

Taiwan Business Indicators in July 2016

Press Release

National Development Council (NDC)

August 26, 2016

In July 2016, the Taiwan Business Indicators showed some scattered signs of economic improvement. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index increased by 0.63%, the trend-adjusted coincident index increased by 1.04% from the previous month, and the overall monitoring indicator flashed the "green" signal.

1. The Monitoring Indicators: The total score in July 2016 increased by three points to 23, flashing the "green" signal for the first month. Among the nine components, the TAIEX average closing price gained one point to change light from "yellow-blue" to "green", the imports of machineries and electrical equipments gained one point to change light from "green" to "yellow-red", and the sales of trade and food services gained one point to change light from "blue" to "yellow-blue". The light signal for the rest of six components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 100.14, up by 0.63% from June 2016. Among the seven indicators making up the trend-adjusted index, building permits, the TIER manufacturing sector composite indicator, the index of export orders, and TAIEX average closing price had positive cyclical movements from the previous month, while the SEMI book-to-bill ratio, real monetary aggregates M1B, and net accession rate of employees on payrolls of industry and services had negative cyclical movements.
3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 101.77, up by 1.04% from June 2016. Among the seven indicators making up the trend-adjusted index, electric power consumption, real machineries and electrical equipments imports, real customs-cleared exports, the index of producer's shipment for manufacturing, the industrial production index, and sales of trade and food services had positive cyclical movements from the previous month, while nonagricultural employment had negative cyclical movement.

4. Lagging Indicators: With revised data, the trend-adjusted lagging index stood at 97.58, down by 0.33% from June 2016. All six indicators making up the trend-adjusted index had negative cyclical movements, which were the inventories to sales ratio for manufacturing, the unemployment rate (inverted), the manufacturing unit output labor cost index, loans and investments of monetary financial institutions, regular employees on payrolls in industry and services, and the interbank overnight call-loan rate.

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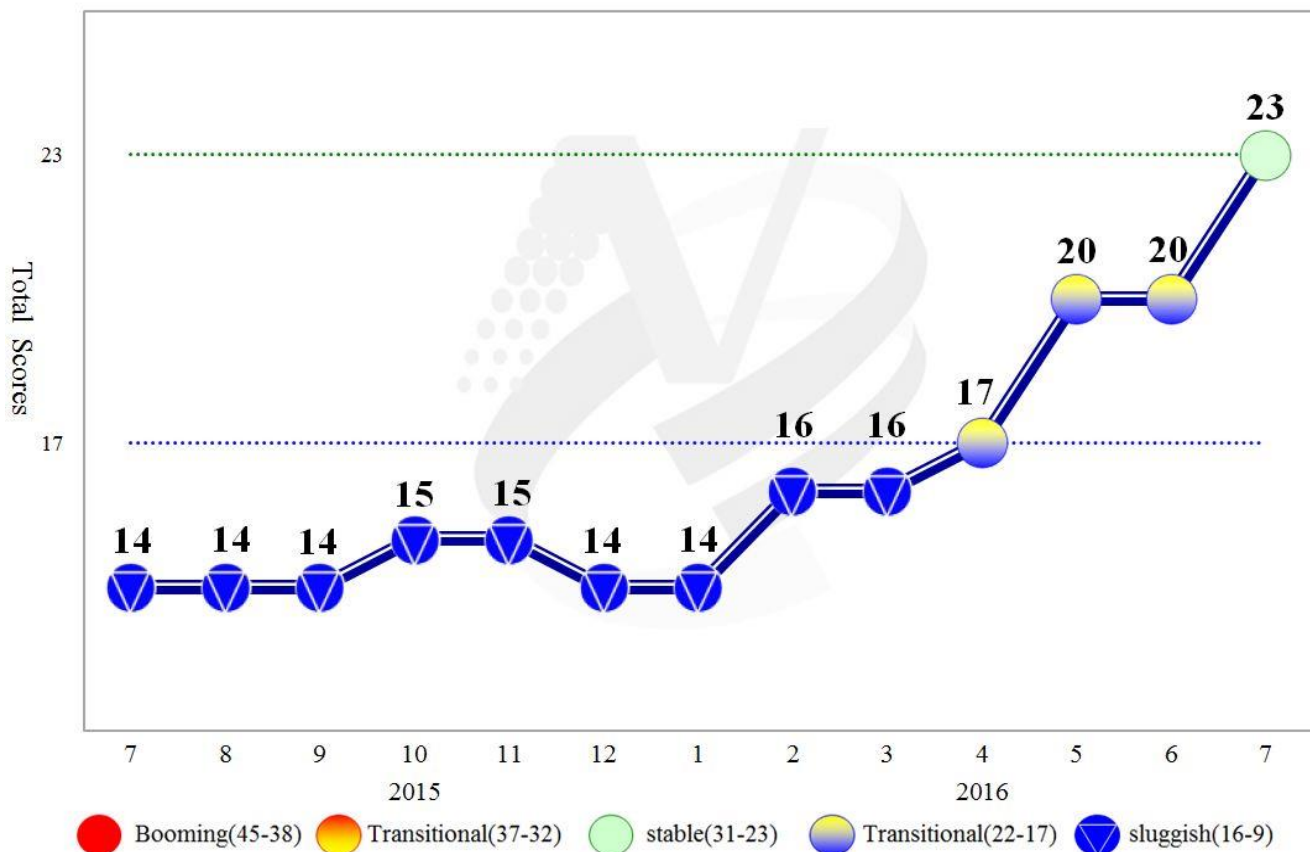


Figure 1 Total Scores in the Past Year

		2015						2016						
		7	8	9	10	11	12	1	2	3	4	5	6	7
Total	Light	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	●
	Score	14	14	14	15	15	14	14	16	16	17	20	20	23
Monetary Aggregates M1B		●	●	●	●	●	●	●	●	●	●	6.24	●	6.22
TAIEX Average Closing Price		●	●	●	●	●	●	●	●	●	●	-8.1	●	-0.7
Industrial Production Index		▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	1.1 _r	●	2.1
Nonagricultural Employment		●	●	●	●	●	●	●	●	●	●	0.6	●	0.6
Customs-Cleared Exports		▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	4.0	●	4.5
Imports of Machineries and Electrical Equipments		●	●	●	●	●	●	●	●	●	●	6.9 _r	●	15.4
Index of producer's shipment for manufacturing		▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	0.6 _r	●	1.9 _p
Sales of Trade and Food Services		▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	-1.7	●	0.07
The TIER Manufacturing Sector Composite Indicator		●	▼	▼	▼	▼	▼	▼	▼	▼	▼	96.7 _r	●	98.6

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

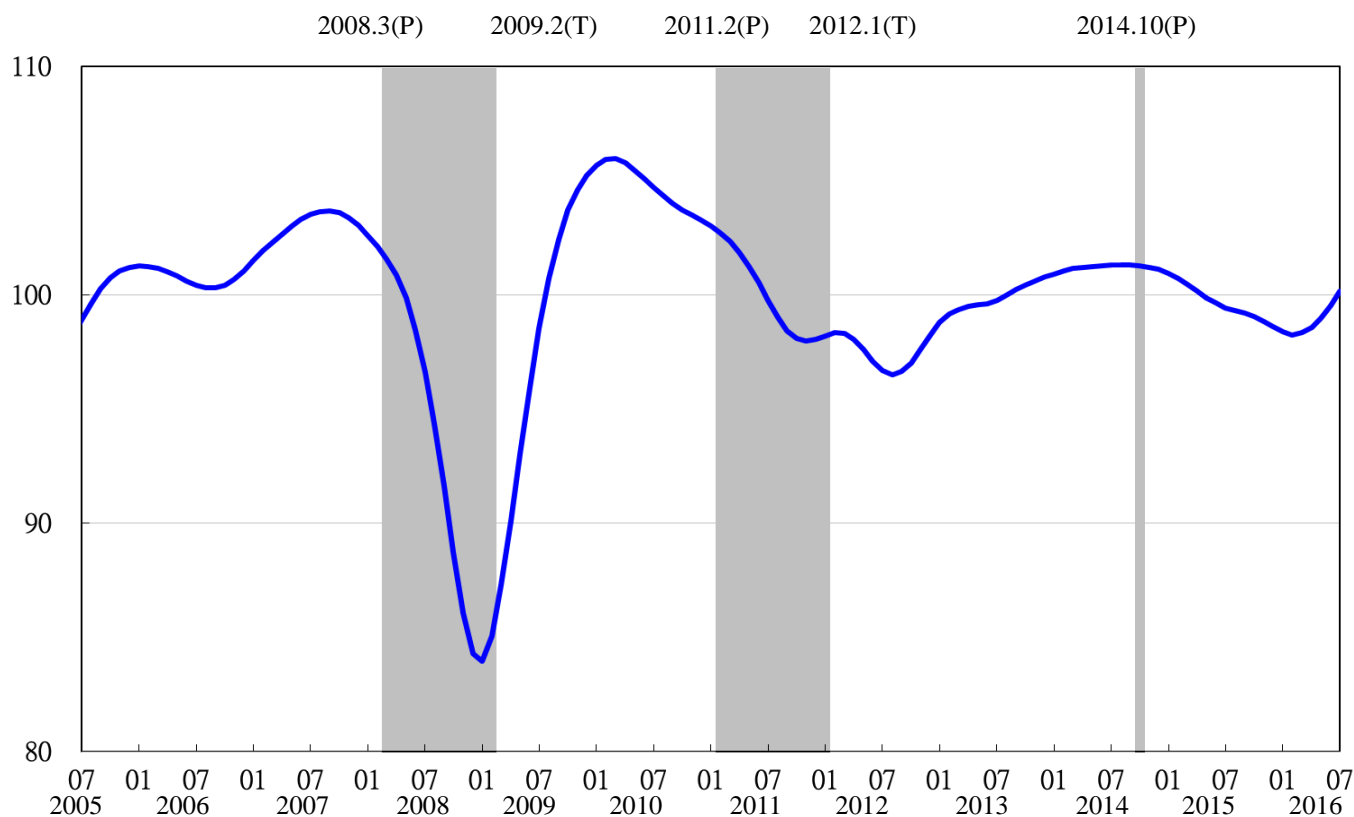
Table 1 Leading Indicators

	Index						
	2016						
	Jan	Feb	Mar	Apr	May	Jun	July
Trend adjusted index	98.35	98.23	98.32	98.54	98.96	99.51	100.14
Change from preceding month (%)	-0.23	-0.13	0.09	0.23	0.42	0.55	0.63
Components¹							
Index of export orders	99.83	99.47	99.22	99.09	99.12	99.24	99.39
Real monetary aggregates M1B	100.09	100.03	99.97	99.92	99.88	99.84	99.80
TAIEX average closing price	99.49	99.53	99.60	99.68	99.76	99.87	99.98
Net accession rate of employees on payrolls of industry and services ²	99.95	99.95	99.95	99.95	99.94	99.93	99.91
Building permits ³	98.90	98.66	98.63	98.80	99.24	99.88	100.64
SEMI Book-to-Bill Ratio	100.01	100.14	100.23	100.23	100.17	100.06	99.95
The TIER manufacturing sector composite indicator	99.31	99.60	99.93	100.25	100.52	100.76	100.99

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						
	2016						
	Jan	Feb	Mar	Apr	May	Jun	July
Trend adjusted index	98.19	98.15	98.41	98.98	99.78	100.73	101.77
Change from preceding month (%)	-0.20	-0.03	0.26	0.58	0.81	0.96	1.04
Components							
Industrial production index	99.12	99.22	99.38	99.60	99.86	100.13	100.40
Electric power consumption	99.35	99.34	99.49	99.85	100.30	100.85	101.47
Index of producer's shipment for manufacturing	99.24	99.26	99.39	99.60	99.88	100.18	100.48
Sales of trade and food services	99.29	99.15	99.12	99.19	99.35	99.57	99.80
Nonagricultural employment	99.88	99.82	99.74	99.64	99.55	99.45	99.35
Real customs-cleared exports	99.35	99.40	99.48	99.63	99.86	100.17	100.50
Real machineries and electrical equipments imports	99.28	99.26	99.38	99.68	100.12	100.63	101.22

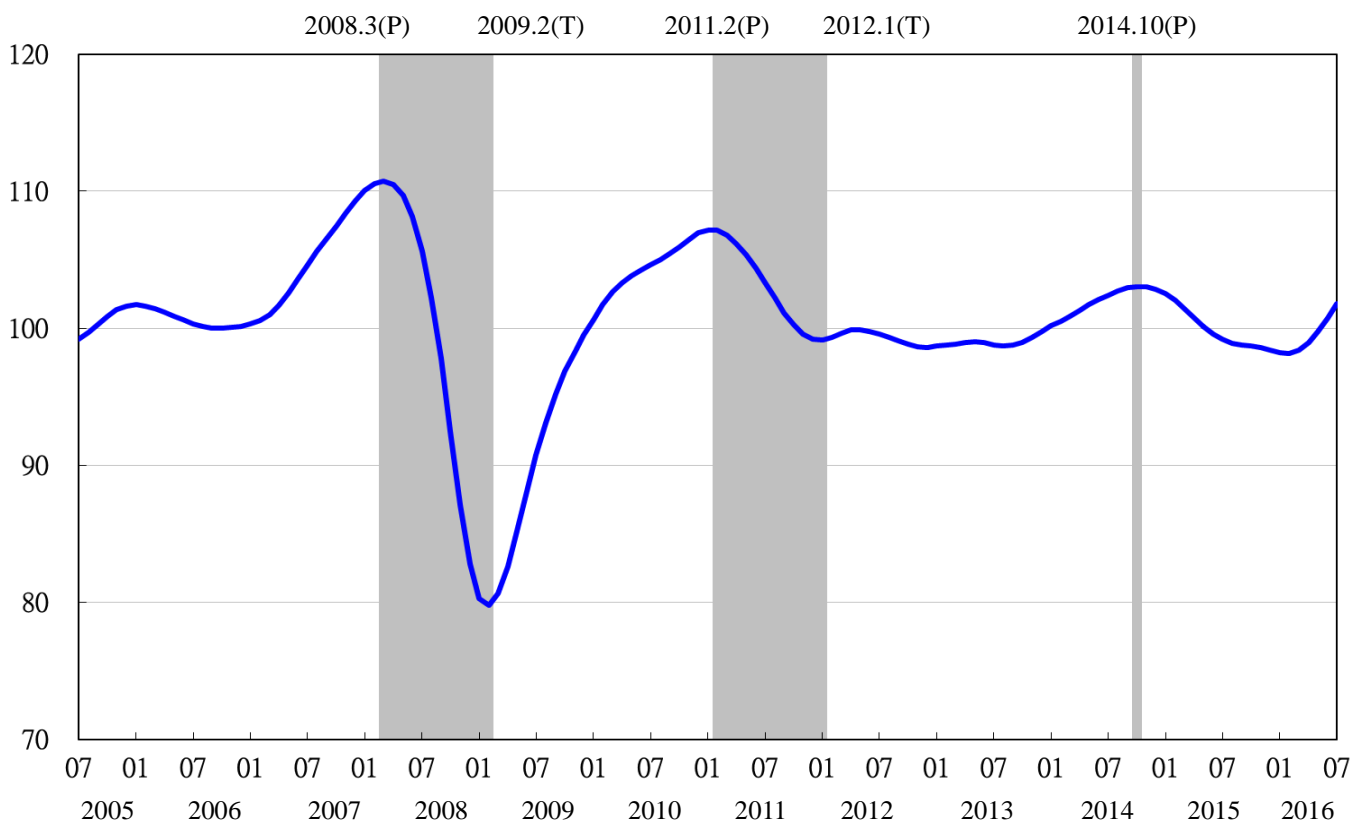


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2016						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Trend adjusted index	100.48	99.94	99.35	98.79	98.31	97.91	97.58
Change from preceding month (%)	-0.36	-0.54	-0.59	-0.56	-0.49	-0.40	-0.33
Components							
Unemployment rate	99.69	99.57	99.48	99.41	99.35	99.30	99.25
Regular employees on payrolls in industry & services	99.90	99.85	99.81	99.76	99.71	99.67	99.63
The manufacturing unit output labor cost index	100.75	100.49	100.20	99.93	99.74	99.63	99.59
Interbank overnight call-loan rate	99.90	99.87	99.86	99.85	99.85	99.85	99.85
Loans and investments of monetary financial institutions	99.92	99.87	99.82	99.78	99.74	99.71	99.67
Inventories to sales ratio for manufacturing	100.42	100.26	100.07	99.85	99.62	99.38	99.16

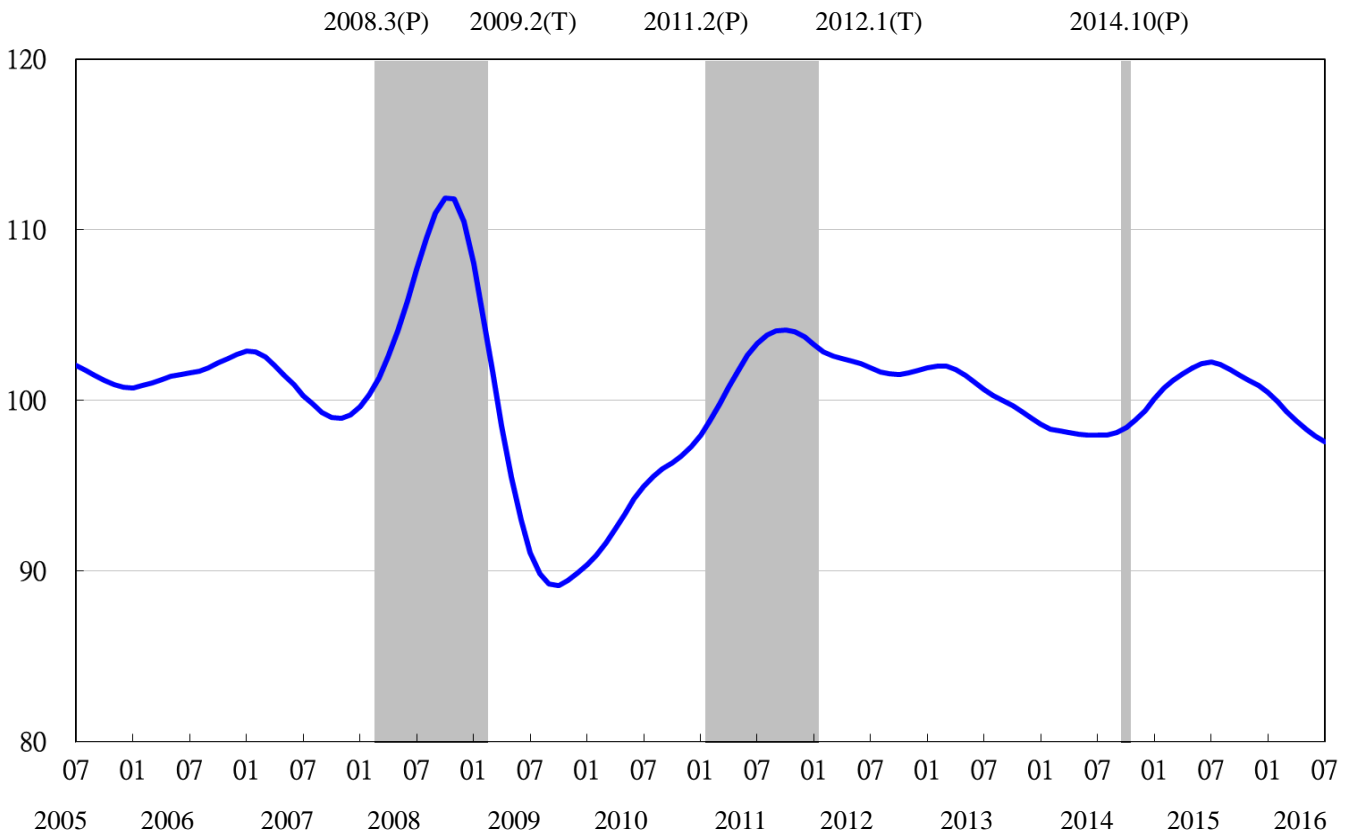


Figure 5 Trend-adjusted Lagging Index