from the revised 72% of the March survey.

~~ The next release is scheduled for June 27, 2005 ~~

Leading Indicators

Seasonally adjusted

	2004			2005			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index(2001=100)	113.6	112.2	111.0	108.5	106.7	107.0 _r	105.4 _p
Change from prior month (%)	-1.3	-1.2	-1.1	-2.3	-1.7	0.3 _r	-1.5 _p
Indicators :							
Manufacturing new orders (yoy %)	21.4	20.2	15.2	12.4	9.6	7.3	3.9 _p
Manufacturing work hours (monthly average)	190.9	192.3	190.7	190.1	187.5	191.3 _r	189.5 _p
Customs-cleared exports (yoy %)	14.6	9.7	5.9	4.8	4.0 _r	6.2	6.1 _p
Money supply M1B (yoy %)	14.4	13.7	14.3	11.6	8.1	8.3	6.2
Wholesale price (% change from 6 month earlier)	5.1	2.5	0.7	-1.4	-2.7	-2.9 _r	-2.8 _p
Stock price (yoy %)	-0.9	-1.1	1.9	-5.1	-6.4	-8.3	-11.9
Floor area of building construction permits (1000 m ²)	3,486	3,579	3,812	3,529	3,825	3,739 _r	3,354 _p

p: Preliminary. r: Revised.

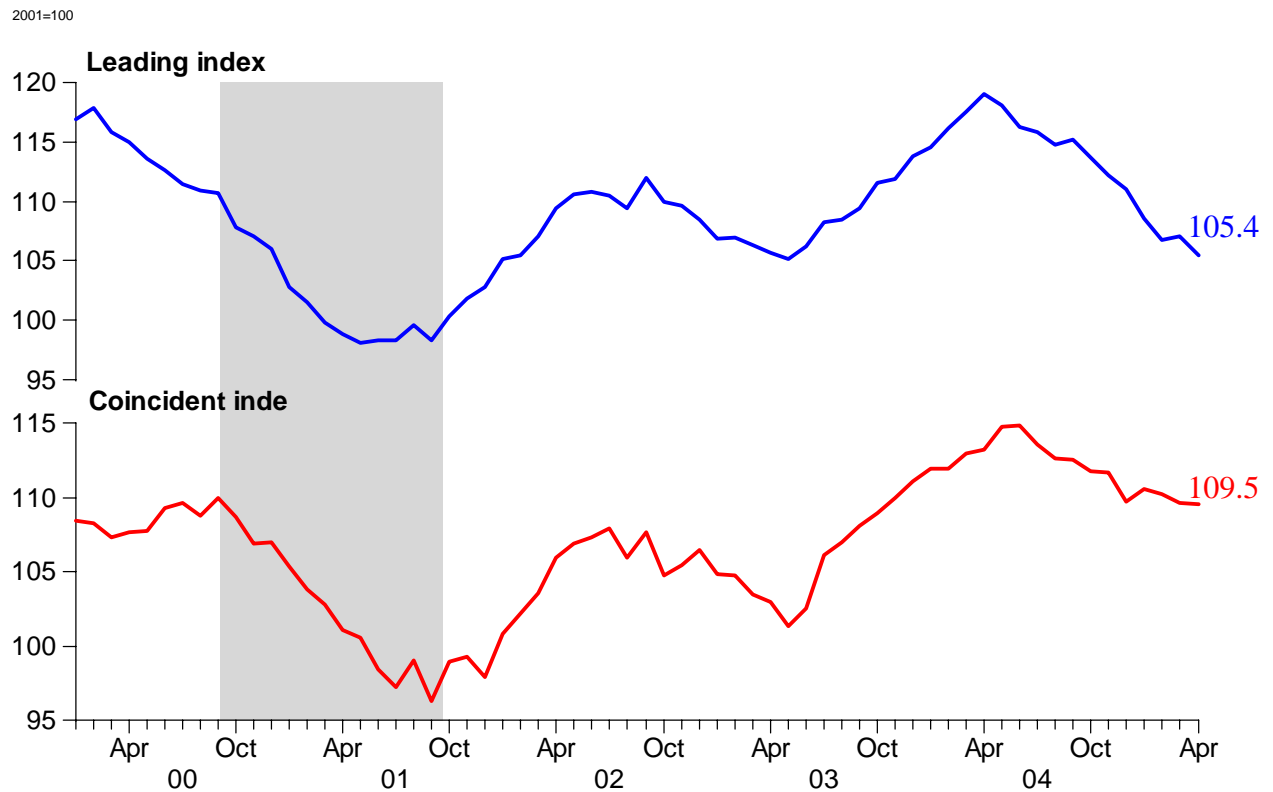
Coincident Indicators

Seasonally adjusted

	2004			2005			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite index(2001=100)	111.7	111.6	109.7	110.5 _r	110.2 _r	109.6 _r	109.5 _p
Change from prior month (%)	-0.7	-0.1	-1.7	0.7 _r	-0.3 _r	-0.5 _r	-0.1 _p
Indicators :							
Industrial production (yoy %)	5.2	4.5	-1.6	1.2 _r	0.1 _r	0.4 _r	1.4 _p
Manufacturing production (yoy %)	5.4	3.7	-2.4	0.5 _r	2.9 _r	0.5 _r	0.5 _p
Manufacturing sales (NT\$ billion)	805.4	802.3	785.5	804.7	791.5	789.5 _r	777.6 _p
Manufacturing average monthly wage (yoy %)	2.5	1.4	4.1	2.1	0.7	1.0 _r	1.3 _p
Bank clearings (yoy %)	-17.0	-6.1	-15.3	-13.5	-18.1	-20.1	-21.4
Domestic freight (million t-km)	1,816	1,810	1,817	1,807	1,822	-	-

p: Preliminary. r: Revised.

Taiwan Composite Indices of Cyclical Indicators



Monitoring Indications

		2004										2005			
		4	5	6	7	8	9	10	11	12	1	2	3	4	
Total Scores		37	39	36	35	33	32	29	28	26	23	23	22	19	
Financial Sector	Monetary Aggregates M1B, yoy%													6.2	
	Direct and Indirect Finance, yoy%													6.8	
	Bank Clearings and Remittance, yoy%													-12.5	
	Stock Price Index, 1966=100, yoy%													-11.9	
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													1.4	
	Exports, 2001\$, yoy%													6.4 _p	
	Industrial Production Index, 2001=100, yoy%													1.4 _p	
	Manufacturing Inventory-to-Sales ratio, %													64.8 _p	
Nonagricultural Employment, yoy%														2.4	

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

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)		
2004	Feb	32	58	10	22	79.3	5.2
	Mar	19	70	11	8	81.0	5.4
	Apr	13	74	13	0	80.5	5.2
	May	14	69	17	-3	80.3	5.2
	Jun	12	73	15	-3	80.3	5.0
	Jul	12	71	17	-5	80.7	5.1
	Aug	16	71	13	3	80.5	5.0
	Sep	14	68	18	-4	80.4	5.0
	Oct	13	72	15	-2	80.4	5.0
	Nov	12	68	20	-8	80.1	4.9
	Dec	12	71	17	-5	80.3	4.8
	2005	Jan	22	64	14	8	80.3
Feb		23	67	10	13	77.0	4.6
Mar _r		17	72	11	6	80.5	5.1
Apr _p		13	69	18	-5	80.0	5.0

p: Preliminary. r: Revised.