

Taiwan Business Indicators in September 2017

Press Release

National Development Council (NDC)

October 27, 2017

In September 2017, the overall monitoring indicator flashed “green” signal. The total score increased by five points to 30. 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 September 2017 increased by five points to 30, flashing the “green” signal for the second month. Among the nine components, the customs-cleared exports gained two points to change its individual light from “green” to “red”, the index of producer’s shipment for manufacturing gained one point to change its individual light from “green” to “yellow-red”, while the industrial production index and the sales of trade and food services each gained one point to change its individual light from “yellow-blue” to “green”. The light signal form the rest of five components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 101.36, up by 0.20% from August 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 104.19, up by 1.39% from August 2017. All seven indicators making up the trend-adjusted index had positive cyclical movements, which were the electric power consumption, real customs-cleared exports, sales of trade and food services, the index of producer’s shipment for manufacturing, real machineries and

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.

electrical equipments imports, the industrial production index, and nonagricultural employment.

4. Lagging Indicators: With revised data, the trend-adjusted lagging index stood at 99.08, down by 0.33% from August 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 the unemployment rate (inverted), employees on payrolls in industry and services, loans and investments of monetary financial institutions, and the interbank overnight call-loan rate had positive cyclical movements.

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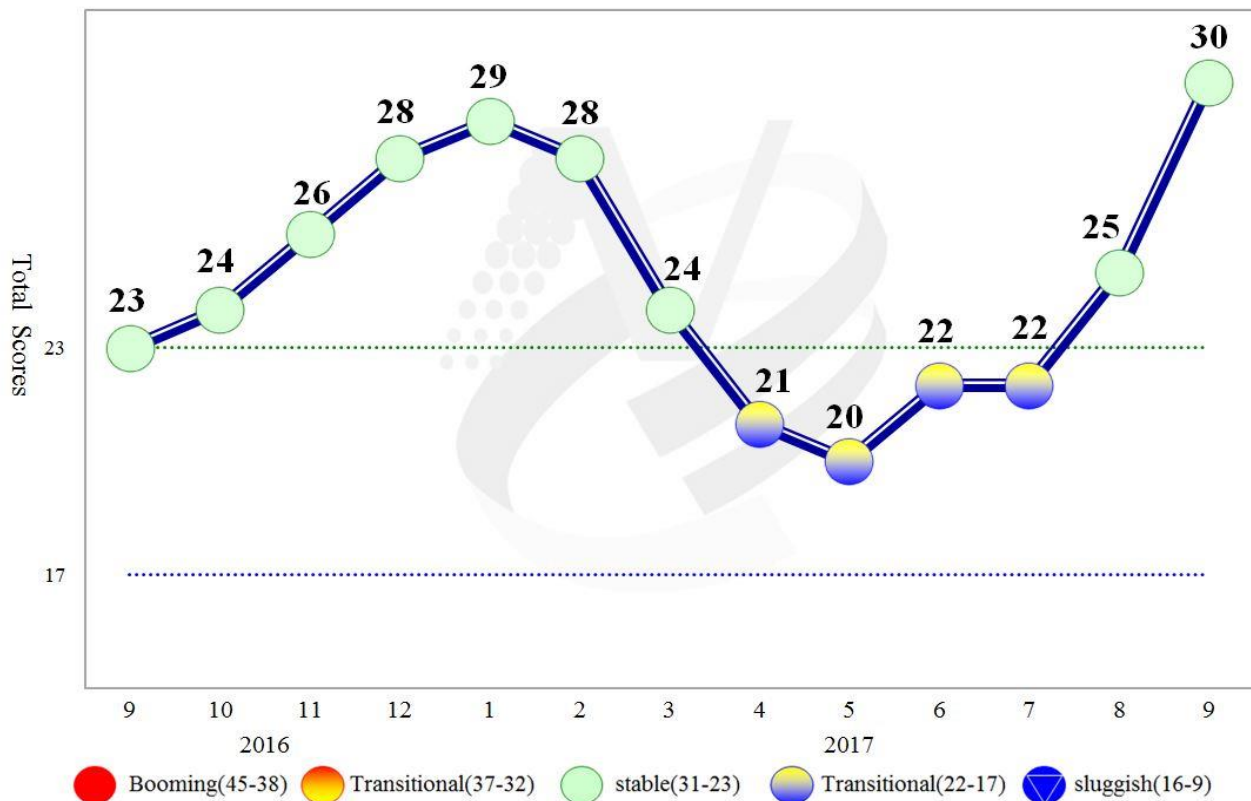


Figure 1 Total Scores in the Past Year

	2016				2017									
	9	10	11	12	1	2	3	4	5	6	7	8	9	
Total	Light	●	●	●	●	●	●	●	●	●	●	●	●	
	Score	23	24	26	28	29	28	24	21	20	22	22	25 _r	30
Monetary Aggregates M1B	●	●	●	●	●	●	●	●	●	●	●	5.04	●	4.39
TAIEX Average Closing Price	●	●	●	●	●	●	●	●	●	●	●	14.8	●	15.0
Industrial Production Index	●	●	●	●	●	●	●	●	●	●	●	2.3 _r	●	5.0
Nonagricultural Employment	●	●	●	●	●	●	●	●	●	●	●	0.83	●	0.83
Customs-Cleared Exports	●	●	●	●	●	●	●	●	●	●	●	10.6 _r	●	17.3
Imports of Machineries and Electrical Equipments	●	●	●	●	●	●	●	●	●	●	●	2.8 _r	●	5.4
Index of producer's shipment for manufacturing	●	●	●	●	●	●	●	●	●	●	●	3.2 _r	●	9.0 _p
Sales of Trade and Food Services	●	●	●	●	●	●	●	●	●	●	●	3.2	●	5.9
The TIER Manufacturing Sector Composite Indicator	●	●	●	●	●	●	●	●	●	●	●	102.2 _r	●	101.7

Notes : 1. Individual Componentets 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

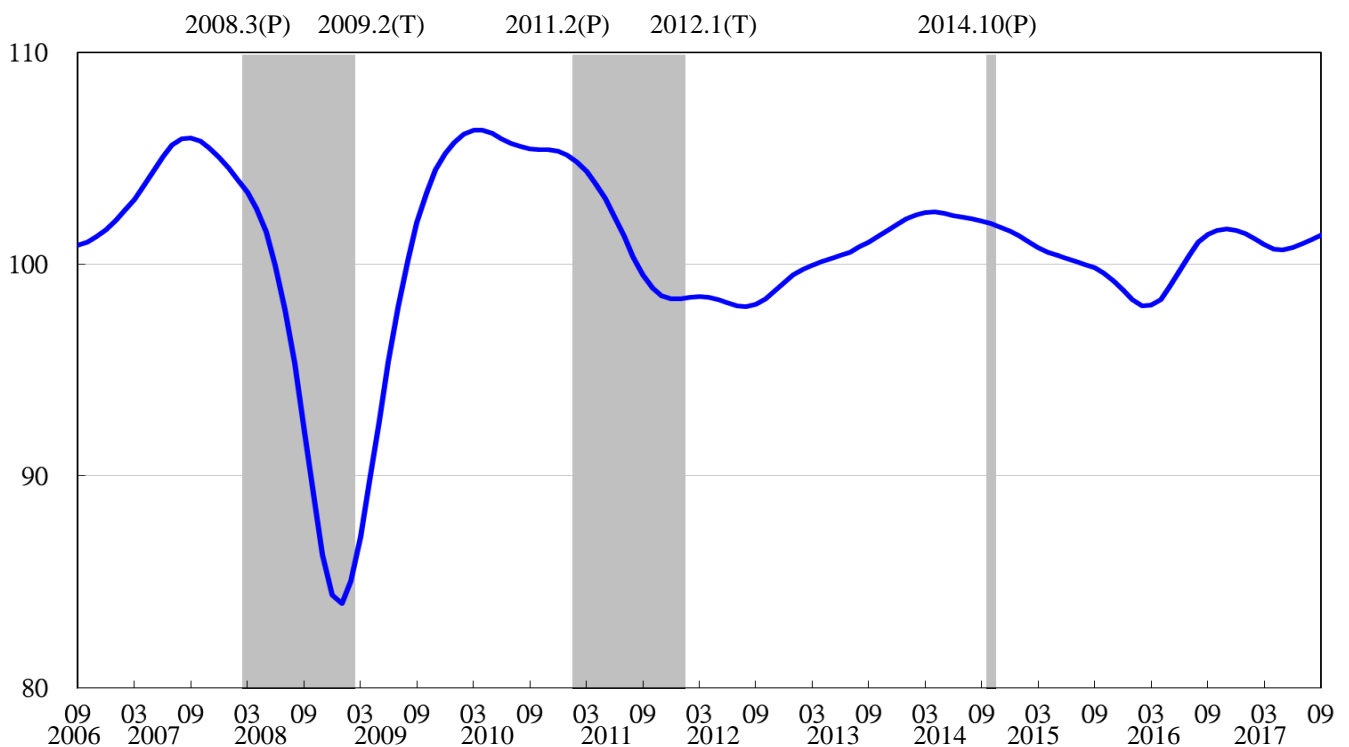
Index

	2017						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	100.91	100.72	100.66	100.77	100.96	101.15	101.36
Change from preceding month (%)	-0.26	-0.20	-0.05	0.11	0.19	0.19	0.20
Components¹							
Index of export orders	99.65	99.57	99.64	99.82	100.01	100.18	100.35
Real monetary aggregates M1B	99.78	99.72	99.70	99.71	99.74	99.77	99.80
TAIEX average closing price	100.14	100.22	100.30	100.38	100.45	100.51	100.57
Net accession rate of employees on payrolls of industry and services ²	100.29	100.23	100.18	100.14	100.10	100.07	100.04
Building permits ³	99.85	100.04	100.28	100.64	101.08	101.52	101.97
Real imports of semiconductor equipment ⁴	100.82	100.47	100.05	99.55	98.99	98.41	97.86
The TIER manufacturing sector composite indicator	99.99	99.90	99.91	100.03	100.24	100.48	100.72

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						
	2017						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	100.32	99.92	99.95	100.51	101.48	102.76	104.19
Change from preceding month (%)	-0.63	-0.40	0.04	0.55	0.96	1.26	1.39
Components							
Industrial production index	99.98	99.79	99.75	99.86	100.08	100.38	100.72
Electric power consumption	99.91	99.66	99.57	99.80	100.28	100.96	101.81
Index of producer's shipment for manufacturing	99.84	99.73	99.82	100.08	100.46	100.91	101.37
Sales of trade and food services	100.04	100.07	100.23	100.54	100.97	101.49	102.03
Nonagricultural employment	99.90	99.92	99.93	99.94	99.94	99.948	99.952
Real customs-cleared exports	99.99	99.93	100.05	100.37	100.82	101.36	101.93
Real machineries and electrical equipments imports	100.45	100.16	99.98	99.94	100.08	100.35	100.69

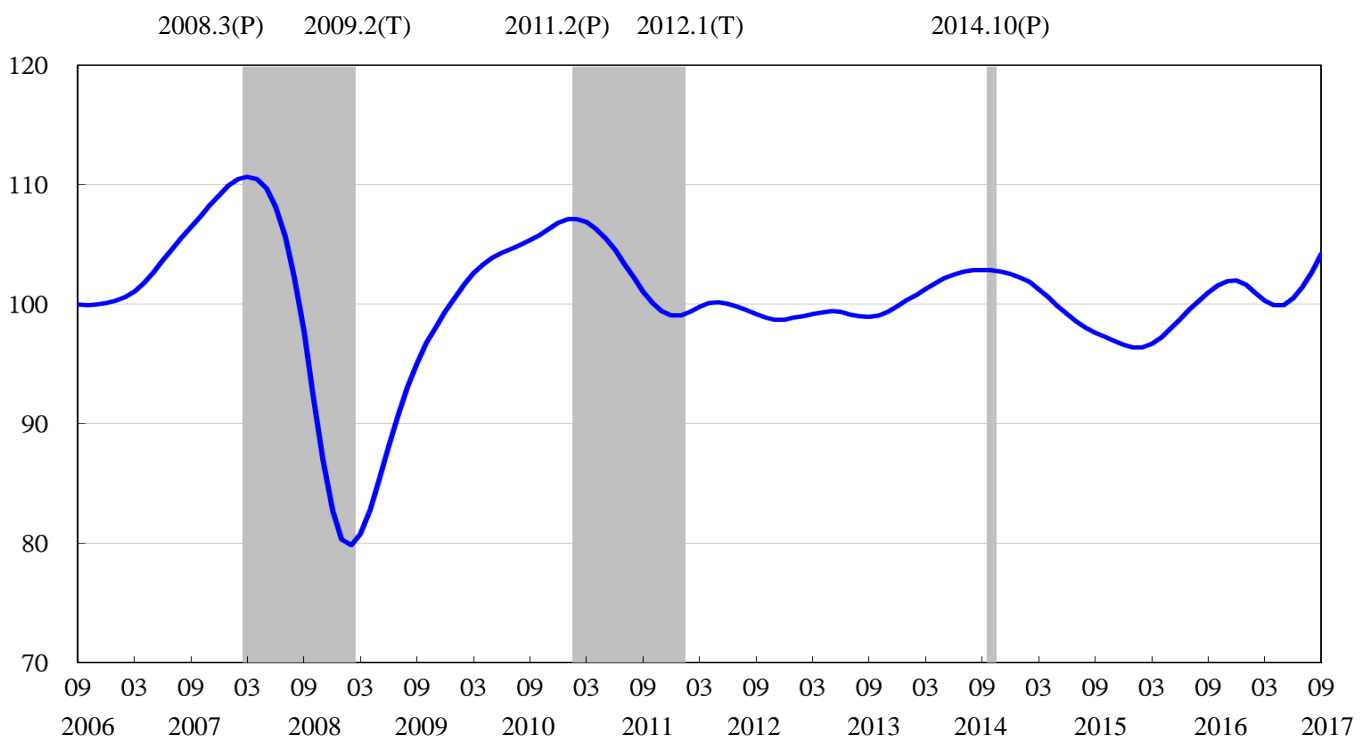


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2017						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	99.94	100.18	100.17	99.99	99.72	99.41	99.08
Change from preceding month (%)	0.41	0.25	-0.01	-0.19	-0.26	-0.31	-0.33
Components							
Unemployment rate	99.98	100.03	100.08	100.13	100.18	100.25	100.32
Employees on payrolls in industry & services	99.88	99.95	100.01	100.08	100.15	100.22	100.29
The manufacturing unit output labor cost index	99.76	99.72	99.56	99.36	99.17	98.99	98.81
Interbank overnight call-loan rate	99.98	100.00	100.02	100.04	100.06	100.08	100.09
Loans and investments of monetary financial institutions	99.94	99.98	100.03	100.06	100.09	100.13	100.16
Inventories to sales ratio for manufacturing	100.38	100.54	100.51	100.31	100.01	99.62	99.21

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.

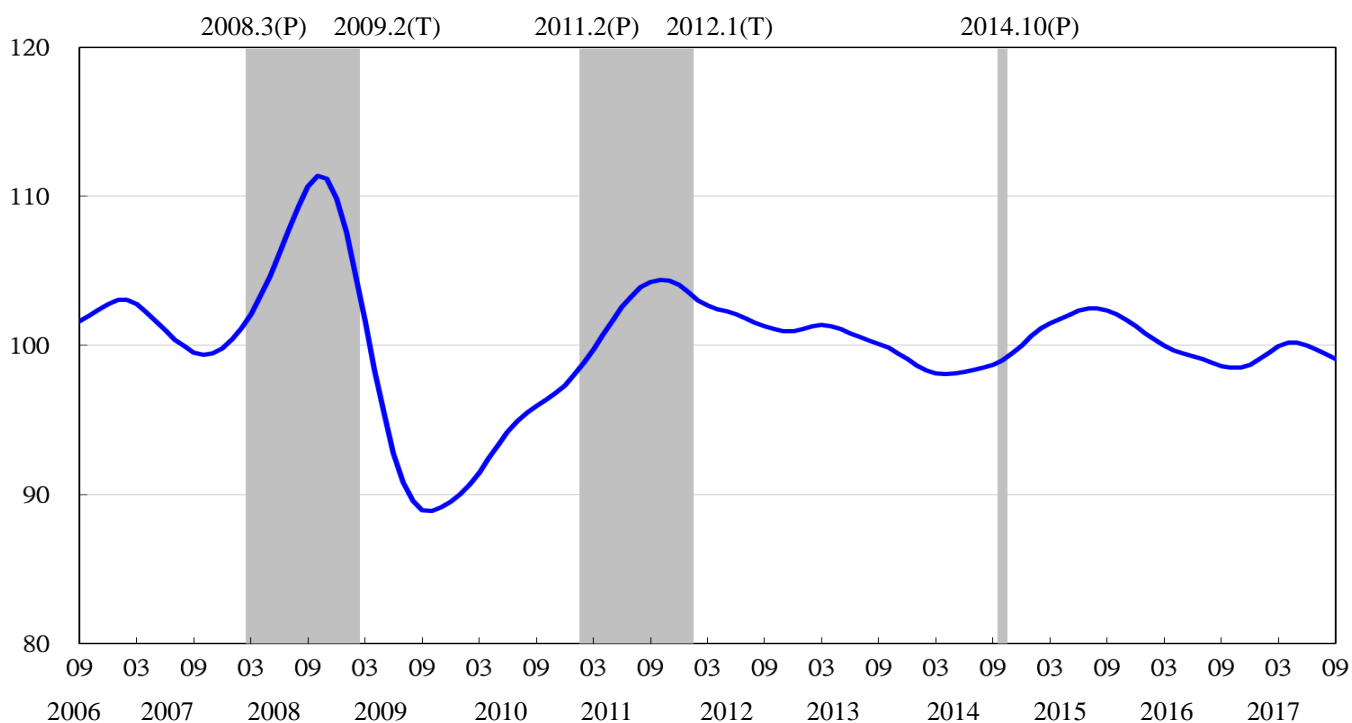


Figure 5 Trend-adjusted Lagging Index