

Taiwan Business Indicators in January 2018

Press Release

National Development Council (NDC)

March 7, 2018

In January 2018, the overall monitoring indicator flashed “yellow-blue” signal. The total score decreased by two points to 20. The trend-adjusted leading index increased and the coincident index decreased from the previous month. The government will be closely monitoring the economic situation.

1. The Monitoring Indicators: The total score in January 2018 decreased by two points to 20, flashing the “yellow-blue” signal for the second month. Among the nine components, the imports of machineries and electrical equipments gained one point to change its individual light from “yellow-blue” to “green”, the customs cleared exports lost two points to change its individual light from “green” to “blue”, while the industrial production index lost one point to change its individual light from “yellow-blue” to “blue”. The light signal from the rest of six components remained unchanged.
2. Leading Indicators: With revised data, the trend-adjusted leading index stood at 101.62, up by 0.08% from last month. Among the seven indicators making up the trend-adjusted index, real imports of semiconductor equipment, building permits, the index of export orders, and TAIEX average closing price had positive cyclical movements from the previous month, while real monetary aggregates M1B, net accession rate of employees on payrolls of industry and services, and the TIER manufacturing sector composite indicator had negative cyclical movements.
3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 101.85, down by 0.14% from last month. Among the seven indicators making up the trend-adjusted index, the index of producer’s shipment for manufacturing, the industrial production index, real machineries and electrical equipments imports, sales of trade and food services, and nonagricultural employment had positive cyclical movements, while electric power consumption, and real customs-cleared exports had negative cyclical movements.

4. Lagging Indicators: With revised data, the trend-adjusted lagging index stood at 100.39, up by 0.24% from last month. Among six indicators making up the trend-adjusted index, the manufacturing unit output labor cost index, employees on payrolls in industry and services, the unemployment rate (inverted), and the interbank overnight call-loan rate had positive cyclical movements, while loans and investments of monetary financial institutions, and the inventories to sales ratio for manufacturing had negative cyclical movements.

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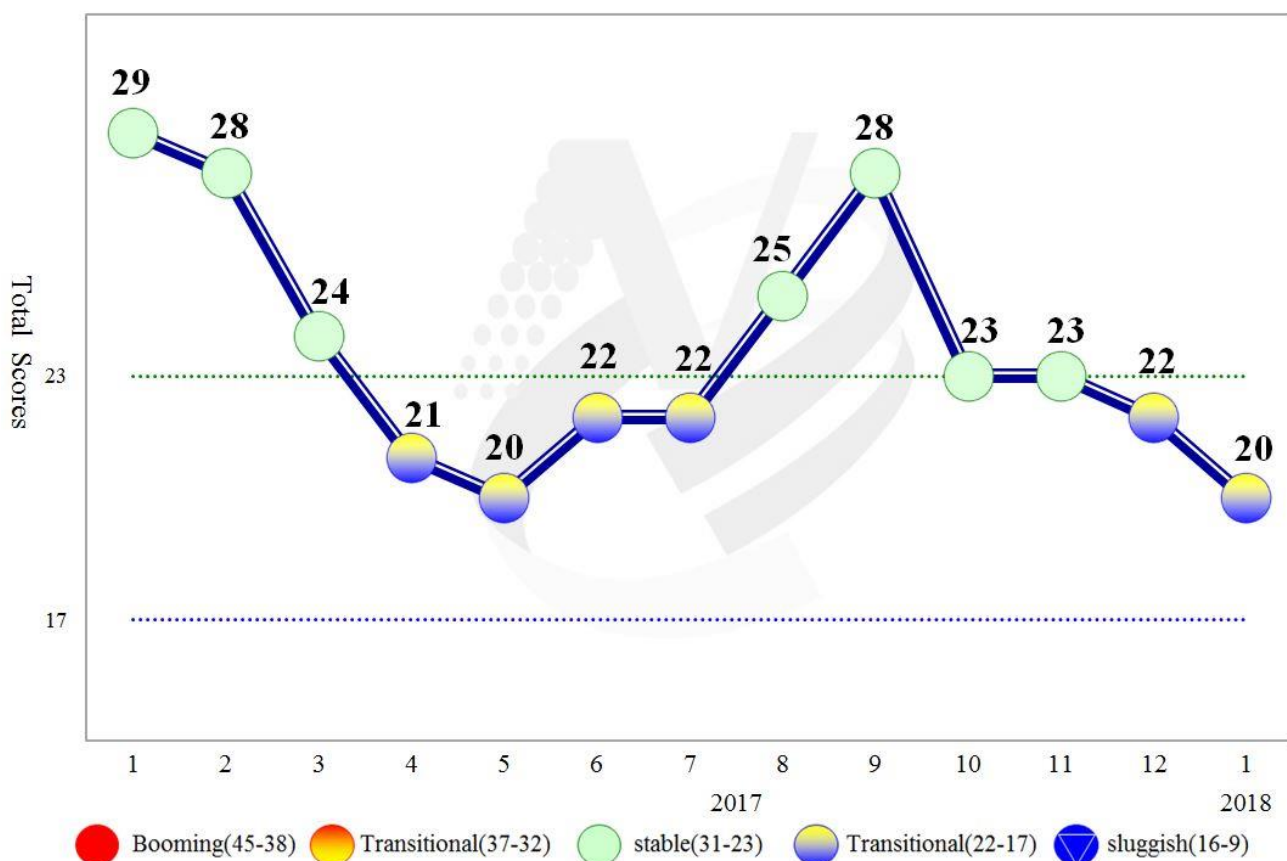


Figure 1 Total Scores in the Past Year

| | | 2017 | | | | | | | | | | | | 2018 | |
|---|-------|------|----|----|----|----|----|----|----|----|----|----|-------------------|------|------------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | |
| Total | Light | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | |
| | Score | 29 | 28 | 24 | 21 | 20 | 22 | 22 | 25 | 28 | 23 | 23 | 22 | 20 | |
| Monetary Aggregates M1B | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 4.1 | ● | 4.5 |
| TAIEX Average Closing Price | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 13.6 | ● | 17.7 |
| Industrial Production Index | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 1.4 _r | ● | -1.0 |
| Nonagricultural Employment | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 0.83 | ● | 0.76 |
| Customs-Cleared Exports | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 7.8 _r | ● | -1.4 |
| Imports of Machineries and Electrical Equipments | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | -5.1 _r | ● | 1.7 |
| Index of producer's shipment for manufacturing | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 0.8 _r | ● | 0.6 _p |
| Sales of Trade and Food Services | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 3.4 | ● | 4.2 |
| The TIER Manufacturing Sector Composite Indicator | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | 98.8 _r | ● | 100.0 |

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

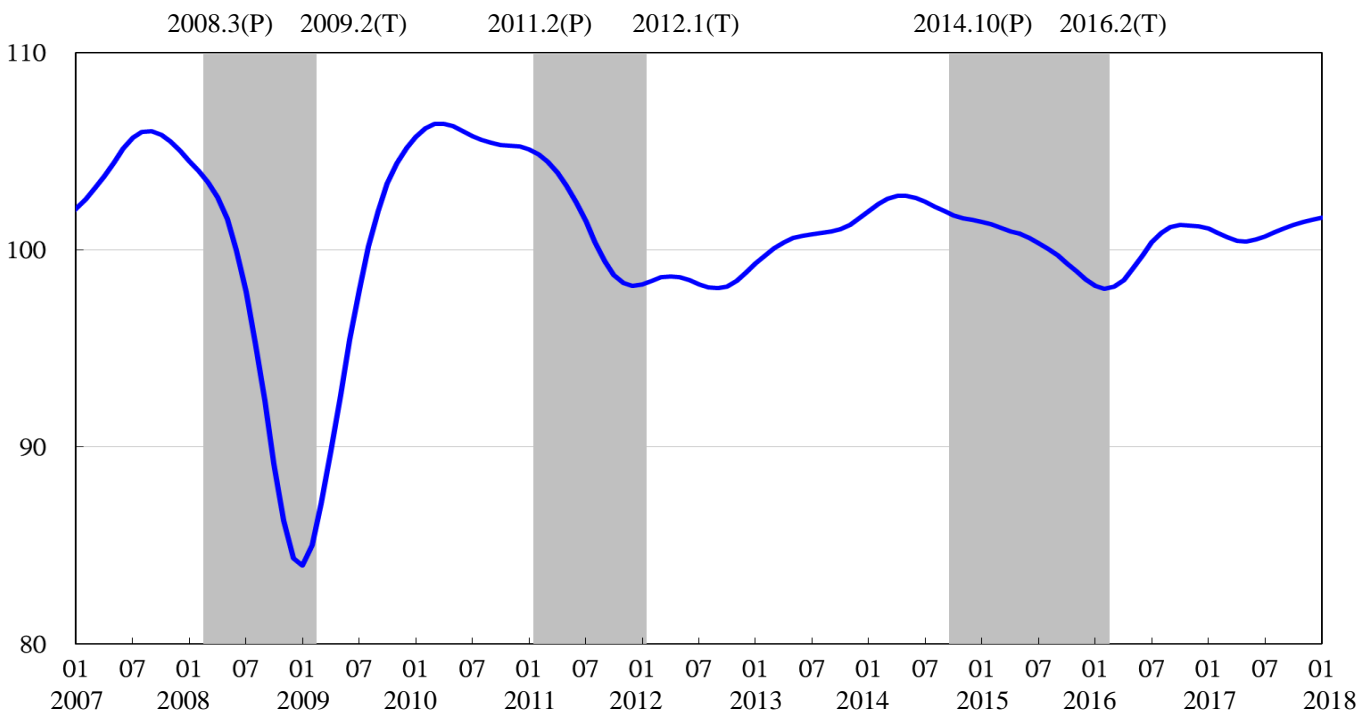
Table 1 Leading Indicators

| | Index | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|
| | 2017 | | | | | | 2018 |
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan |
| Trend adjusted index | 100.69 | 100.88 | 101.07 | 101.26 | 101.42 | 101.54 | 101.62 |
| Change from preceding month (%) | 0.18 | 0.19 | 0.20 | 0.19 | 0.15 | 0.12 | 0.08 |
| Components¹ | | | | | | | |
| Index of export orders | 99.93 | 100.07 | 100.20 | 100.30 | 100.40 | 100.47 | 100.49 |
| Real monetary aggregates M1B | 99.92 | 99.91 | 99.87 | 99.80 | 99.70 | 99.59 | 99.48 |
| TAIEX average closing price | 100.29 | 100.32 | 100.34 | 100.35 | 100.36 | 100.36 | 100.37 |
| Net accession rate of employees on payrolls of industry and services ² | 100.11 | 100.07 | 100.04 | 100.01 | 99.96 | 99.90 | 99.83 |
| Building permits ³ | 100.41 | 100.75 | 101.05 | 101.29 | 101.48 | 101.65 | 101.81 |
| Real imports of semiconductor equipment | 99.31 | 99.05 | 98.98 | 99.07 | 99.24 | 99.44 | 99.64 |
| The TIER manufacturing sector composite indicator | 100.13 | 100.24 | 100.30 | 100.29 | 100.25 | 100.18 | 100.12 |

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 | | | | | | 2018 |
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan |
| Trend adjusted index | 100.62 | 101.25 | 101.74 | 101.97 | 102.06 | 101.99 | 101.85 |
| Change from preceding month (%) | 0.55 | 0.62 | 0.49 | 0.23 | 0.08 | -0.06 | -0.14 |
| Components | | | | | | | |
| Industrial production index | 99.87 | 100.04 | 100.18 | 100.29 | 100.39 | 100.49 | 100.60 |
| Electric power consumption | 100.28 | 100.56 | 100.76 | 100.69 | 100.43 | 99.99 | 99.41 |
| Index of producer's shipment for manufacturing | 100.03 | 100.25 | 100.40 | 100.50 | 100.59 | 100.71 | 100.85 |
| Sales of trade and food services | 100.41 | 100.72 | 100.97 | 101.16 | 101.30 | 101.40 | 101.49 |
| Nonagricultural employment | 99.94 | 99.95 | 99.97 | 99.99 | 100.01 | 100.02 | 100.03 |
| Real customs-cleared exports | 100.45 | 100.67 | 100.80 | 100.81 | 100.78 | 100.65 | 100.46 |
| Real machineries and electrical equipments imports | 99.80 | 99.97 | 100.15 | 100.31 | 100.44 | 100.53 | 100.63 |

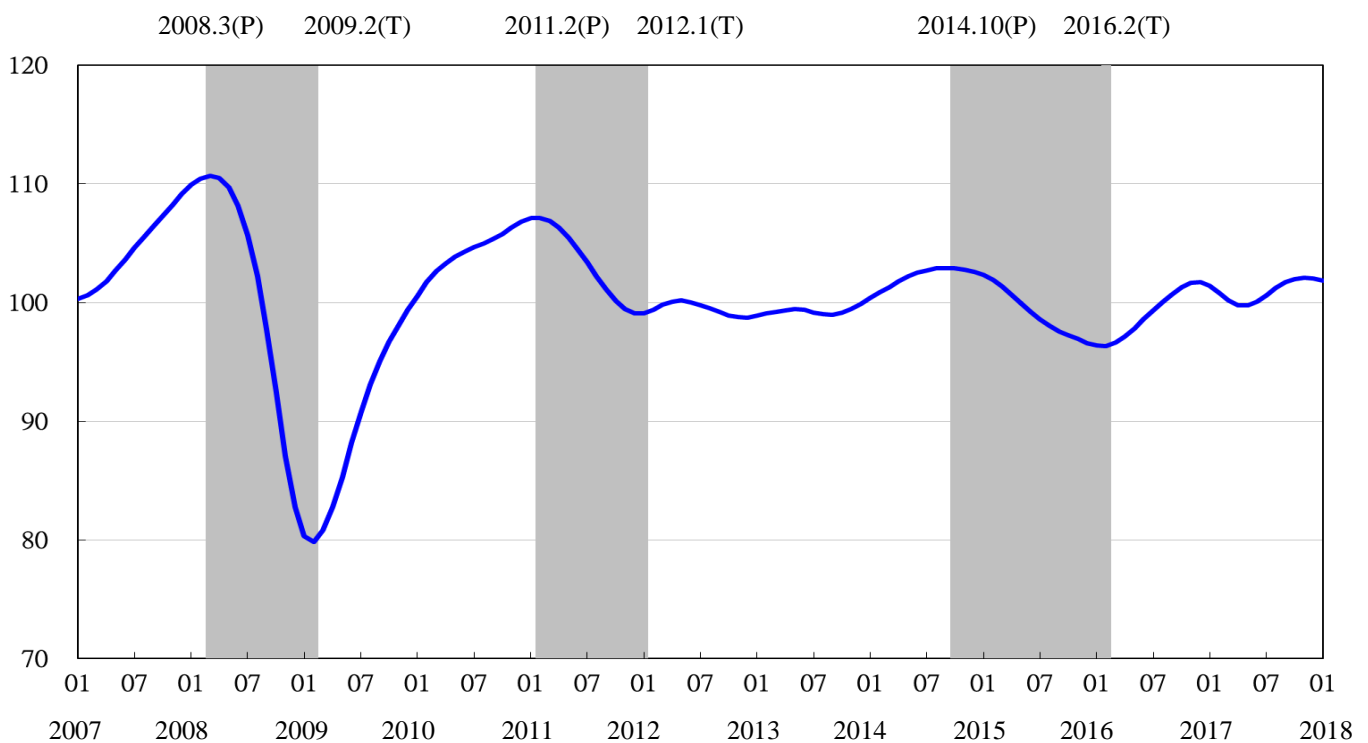


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

| | Index | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| | 2017 | | | | | | 2018 |
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan |
| Trend adjusted index | 100.51 | 100.20 | 99.96 | 99.92 | 99.99 | 100.15 | 100.39 |
| Change from preceding month (%) | -0.19 | -0.31 | -0.23 | -0.05 | 0.07 | 0.16 | 0.24 |
| Components | | | | | | | |
| Unemployment rate | 100.09 | 100.14 | 100.19 | 100.22 | 100.25 | 100.27 | 100.30 |
| Employees on payrolls in industry & services | 100.05 | 100.10 | 100.14 | 100.18 | 100.22 | 100.24 | 100.27 |
| The manufacturing unit output labor cost index | 100.12 | 99.86 | 99.67 | 99.68 | 99.81 | 100.04 | 100.36 |
| Interbank overnight call-loan rate | 100.02 | 100.03 | 100.05 | 100.06 | 100.07 | 100.08 | 100.09 |
| Loans and investments of monetary financial institutions | 100.10 | 100.11 | 100.11 | 100.09 | 100.06 | 100.00 | 99.94 |
| Inventories to sales ratio for manufacturing | 100.25 | 100.00 | 99.80 | 99.66 | 99.58 | 99.54 | 99.52 |

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.

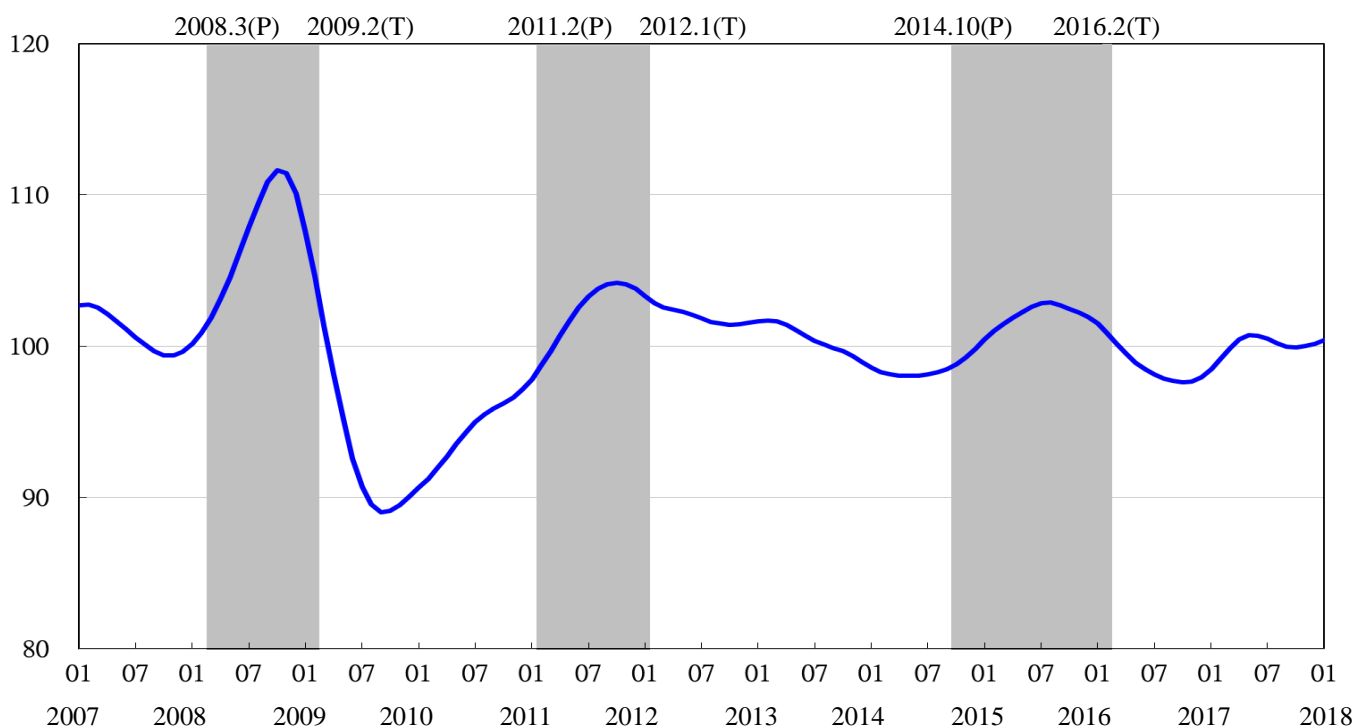


Figure 5 Trend-adjusted Lagging Index