

Taiwan Business Indicators in February 2016

Press Release

National Development Council (NDC)

March 28, 2016

In February 2016, the Taiwan Business Indicators showed the economic recovery to remain on the slower track. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index decreased by 0.76%, the trend-adjusted coincident index decreased by 0.44% from the previous month, and the overall monitoring indicator flashed the "blue" signal.

1. The Monitoring Indicators: The total score in February 2016 increased by two points to 16, flashing the "blue" signal for the ninth month. Among the nine components, the imports of machineries and electrical equipments gained one point to change its individual light from "yellow-blue" to "green", the TIER manufacturing sector composite indicator gained one point to change its individual light from "blue" to "yellow-blue". The light signal for the rest of seven components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 96.83, down by 0.76% from January 2016. Among the seven indicators making up the trend-adjusted index, the TIER manufacturing sector composite indicator, SEMI book-to-bill ratio, and net accession rate of employees on payrolls of industry and services had positive cyclical movements from the previous month, while building permits, the index of export orders, real monetary aggregates M1B, and TAIEX average closing price had negative cyclical movements.
3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 97.82, down by 0.44% from January 2016. Among the seven indicators making up the trend-adjusted index, real customs-cleared exports had positive cyclical movement from the previous month, while sales of trade and food services, the index of producer's shipment for manufacturing, electric power consumption, real machineries and electrical equipments imports, the industrial

production index, and nonagricultural employment had negative cyclical movements.

4. Lagging Indicators: With revised data, the trend-adjusted lagging index stood at 99.01, down by 0.55% from January 2016. All six indicators making up the trend-adjusted index had negative cyclical movements, which were the manufacturing unit output labor cost index, the unemployment rate (inverted), the inventories to sales ratio for manufacturing, loans and investments of monetary financial institutions, the interbank overnight call-loan rate, and regular employees on payrolls in industry and services.

~~ The next release is scheduled for April 27 2016 ~~

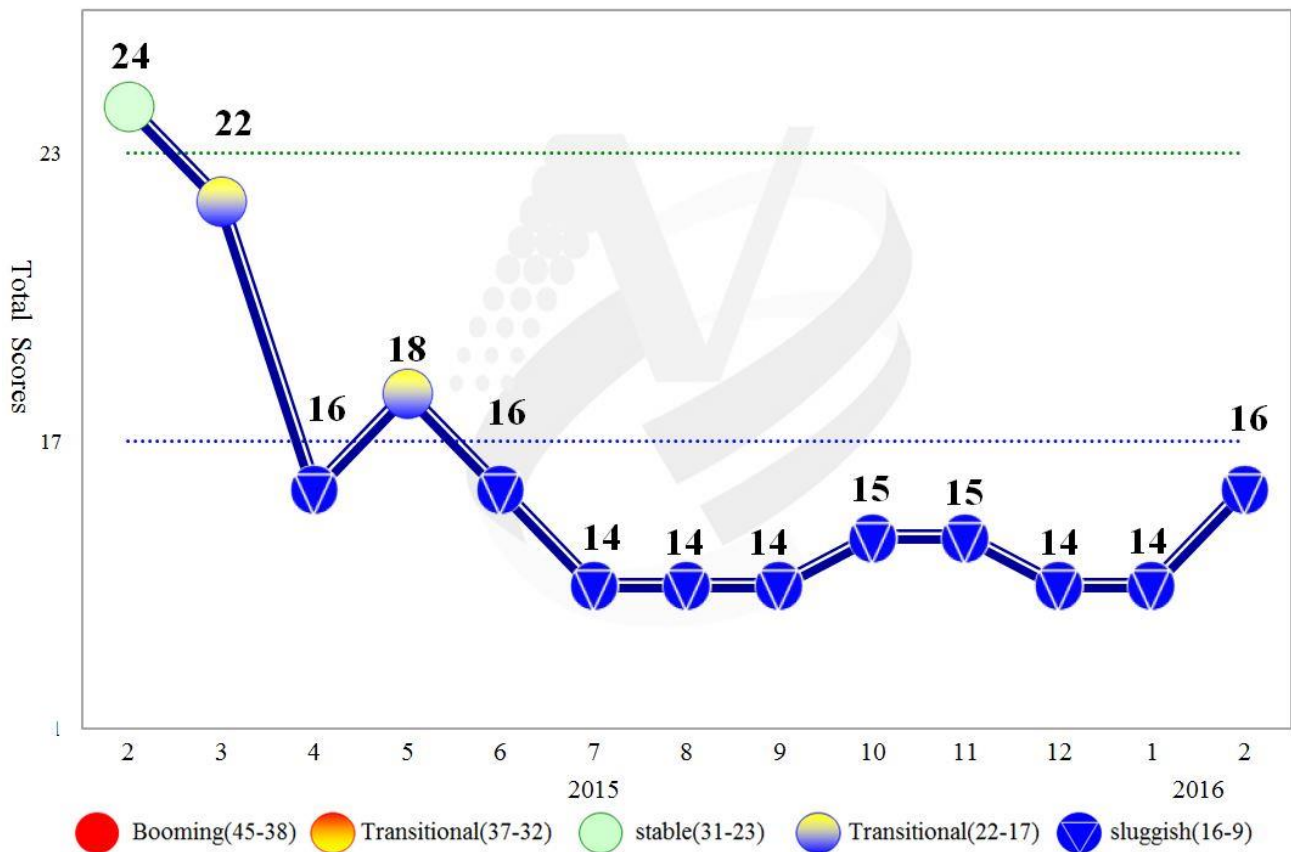


Figure 1 Total Scores in the Past Year

		2015										2016			
		2	3	4	5	6	7	8	9	10	11	12	1	2	
Total	Light	●	●	▼	●	▼	▼	▼	▼	▼	▼	▼	▼	▼	
	Score	24	22	16	18	16	14	14	14	15	15	14	14	16	
Monetary Aggregates M1B		●	●	●	●	●	●	●	●	●	●	●	6.7	●	6.2
TAIEX Average Closing Price		●	●	●	●	●	●	●	●	●	●	●	-15.2	●	-13.2
Industrial Production Index		●	●	●	▼	▼	▼	▼	▼	▼	▼	▼	-4.2 _r	▼	-5.2
Nonagricultural Employment		●	●	●	●	●	●	●	●	●	●	●	0.8	●	0.9
Customs-Cleared Exports		●	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	-10.1	▼	-3.9
Imports of Machineries and Electrical Equipments		●	●	●	●	●	●	●	●	●	●	●	-5.3	●	0.1
Index of producer's shipment for manufacturing		●	●	▼	▼	▼	▼	▼	▼	▼	▼	▼	-5.8 _r	▼	-6.8 _p
Sales of Trade and Food Services		●	●	▼	▼	▼	▼	▼	▼	▼	▼	▼	-2.7 _r	▼	-6.3
The TIER Manufacturing Sector Composite Indicator		●	●	●	●	●	●	▼	▼	▼	▼	▼	91.0 _r	●	92.3

Notes : 1. Individual Components and check points are in terms of percentage changes over a one-year span, except the TIER Manufacturing Composite Indicator, which is in point (2006=100).

2. All components, except TAIEX average closing price, have been seasonally adjusted.

3. p = Preliminarily estimated, r = Revised.

Figure 2 Monitoring Indicators

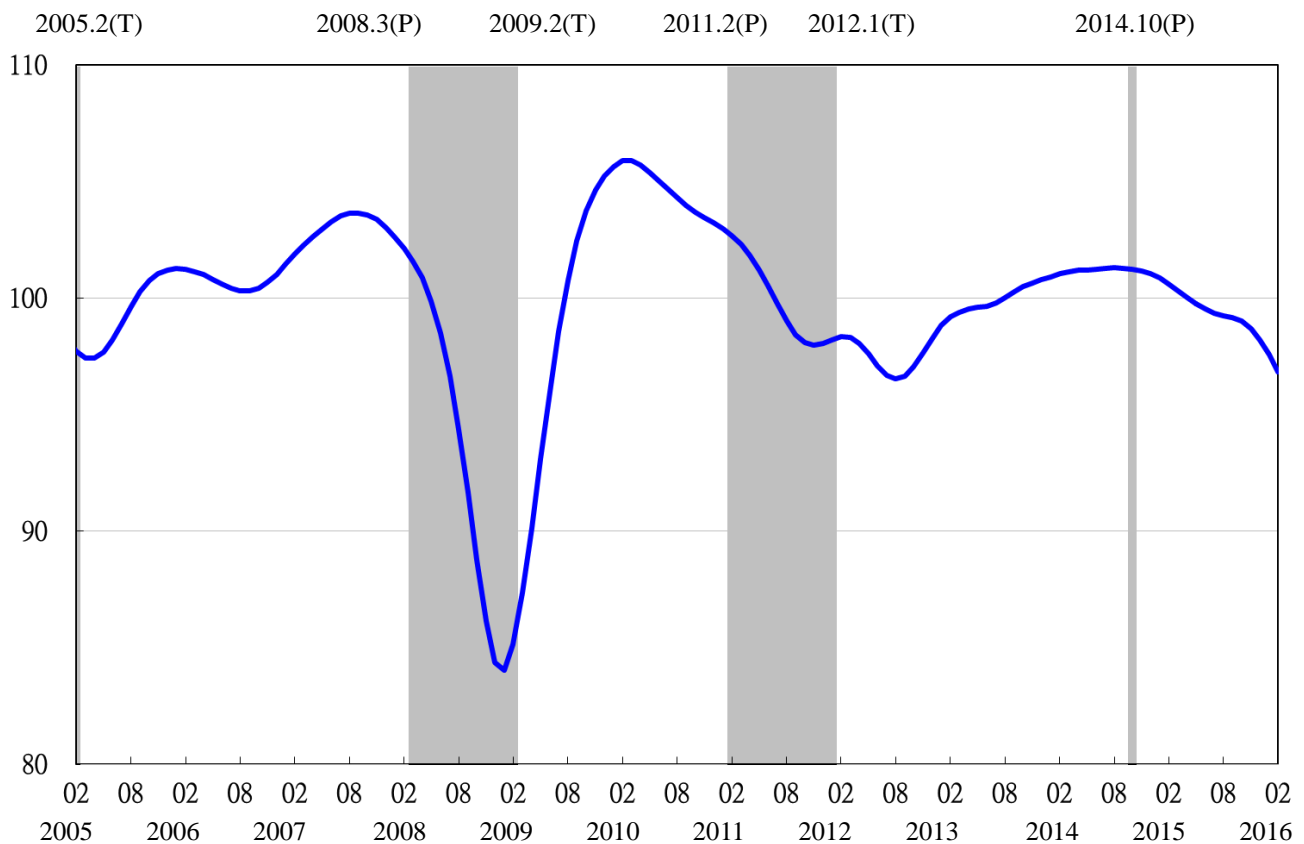
Table 1 Leading Indicators

	Index						
	2015					2016	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Trend adjusted index	99.24	99.16	98.99	98.67	98.20	97.57	96.83
Change from preceding month (%)	-0.10	-0.08	-0.17	-0.32	-0.48	-0.64	-0.76
Components¹							
Index of export orders	100.11	100.39	100.46	100.23	99.77	99.16	98.50
Real monetary aggregates M1B	100.13	100.13	100.12	100.10	100.05	99.97	99.88
TAIEX average closing price	99.86	99.69	99.57	99.46	99.37	99.27	99.20
Net accession rate of employees on payrolls of industry and services ²	99.77	99.79	99.84	99.92	100.01	100.11	100.20
Building permits ³	100.06	99.90	99.67	99.36	98.92	98.31	97.55
SEMI Book-to-Bill Ratio	99.87	99.84	99.80	99.81	99.88	99.99	100.10
The TIER manufacturing sector composite indicator	99.32	99.24	99.23	99.26	99.34	99.44	99.56

Note : 1.All components are passed through seasonal adjustment, trend-removal, smoothing and normalization.

2. Net accession rate is equal to accession rate minus separation rate.

3. Including only housing, mercantile, business and service, industry warehousing.



Note: Shaded areas represent recessions.

Figure 3 Trend-adjusted Leading Index

Table 2 Coincident Indicators

	Index						
	2015					2016	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Trend adjusted index	99.10	99.03	99.02	98.90	98.64	98.26	97.82
Change from preceding month (%)	-0.21	-0.07	-0.01	-0.13	-0.26	-0.39	-0.44
Components							
Industrial production index	99.30	99.18	99.12	99.08	99.05	99.00	98.97
Electric power consumption	99.70	99.70	99.78	99.81	99.78	99.66	99.47
Index of producer's shipment for manufacturing	99.52	99.49	99.47	99.39	99.25	99.06	98.85
Sales of trade and food services	99.48	99.49	99.50	99.45	99.31	99.07	98.76
Nonagricultural employment	99.92	99.86	99.79	99.73	99.68	99.63	99.60
Real customs-cleared exports	99.45	99.47	99.48	99.46	99.45	99.46	99.51
Real machineries and electrical equipments imports	99.86	99.87	99.91	99.85	99.71	99.53	99.34

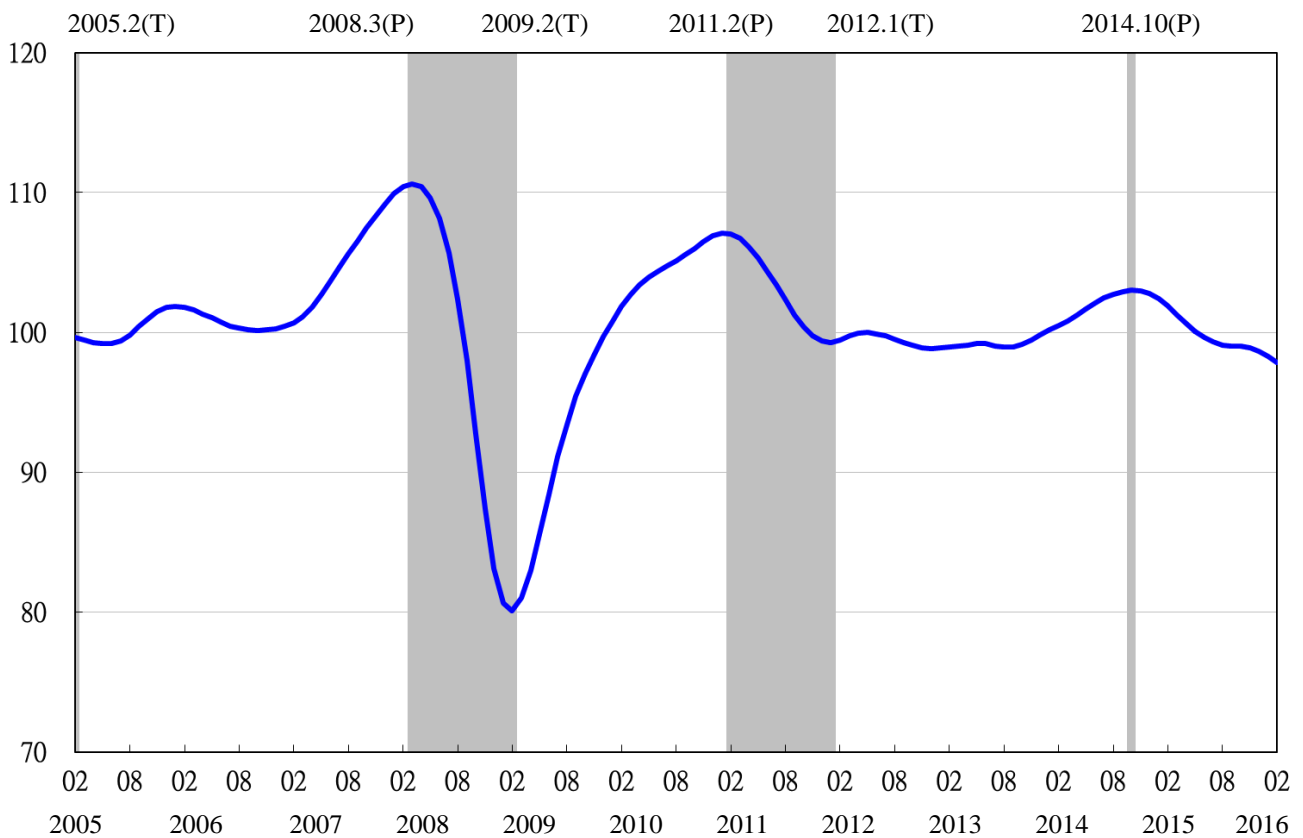


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2015					2016	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Trend adjusted index	101.51	101.13	100.70	100.31	99.94	99.55	99.01
Change from preceding month (%)	-0.19	-0.38	-0.43	-0.39	-0.36	-0.39	-0.55
Components							
Unemployment rate	100.08	99.94	99.79	99.62	99.44	99.25	99.07
Regular employees on payrolls in industry & services	99.95	99.90	99.86	99.82	99.79	99.77	99.75
The manufacturing unit output labor cost index	101.01	100.88	100.77	100.72	100.71	100.67	100.47
Interbank overnight call-loan rate	100.02	99.98	99.94	99.90	99.85	99.80	99.74
Loans and investments of monetary financial institutions	99.91	99.92	99.91	99.87	99.82	99.76	99.70
Inventories to sales ratio for manufacturing	100.81	100.70	100.56	100.43	100.33	100.22	100.11

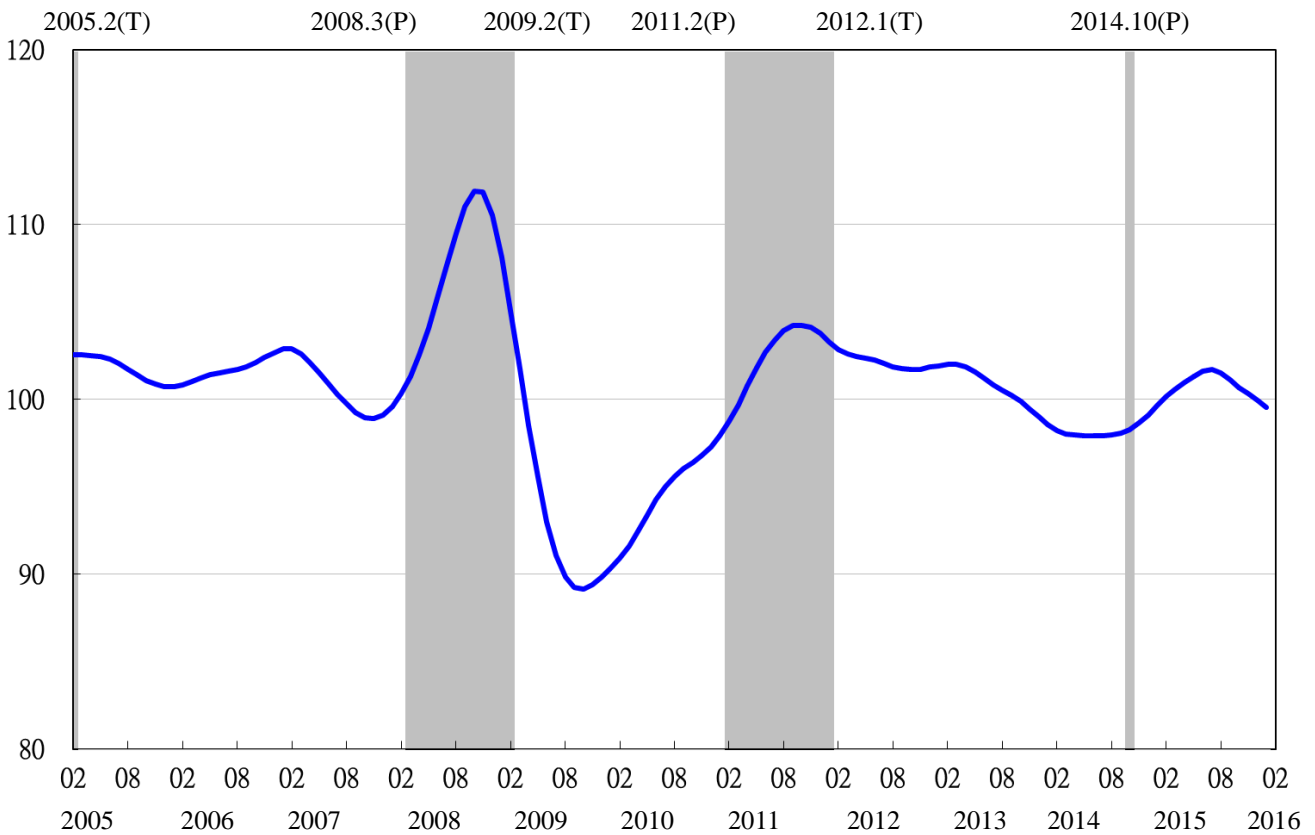


Figure 5 Trend-adjusted Lagging Index