

Taiwan Business Indicators in December 2016

Press Release

National Development Council (NDC)

January 26, 2017

In December 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 0.04%, the trend-adjusted coincident index increased by 1.18% from the previous month, and the overall monitoring indicator flashed the "green" signal.

1. The Monitoring Indicators: The total score in December 2016 increased by two points to 28, flashing the "green" signal for the sixth month. Among the nine components, the imports of machineries and electrical equipments gained one point to change its individual light from "yellow-red" to "red", the TIER manufacturing sector composite indicator gained one point to change its individual light from "green" to "yellow-red". The light signal for the rest of seven components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 100.44, up by 0.04% from November 2016. Among the seven indicators making up the trend-adjusted index, the TIER manufacturing sector composite indicator, net accession rate of employees on payrolls of industry and services, TAIEX average closing price, and the SEMI book-to-bill ratio had positive cyclical movements from the previous month, while building permits, the index of export orders, and real monetary aggregates M1B had negative cyclical movements.
3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 105.53, up by 1.18% from November 2016. All seven indicators making up the trend-adjusted index had positive cyclical movements, which were real machineries and electrical equipments imports, electric power consumption, real customs-cleared exports, sales of trade and food services, the index of producer's shipment for manufacturing, the industrial production index, and nonagricultural employment.

4. Lagging Indicators: With revised data, the trend-adjusted lagging index stood at 97.34, down by 0.19% from November 2016. Among the six indicators making up the trend-adjusted index, the unemployment rate (inverted), and the interbank overnight call-loan rate had positive cyclical movements from the previous month, while the manufacturing unit output labor cost index, the inventories to sales ratio for manufacturing, loans and investments of monetary financial institutions, and regular employees on payrolls in industry and services had negative cyclical movements.

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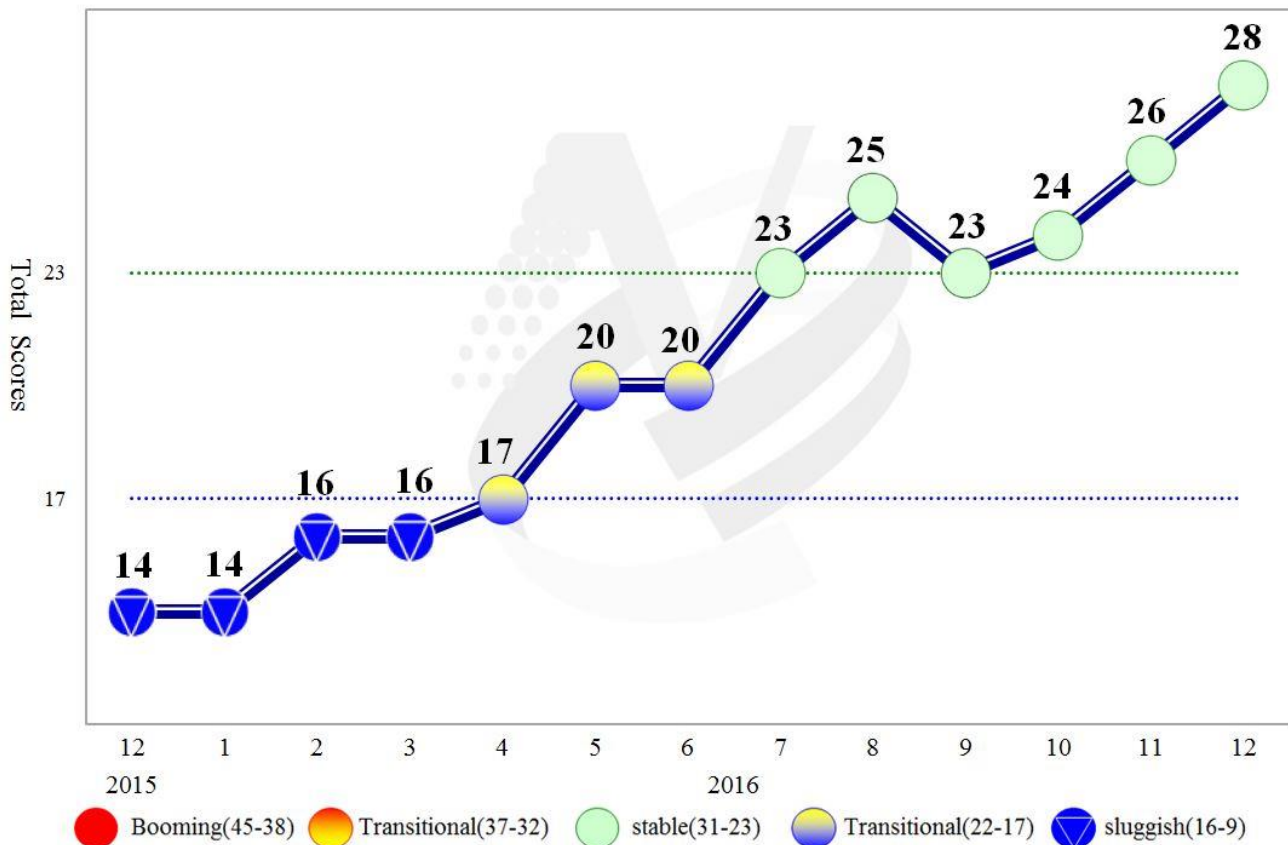


Figure 1 Total Scores in the Past Year

		2015	2016												
		12	1	2	3	4	5	6	7	8	9	10	11	12	
Total	Light	▼	▼	▼	▼	●	●	●	●	●	●	●	●	●	
	Score	14	14	16	16	17	20	20	23	25	23	24	26	28	
Monetary Aggregates M1B		●	●	●	●	●	●	●	●	●	●	●	6.5	●	6.0
TAIEX Average Closing Price		●	●	●	●	●	●	●	●	●	●	●	7.0	●	11.4
Industrial Production Index		▼	▼	▼	▼	▼	●	●	●	●	●	●	7.2 _r	●	6.6
Nonagricultural Employment		●	●	●	●	●	●	●	●	●	●	●	0.64	●	0.66
Customs-Cleared Exports		▼	▼	▼	▼	▼	●	●	●	●	▼	●	9.6	●	10.4
Imports of Machineries and Electrical Equipments		●	●	●	●	●	●	●	●	●	●	●	12.3 _r	●	35.7
Index of producer's shipment for manufacturing		▼	▼	▼	▼	▼	●	●	●	●	▼	●	6.1 _r	●	5.1 _p
Sales of Trade and Food Services		▼	▼	▼	▼	▼	▼	●	●	●	●	●	3.7	●	2.0
The TIER Manufacturing Sector Composite Indicator		▼	▼	●	●	●	●	●	●	●	●	●	99.9 _r	●	101.4

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

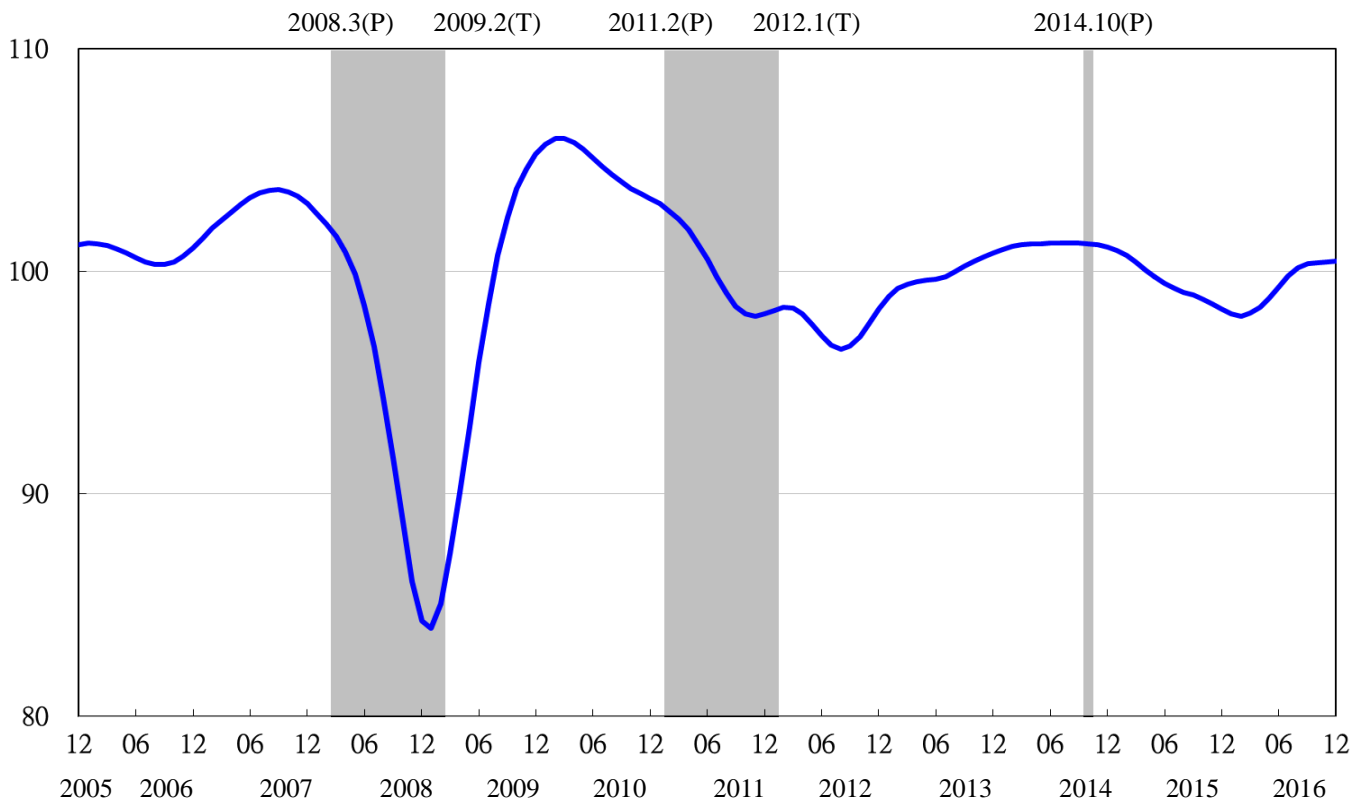
Index

	2016						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trend adjusted index	99.29	99.78	100.13	100.32	100.37	100.40	100.44
Change from preceding month (%)	0.51	0.49	0.36	0.19	0.05	0.02	0.04
Components¹							
Index of export orders	99.43	99.82	100.18	100.42	100.52	100.51	100.46
Real monetary aggregates M1B	99.96	99.96	99.96	99.95	99.92	99.88	99.84
TAIEX average closing price	99.78	99.90	100.02	100.12	100.20	100.26	100.32
Net accession rate of employees on payrolls of industry and services ²	99.88	99.93	100.01	100.10	100.21	100.31	100.41
Building permits ³	99.71	100.05	100.19	100.15	99.98	99.79	99.63
SEMI Book-to-Bill Ratio	100.20	100.06	99.92	99.78	99.67	99.62	99.62
The TIER manufacturing sector composite indicator	100.24	100.32	100.39	100.47	100.58	100.73	100.90

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						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trend adjusted index	99.11	100.04	100.99	102.00	103.13	104.30	105.53
Change from preceding month (%)	0.85	0.93	0.95	1.00	1.10	1.14	1.18
Components							
Industrial production index	99.69	99.94	100.19	100.44	100.70	100.96	101.21
Electric power consumption	99.72	99.95	100.17	100.51	100.98	101.52	102.18
Index of producer's shipment for manufacturing	99.67	99.92	100.18	100.43	100.75	101.10	101.44
Sales of trade and food services	99.40	99.70	100.04	100.37	100.73	101.10	101.45
Nonagricultural employment	99.69	99.65	99.63	99.63	99.64	99.66	99.67
Real customs-cleared exports	99.62	99.93	100.23	100.54	100.90	101.26	101.62
Real machineries and electrical equipments imports	99.49	100.15	100.84	101.52	102.16	102.78	103.45

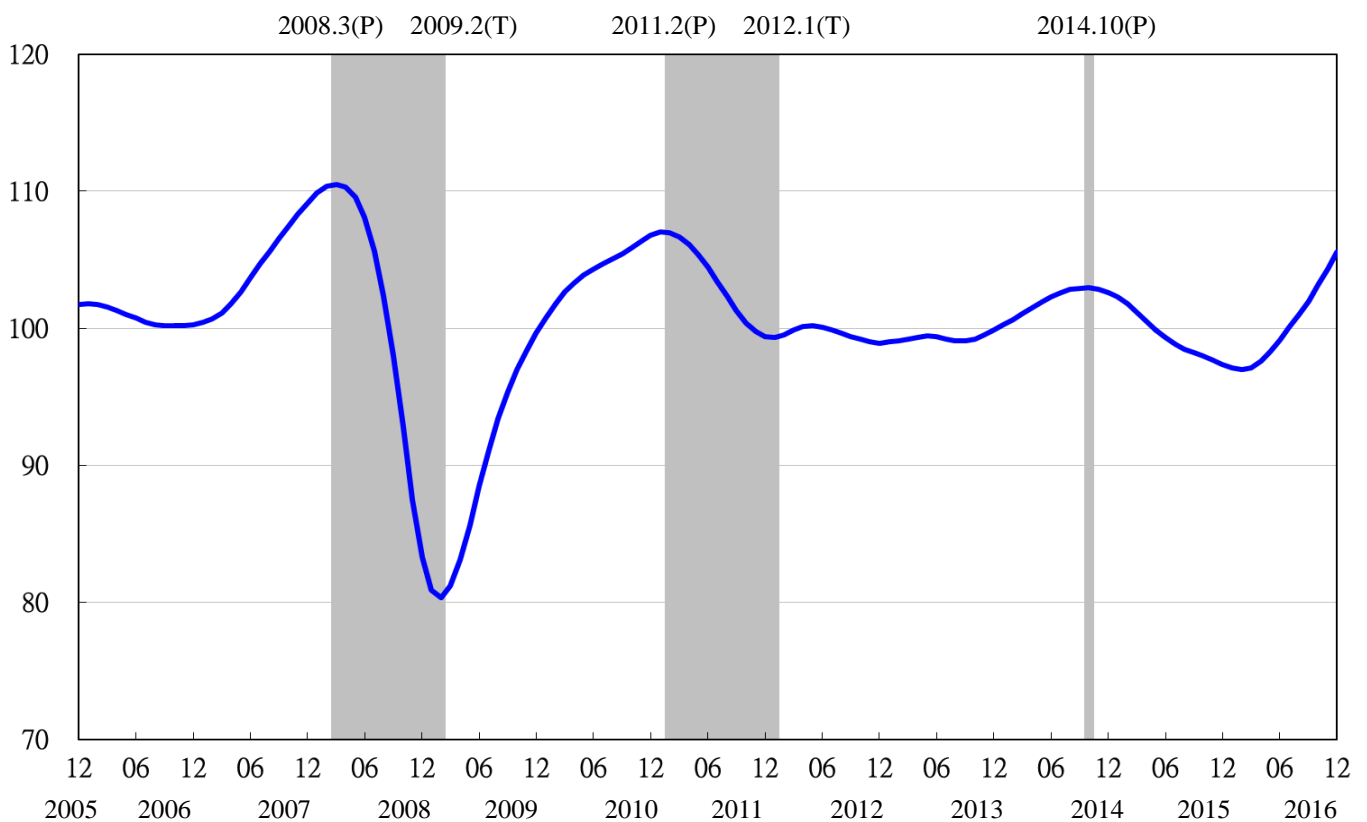


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2016						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trend adjusted index	98.96	98.60	98.28	97.99	97.73	97.52	97.34
Change from preceding month (%)	-0.41	-0.36	-0.33	-0.29	-0.26	-0.22	-0.19
Components							
Unemployment rate	99.45	99.48	99.54	99.64	99.77	99.91	100.06
Regular employees on payrolls in industry & services	99.82	99.78	99.76	99.74	99.72	99.72	99.71
The manufacturing unit output labor cost index	99.91	99.68	99.42	99.15	98.89	98.67	98.47
Interbank overnight call-loan rate	99.89	99.90	99.91	99.92	99.94	99.95	99.97
Loans and investments of monetary financial institutions	99.85	99.85	99.86	99.85	99.84	99.82	99.79
Inventories to sales ratio for manufacturing	99.85	99.65	99.46	99.31	99.14	98.98	98.83

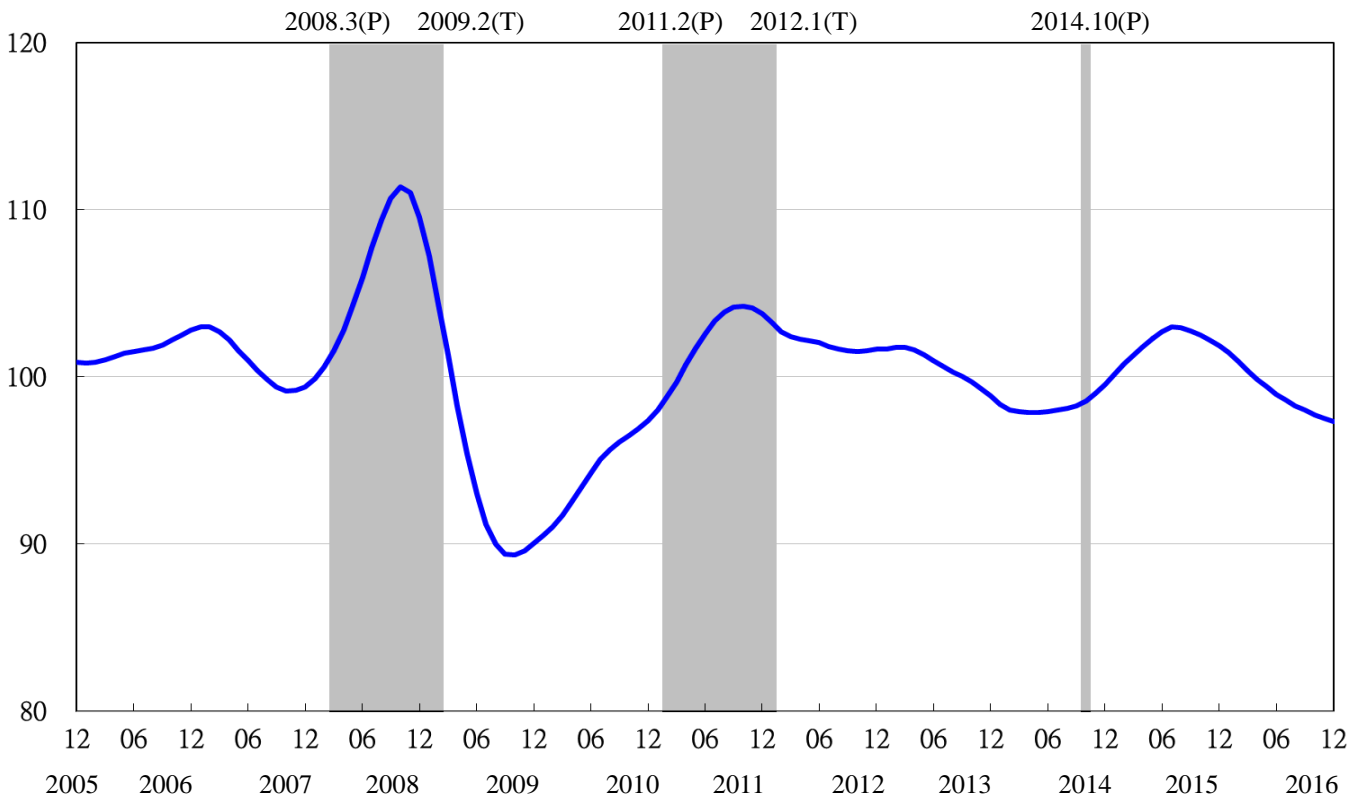


Figure 5 Trend-adjusted Lagging Index