

Taiwan Business Indicators in August 2016

Press Release

National Development Council (NDC)

September 29, 2016

In August 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 0.82%, the trend-adjusted coincident index increased by 1.13% from the previous month, and the overall monitoring indicator flashed the "green" signal.

1. The Monitoring Indicators: The total score in August 2016 increased by two points to 25, flashing the "green" signal for the second month. Among the nine components, the industrial production index and the index of producer's shipment for manufacturing each gained one point to change its individual light from "yellow-blue" to "green". The light signal for the rest of seven components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 101.16, up by 0.82% from July 2016. Among the seven indicators making up the trend-adjusted index, building permits, the index of export orders, TAIEX average closing price, the TIER manufacturing sector composite indicator, net accession rate of employees on payrolls of industry and services, and real monetary aggregates M1B had positive cyclical movements from the previous month, while the SEMI book-to-bill ratio had negative cyclical movement.
3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 102.86, up by 1.13% from July 2016. Among the seven indicators making up the trend-adjusted index, real machineries and electrical equipments imports, sales of trade and food services, the index of producer's shipment for manufacturing, real customs-cleared exports, the industrial production index, and electric power consumption 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 96.89, down by 0.54% from July 2016. Among the six indicators making up the trend-adjusted index, loans and investments of monetary financial institutions, and the interbank overnight call-loan rate had positive cyclical movements from the previous month, while the inventories to sales ratio for manufacturing, the manufacturing unit output labor cost index, regular employees on payrolls in industry and services, and the unemployment rate (inverted) had negative cyclical movements.

~~ Next publication date: October 27 2016 ~~

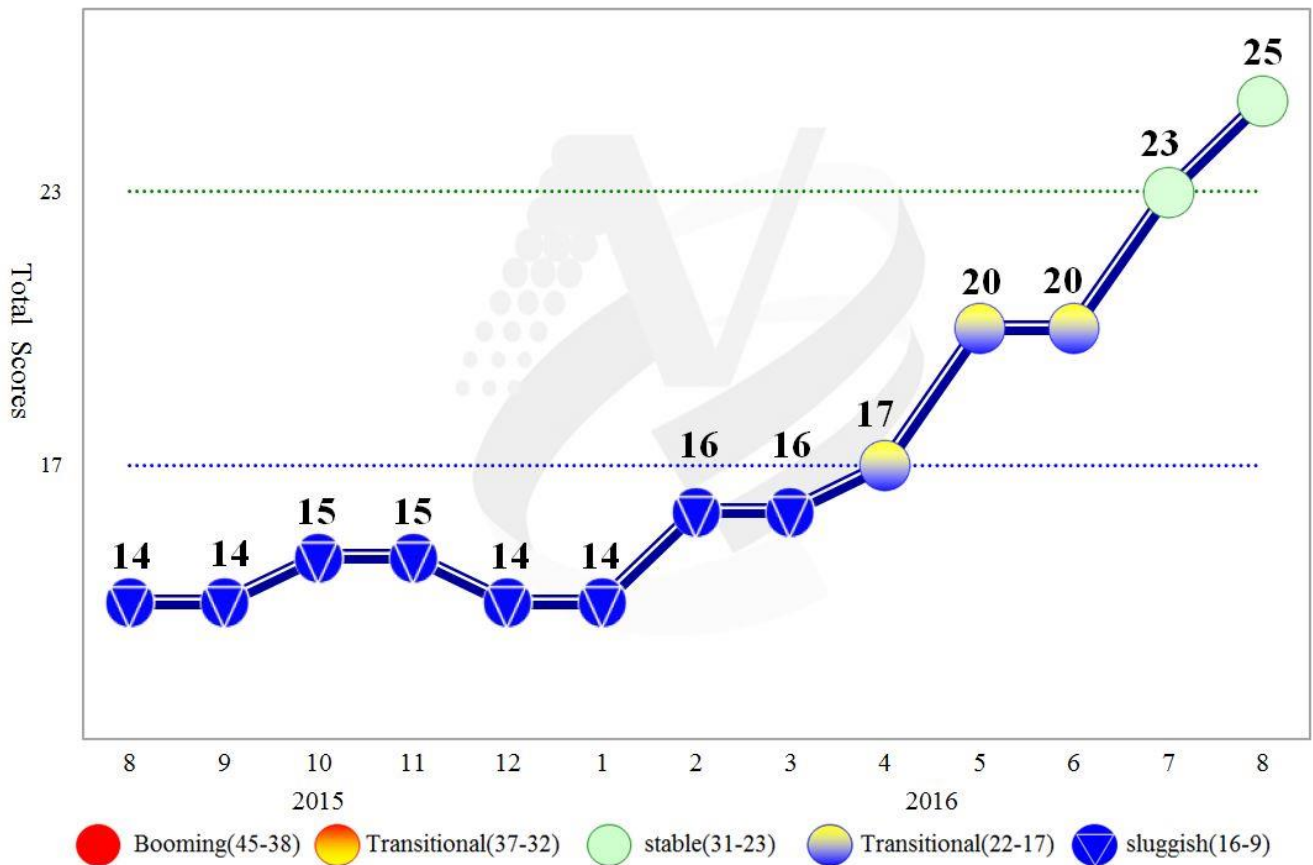


Figure 1 Total Scores in the Past Year

	2015					2016								
	8	9	10	11	12	1	2	3	4	5	6	7	8	
Total	Light	▼	▼	▼	▼	▼	▼	▼	●	●	●	●	●	
	Score	14	14	15	15	14	14	16	16	17	20	20	23	25
Monetary Aggregates M1B	●	●	●	●	●	●	●	●	●	●	●	6.2	●	6.5
TAIEX Average Closing Price	●	●	●	●	●	●	●	●	●	●	●	-0.7	●	11.49
Industrial Production Index	▼	▼	▼	▼	▼	▼	▼	▼	▼	●	●	2.0 _r	●	5.8
Nonagricultural Employment	●	●	●	●	●	●	●	●	●	●	●	0.60	●	0.56
Customs-Cleared Exports	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	●	4.4 _r	●	1.2
Imports of Machineries and Electrical Equipments	●	●	●	●	●	●	●	●	●	●	●	15.4	●	15.2
Index of producer's shipment for manufacturing	▼	▼	▼	▼	▼	▼	▼	▼	▼	●	●	1.8 _r	●	6.1 _p
Sales of Trade and Food Services	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	0.5 _r	●	2.3
The TIER Manufacturing Sector Composite Indicator	▼	▼	▼	▼	▼	▼	●	●	●	●	●	98.2 _r	●	97.7

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

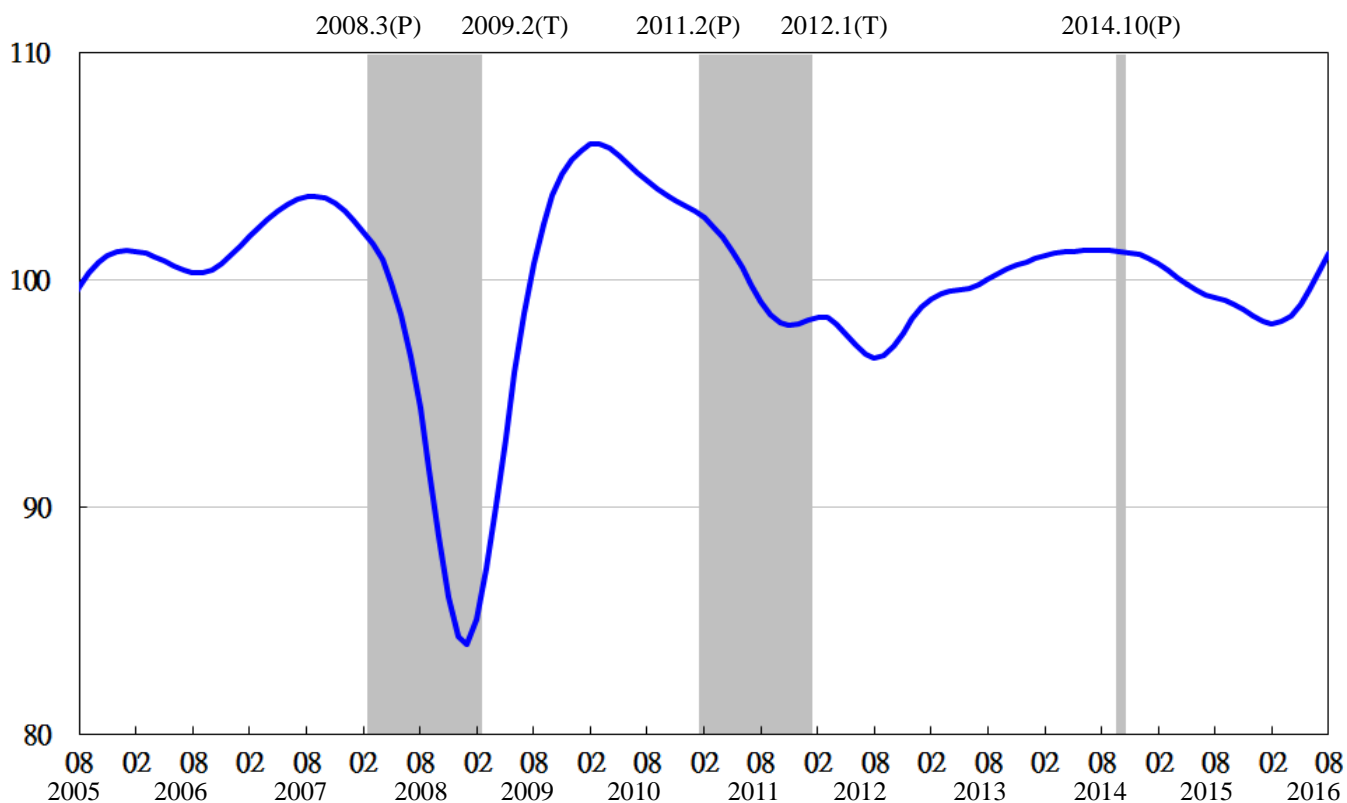
Table 1 Leading Indicators

	Index						
	2016						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Trend adjusted index	98.02	98.13	98.39	98.88	99.55	100.34	101.16
Change from preceding month (%)	-0.13	0.11	0.27	0.50	0.67	0.79	0.82
Components¹							
Index of export orders	99.21	99.00	98.97	99.17	99.57	100.10	100.69
Real monetary aggregates M1B	100.02	99.96	99.92	99.90	99.88	99.88	99.88
TAIEX average closing price	99.50	99.57	99.65	99.75	99.88	100.02	100.18
Net accession rate of employees on payrolls of industry and services ²	99.92	99.93	99.94	99.97	100.00	100.03	100.07
Building permits ³	98.63	98.59	98.72	99.11	99.67	100.32	100.94
SEMI Book-to-Bill Ratio	100.17	100.25	100.26	100.18	100.07	99.94	99.82
The TIER manufacturing sector composite indicator	99.57	99.89	100.18	100.41	100.58	100.72	100.85

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						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Trend adjusted index	97.87	98.12	98.71	99.55	100.57	101.71	102.86
Change from preceding month (%)	-0.05	0.26	0.60	0.85	1.03	1.13	1.13
Components							
Industrial production index	99.12	99.29	99.51	99.79	100.10	100.42	100.75
Electric power consumption	99.54	99.65	99.91	100.14	100.34	100.46	100.47
Index of producer's shipment for manufacturing	99.09	99.24	99.48	99.82	100.21	100.65	101.11
Sales of trade and food services	98.92	98.91	99.04	99.33	99.76	100.30	100.90
Nonagricultural employment	99.87	99.79	99.70	99.61	99.53	99.44	99.36
Real customs-cleared exports	99.27	99.36	99.53	99.80	100.15	100.56	100.97
Real machineries and electrical equipments imports	99.03	99.15	99.47	99.95	100.54	101.24	101.96

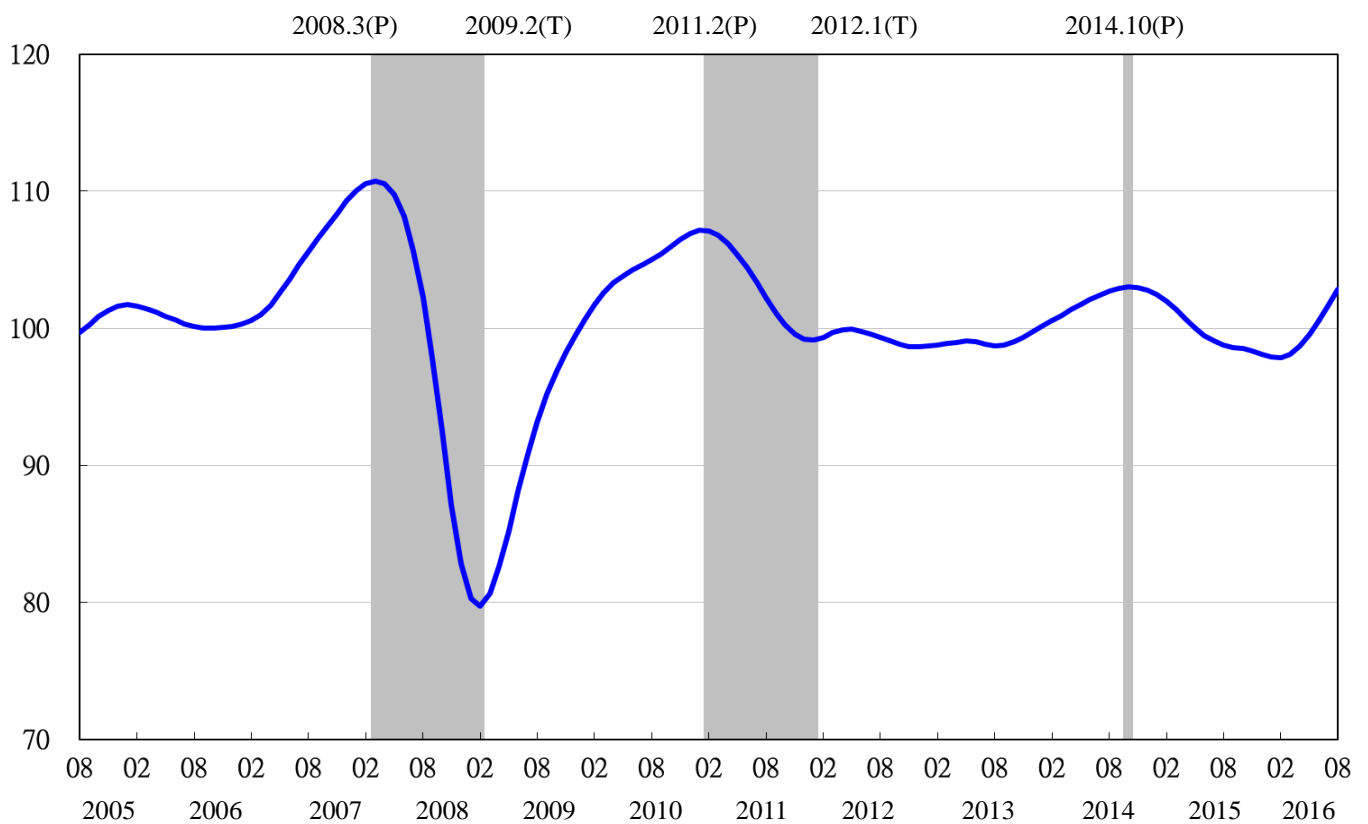


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2016						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Trend adjusted index	100.21	99.61	99.02	98.46	97.93	97.42	96.89
Change from preceding month (%)	-0.58	-0.60	-0.59	-0.57	-0.54	-0.52	-0.54
Components							
Unemployment rate	99.62	99.53	99.46	99.42	99.39	99.37	99.36
Regular employees on payrolls in industry & services	99.89	99.84	99.79	99.75	99.70	99.67	99.63
The manufacturing unit output labor cost index	100.56	100.25	99.96	99.69	99.44	99.22	98.99
Interbank overnight call-loan rate	99.88	99.87	99.86	99.86	99.86	99.87	99.87
Loans and investments of monetary financial institutions	99.86	99.82	99.78	99.77	99.77	99.78	99.80
Inventories to sales ratio for manufacturing	100.44	100.22	99.98	99.69	99.38	99.04	98.68

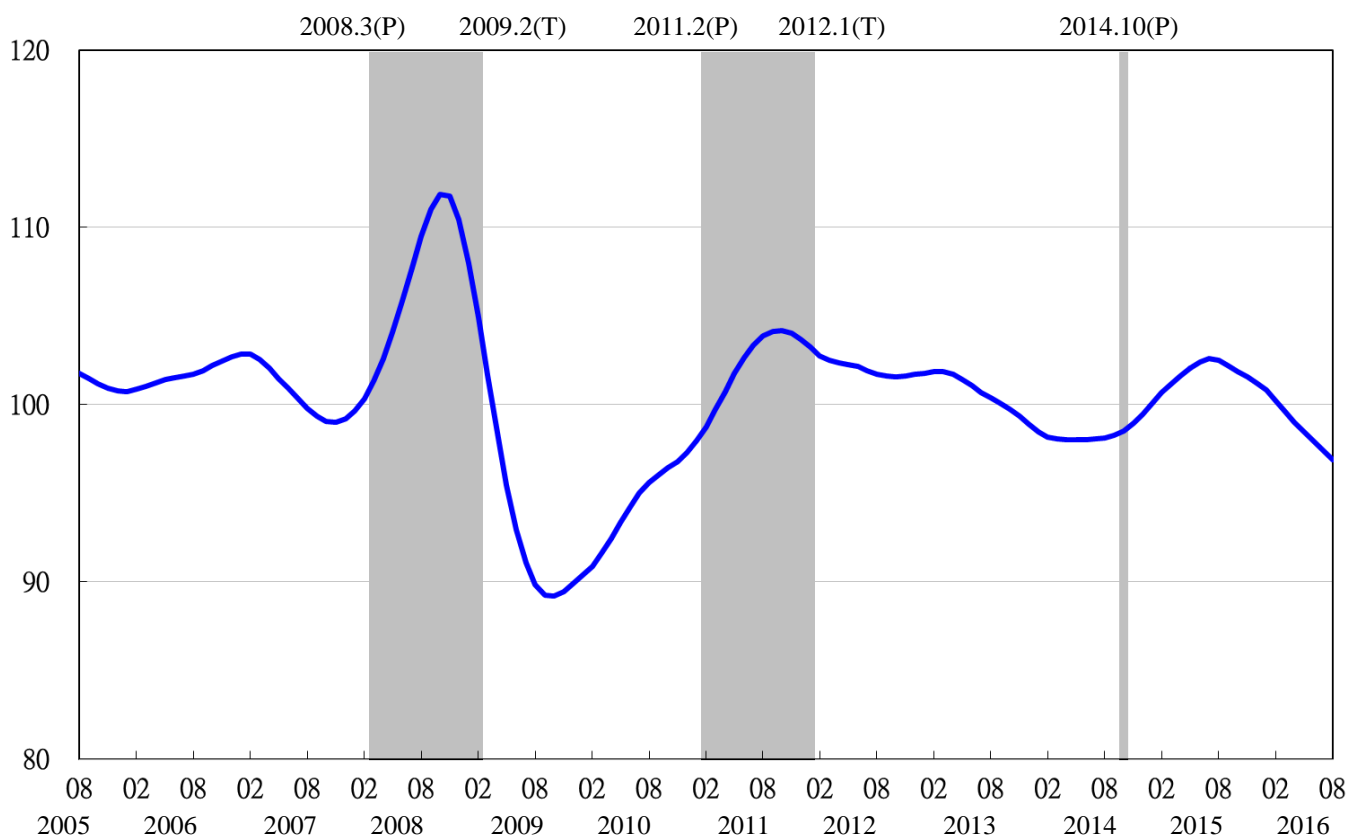


Figure 5 Trend-adjusted Lagging Index