

Taiwan Business Indicators in August 2017

Press Release

National Development Council (NDC)

September 27, 2017

In August 2017, the overall monitoring indicator flashed “green” signal. The total score increased by two points to 24. The trend-adjusted leading index and the coincident index increased from the previous month. The government will be closely monitoring the economic situation.

1. **The Monitoring Indicators:** The total score in August 2017 increased by two points to 24, flashing the “green” signal for the first month. Among the nine components, the customs-cleared exports gained one point to change its individual light from “yellow-blue” to “green”, while the TIER manufacturing sector composite indicator gained one point to change its individual light from “green” to “yellow-red”. The light signal from the rest of seven components remained unchanged.
2. **Leading Indicators:** With revised data, the trend-adjusted leading index stood at 101.02, up by 0.13% from July 2017. Among the seven indicators making up the trend-adjusted index, building permits, the TIER manufacturing sector composite indicator, the index of export orders, TAIEX average closing price, and real monetary aggregates M1B had positive cyclical movements from the previous month, while real imports of semiconductor equipment¹, 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 101.85, up by 0.62% from July 2017. Among seven indicators making up the trend-adjusted index, electric power consumption, and real machineries and electrical equipments imports had negative cyclical movements, while sales of trade and food services, real customs-cleared exports, the index of producer’s shipment for manufacturing, the industrial production index, and nonagricultural employment had positive cyclical movements.

¹ SEMI ceased publishing the monthly North America Book-to-Bill report in January 2017. The NDC replaced SEMI Book-to-Bill Ratio with real imports of semiconductor equipment since February 2017.

4. Lagging Indicators: With revised data, the trend-adjusted lagging index stood at 100.77, down by 0.17% from July 2017. Among six indicators making up the trend-adjusted index, the inventories to sales ratio for manufacturing, and the manufacturing unit output labor cost index had negative cyclical movements, while employees on payrolls in industry and services, the unemployment rate (inverted), loans and investments of monetary financial institutions, and the interbank overnight call-loan rate had positive cyclical movements.

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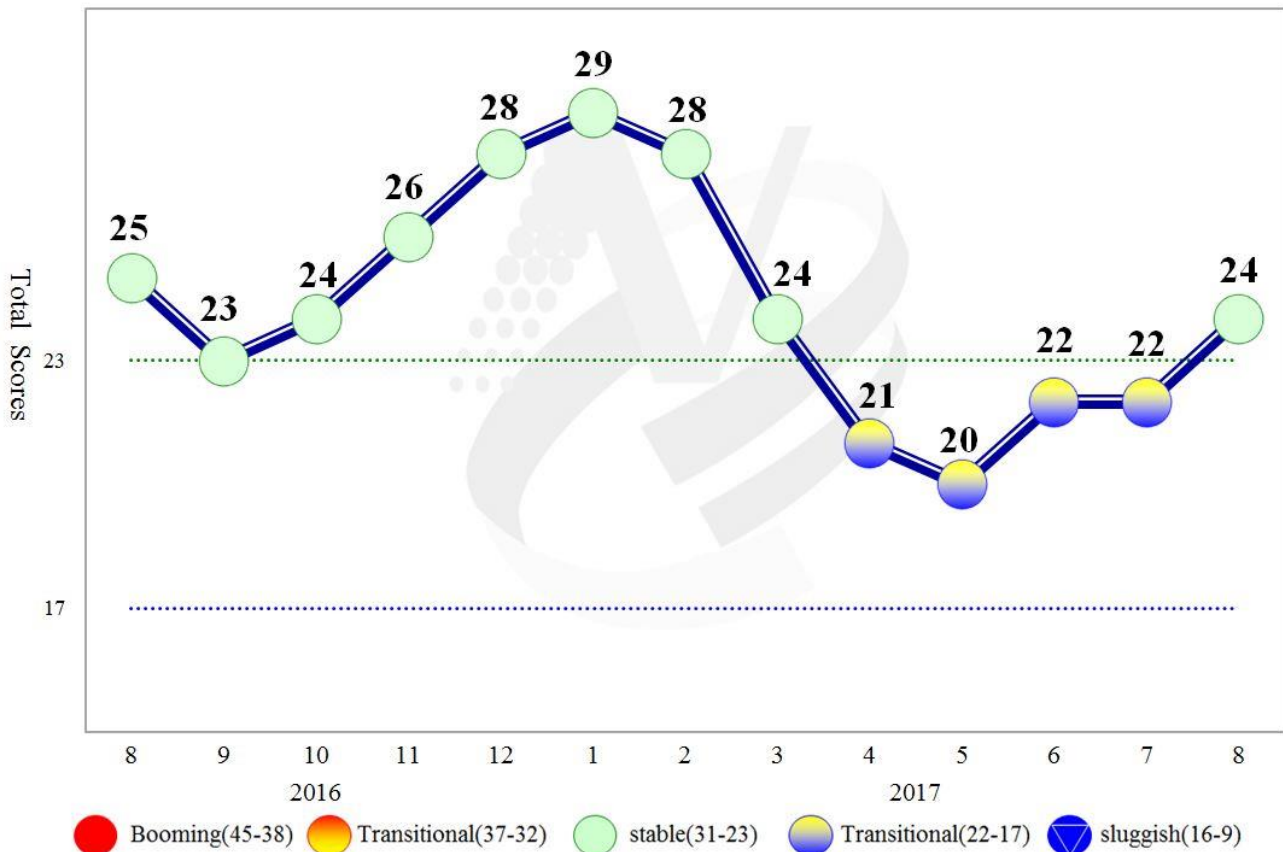


Figure 1 Total Scores in the Past Year

		2016					2017								
		8	9	10	11	12	1	2	3	4	5	6	7	8	
Total	Light	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Score	25	23	24	26	28	29	28	24	21	20	22	22	24	
Monetary Aggregates M1B		●	●	●	●	●	●	●	●	●	●	●	4.98	●	5.04
TAIEX Average Closing Price		●	●	●	●	●	●	●	●	●	●	●	17.1	●	14.8
Industrial Production Index		●	●	●	●	●	●	●	●	●	●	●	1.8 _r	●	2.2
Nonagricultural Employment		●	●	●	●	●	●	●	●	●	●	●	0.83	●	0.83
Customs-Cleared Exports		●	▼	●	●	●	●	●	●	●	●	●	5.1 _r	●	10.5
Imports of Machineries and Electrical Equipments		●	●	●	●	●	●	●	●	●	●	●	-1.1 _r	●	2.5
Index of producer's shipment for manufacturing		●	▼	●	●	●	●	●	●	●	▼	●	1.5	●	3.0 _p
Sales of Trade and Food Services		●	●	●	●	●	●	●	●	●	●	●	3.3 _r	●	3.2
The TIER Manufacturing Sector Composite Indicator		●	●	●	●	●	●	●	●	●	●	●	100.6 _r	●	102.7

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 2 Coincident Indicators

	Index						
	2017						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Trend adjusted index	101.64	101.01	100.56	100.45	100.71	101.22	101.85
Change from preceding month (%)	-0.60	-0.62	-0.45	-0.11	0.27	0.50	0.62
Components							
Industrial production index	100.36	100.10	99.91	99.85	99.91	100.05	100.23
Electric power consumption	100.79	100.46	100.15	99.89	99.79	99.75	99.70
Index of producer's shipment for manufacturing	100.22	100.01	99.89	99.95	100.18	100.50	100.87
Sales of trade and food services	100.30	100.26	100.29	100.46	100.74	101.12	101.56
Nonagricultural employment	99.88	99.90	99.92	99.93	99.93	99.94	99.94
Real customs-cleared exports	100.38	100.22	100.15	100.26	100.53	100.90	101.32
Real machineries and electrical equipments imports	101.04	100.66	100.32	100.06	99.88	99.80	99.78

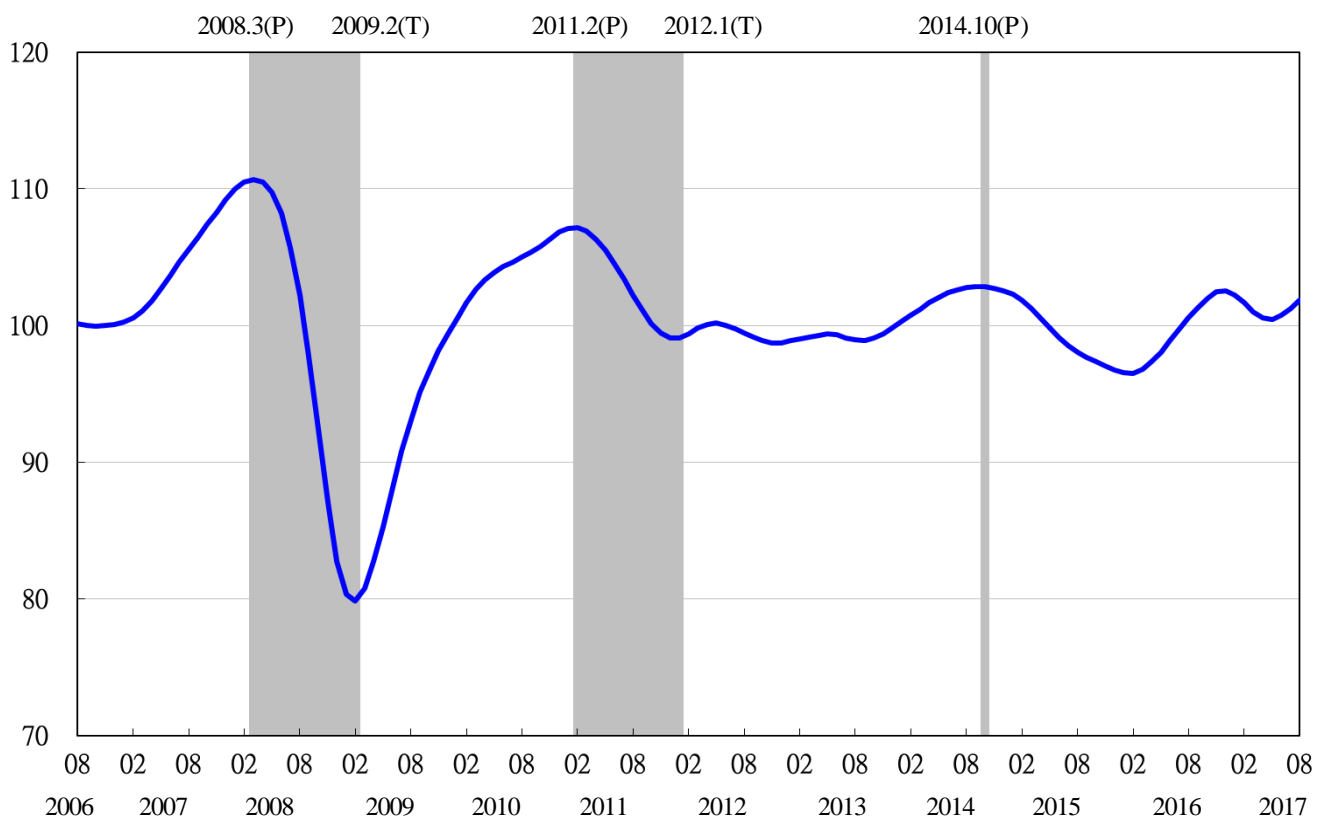


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	2017							Index
	Feb	Mar	Apr	May	Jun	Jul	Aug	
Trend adjusted index	99.31	100.02	100.61	100.95	101.00	100.95	100.77	
Change from preceding month (%)	0.73	0.71	0.59	0.34	0.05	-0.05	-0.17	
Components								
Unemployment rate	99.98	100.03	100.07	100.12	100.15	100.19	100.23	
Employees on payrolls in industry & services	99.85	99.91	99.97	100.04	100.11	100.18	100.25	
The manufacturing unit output labor cost index	99.51	99.91	100.27	100.51	100.54	100.52	100.40	
Interbank overnight call-loan rate	99.97	99.99	100.01	100.03	100.05	100.07	100.09	
Loans and investments of monetary financial institutions	99.91	99.96	100.00	100.05	100.08	100.10	100.12	
Inventories to sales ratio for manufacturing	99.94	100.23	100.41	100.41	100.29	100.09	99.85	

Note : DGBAS ceased publishing Regular employees on payrolls in industry & services in July 2017. The NDC replaced with employees on payrolls in industry & services since July 2017.

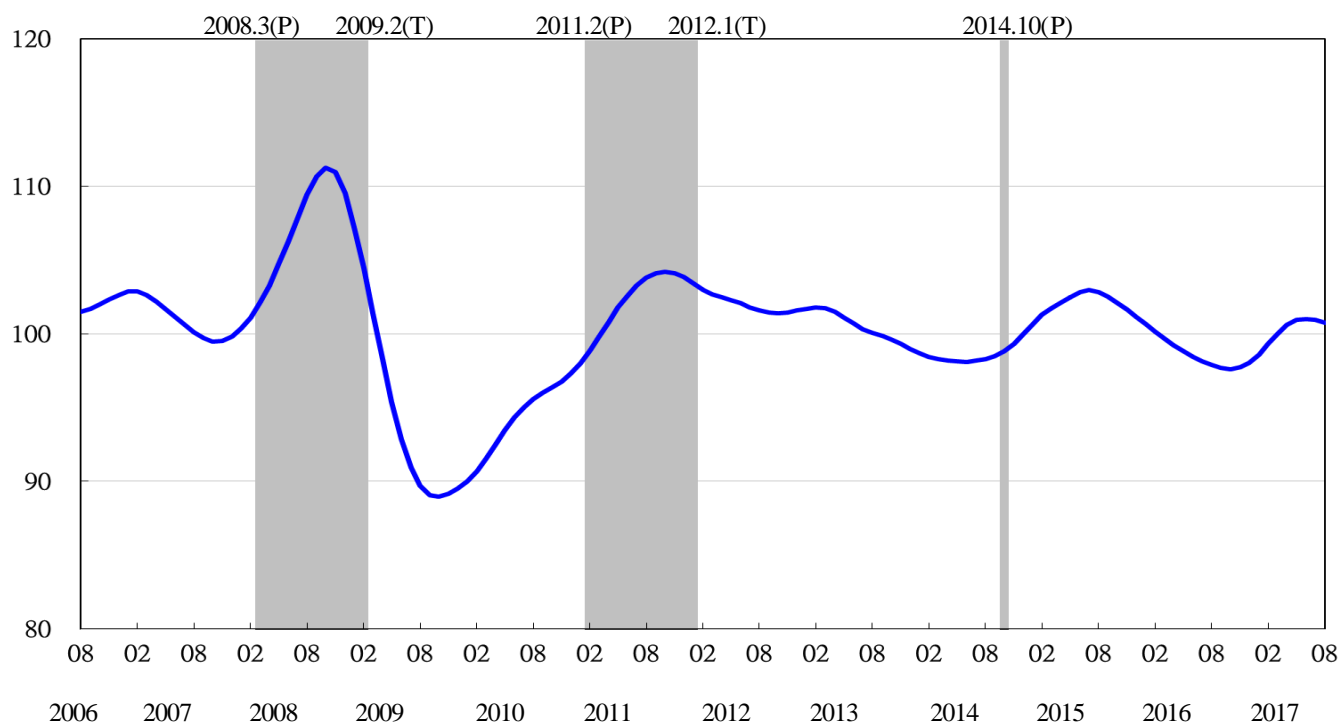


Figure 5 Trend-adjusted Lagging Index