

Taiwan Business Indicators in September 2016

Press Release

National Development Council (NDC)

October 27, 2016

In September 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 0.77%, the trend-adjusted coincident index increased by 0.75% from the previous month, and the overall monitoring indicator flashed the "green" signal.

1. The Monitoring Indicators: The total score in September 2016 decreased by two points to 23, flashing the "green" signal for the third month. Among the nine components, the customs-cleared exports lost one point to change its individual light from "yellow-blue" to "blue", the index of producer's shipment for manufacturing lost two points to change its individual light from "green" to "blue", the imports of machineries and electrical equipments gained one point to change its individual light from "yellow-red" to "red". The light signal for the rest of six components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 101.67, up by 0.77% from August 2016. Among the seven indicators making up the trend-adjusted index, the index of export orders, building permits, TAIEX average closing price, net accession rate of employees on payrolls of industry and services, the TIER manufacturing sector composite indicator, 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 102.72, up by 0.75% from August 2016. Among the seven indicators making up the trend-adjusted index, real machineries and electrical equipments imports, sales of trade and food services, the industrial production index, real customs-cleared exports, the index of producer's shipment for manufacturing, 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 97.98, down by 0.25% from August 2016. Among the six indicators making up the trend-adjusted index, the unemployment rate (inverted), the interbank overnight call-loan rate, and loans and investments of monetary financial institutions had positive cyclical movements from the previous month, while the manufacturing unit output labor cost index, the inventories to sales ratio for manufacturing, and regular employees on payrolls in industry and services had negative cyclical movements.

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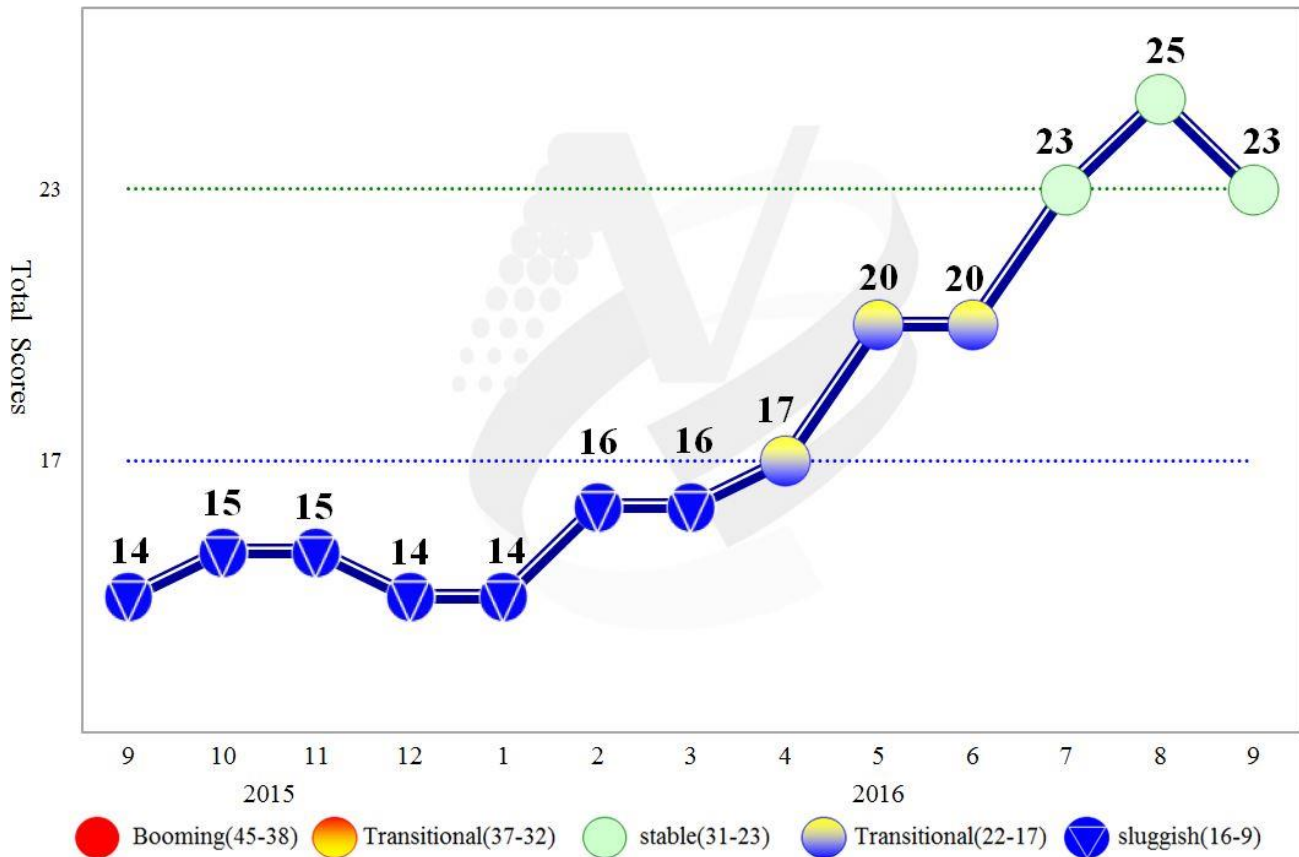


Figure 1 Total Scores in the Past Year

	2015				2016										
	9	10	11	12	1	2	3	4	5	6	7	8	9		
Total	Light	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️		
	Score	14	15	15	14	14	16	16	17	20	20	23	25	23	
Monetary Aggregates M1B	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	6.5	⬆️	6.3	
TAIEX Average Closing Price	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️	⬆️	11.49	⬆️	11.28
Industrial Production Index	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️	⬆️	5.8	⬆️	4.6
Nonagricultural Employment	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	0.56	⬇️	0.56
Customs-Cleared Exports	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	1.2	⬇️	-4.1
Imports of Machineries and Electrical Equipments	⬇️	⬆️	⬆️	⬇️	⬇️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	15.2	⬆️	27.0
Index of producer's shipment for manufacturing	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️	⬆️	6.1	⬇️	-1.2 _p
Sales of Trade and Food Services	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	2.3	⬇️	0.3
The TIER Manufacturing Sector Composite Indicator	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️	97.53 _r	⬆️	97.49

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

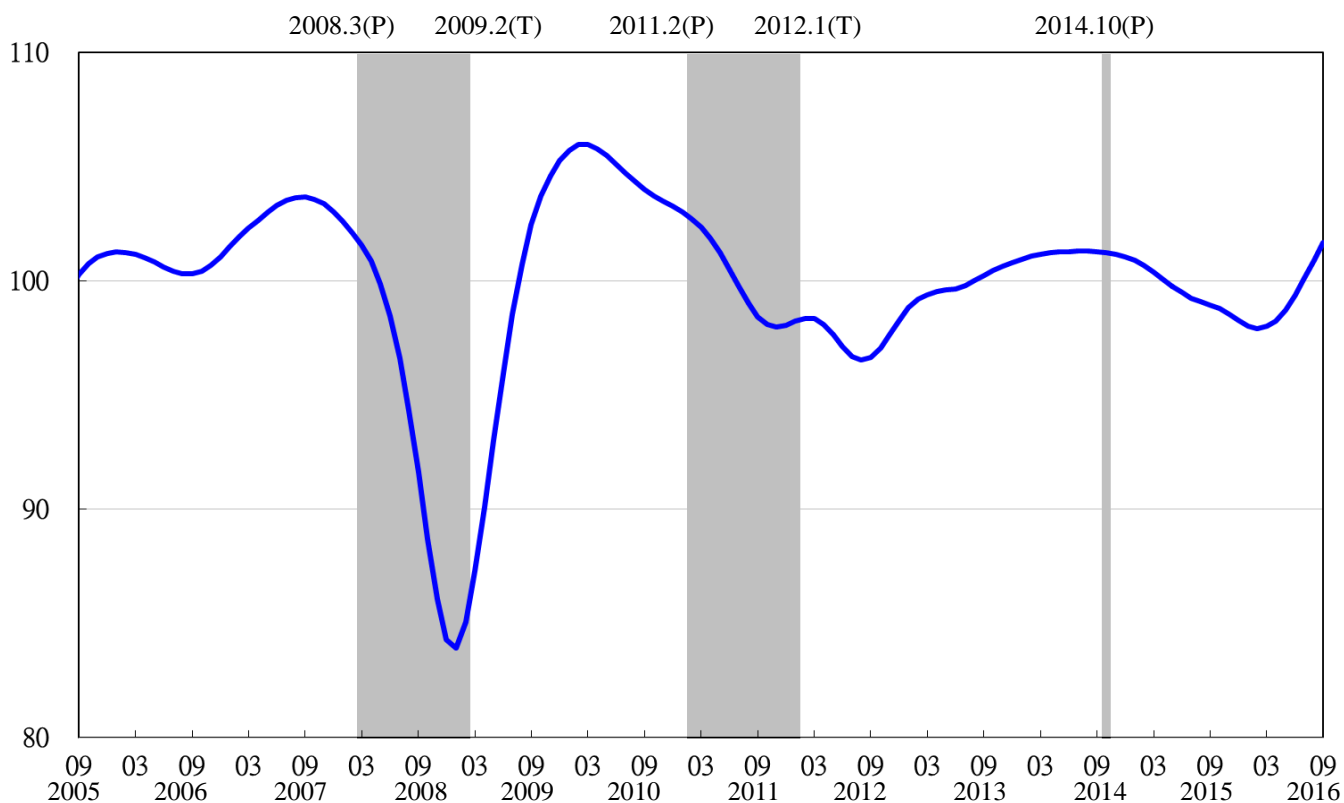
Table 1 Leading Indicators

	Index						
	2016						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	97.99	98.24	98.72	99.36	100.11	100.89	101.67
Change from preceding month (%)	0.10	0.26	0.49	0.65	0.76	0.77	0.77
Components¹							
Index of export orders	98.89	98.86	99.08	99.48	100.01	100.60	101.20
Real monetary aggregates M1B	99.96	99.92	99.90	99.89	99.90	99.93	99.96
TAIEX average closing price	99.55	99.62	99.72	99.84	99.99	100.14	100.29
Net accession rate of employees on payrolls of industry and services ²	99.90	99.92	99.94	99.98	100.03	100.10	100.18
Building permits ³	98.55	98.67	99.03	99.54	100.10	100.63	101.13
SEMI Book-to-Bill Ratio	100.25	100.25	100.19	100.09	100.00	99.91	99.83
The TIER manufacturing sector composite indicator	99.86	100.14	100.36	100.50	100.59	100.65	100.70

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						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	98.07	98.61	99.35	100.22	101.12	101.96	102.72
Change from preceding month (%)	0.23	0.55	0.76	0.87	0.90	0.82	0.75
Components							
Industrial production index	99.25	99.46	99.73	100.00	100.27	100.55	100.80
Electric power consumption	99.60	99.85	100.08	100.29	100.42	100.45	100.49
Index of producer's shipment for manufacturing	99.38	99.57	99.81	100.05	100.24	100.37	100.42
Sales of trade and food services	98.93	99.05	99.30	99.64	100.03	100.43	100.78
Nonagricultural employment	99.83	99.75	99.67	99.59	99.53	99.47	99.42
Real customs-cleared exports	99.40	99.54	99.75	100.02	100.27	100.48	100.65
Real machineries and electrical equipments imports	98.90	99.21	99.69	100.30	101.05	101.85	102.68

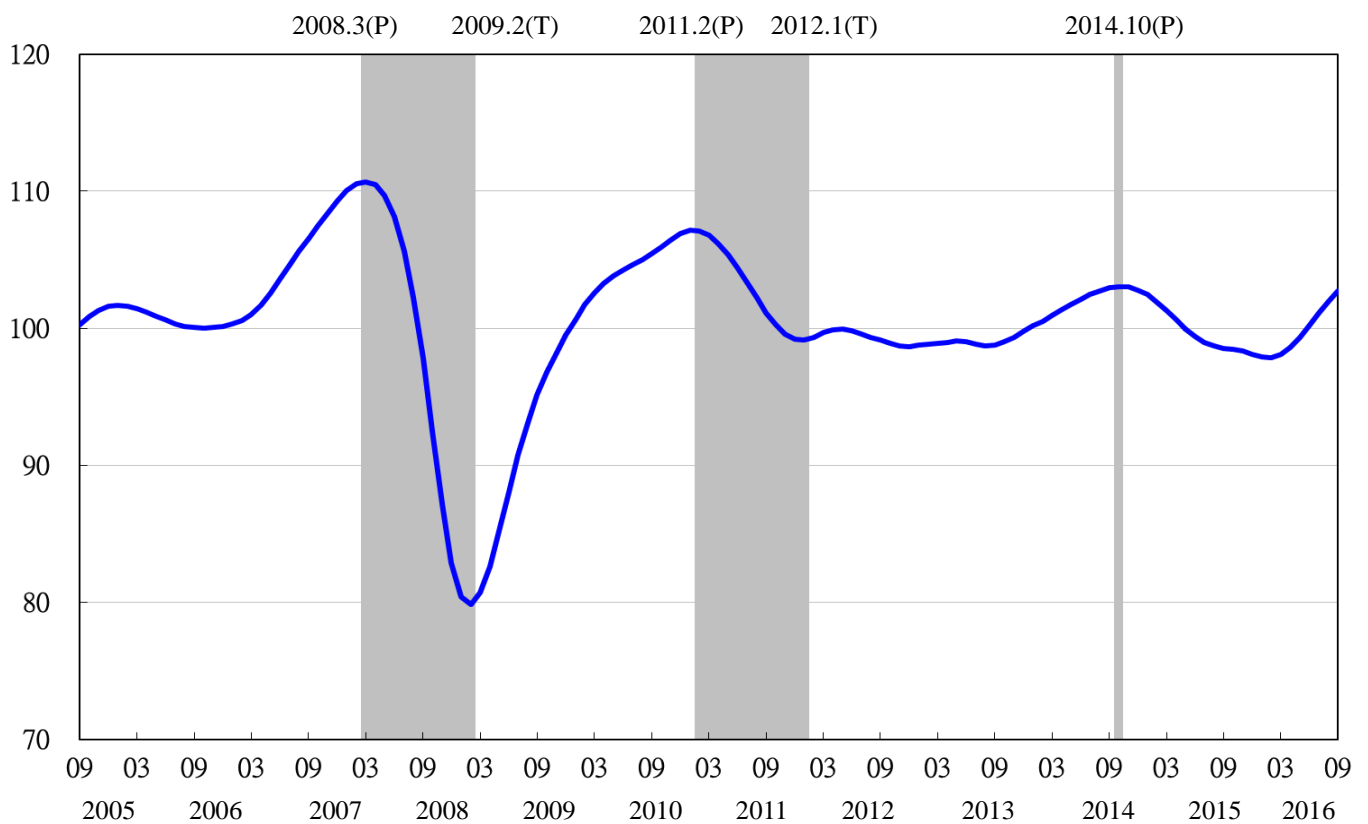


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2016						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	99.49	99.18	98.92	98.69	98.48	98.22	97.98
Change from preceding month (%)	-0.35	-0.31	-0.27	-0.23	-0.21	-0.26	-0.25
Components							
Unemployment rate	99.56	99.50	99.46	99.45	99.45	99.47	99.49
Regular employees on payrolls in industry & services	99.89	99.84	99.79	99.73	99.68	99.63	99.57
The manufacturing unit output labor cost index	100.03	100.03	100.04	100.04	100.02	99.87	99.70
Interbank overnight call-loan rate	99.88	99.87	99.87	99.88	99.88	99.89	99.90
Loans and investments of monetary financial institutions	99.84	99.80	99.79	99.79	99.79	99.80	99.81
Inventories to sales ratio for manufacturing	100.19	99.99	99.76	99.55	99.37	99.22	99.12

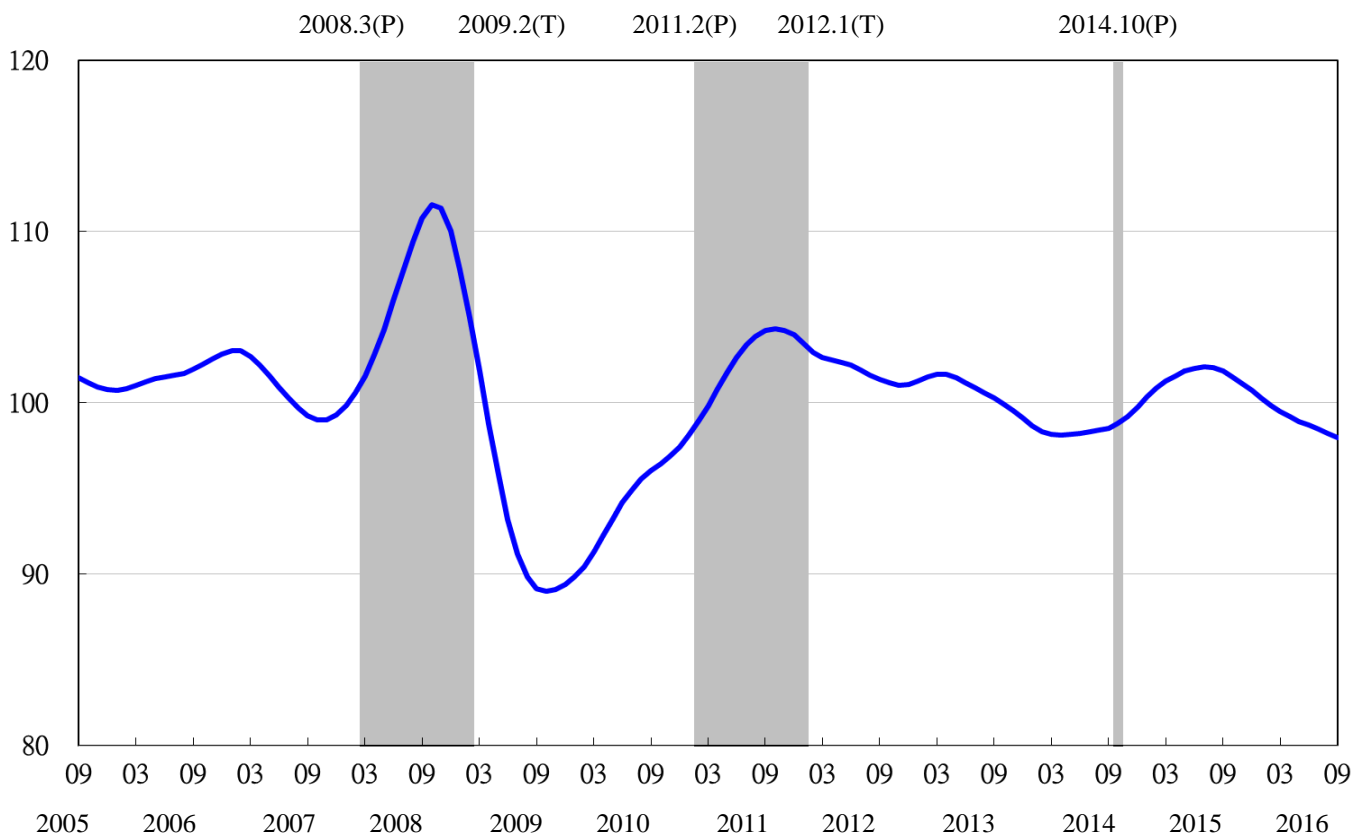


Figure 5 Trend-adjusted Lagging Index