

Taiwan Business Indicators in July 2018

Press Release

National Development Council (NDC)

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In July 2018, the overall monitoring indicator flashed the “green” signal. The total score was 27.¹ 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 Indicators²: The total score in July 2018 was 27, flashing the “green” signal. Among the nine components, the import of machineries and electrical equipments and the TIER manufacturing sector composite indicator flashed “yellow-red” signals. The industrial production index, the index of producer’s shipment for manufacturing, the sales of trade and food services, TAIEX average closing price, and customs-cleared exports flashed “green” signals. The monetary aggregates M1B and the nonagricultural employments flashed “yellow-blue” signals.

2. Leading Indicators³: With revised data, the trend-adjusted leading index stood at 101.84, up by 0.13% from last month. Among the seven indicators making up the trend-adjusted index, new housing construction started, the TIER manufacturing sector composite indicator, real monetary aggregates M1B, and net accession rate of employees on payrolls of industry and services had positive cyclical movements from the previous month, while real imports of semiconductor equipment, TAIEX average closing price, and the index of export orders had negative cyclical movements.

3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 99.65, down by 0.47% from last month. Among the seven indicators making up the trend-adjusted index, sales of trade and

¹ Due to review and revision of the monitoring indicators since July 2018, the prior period scores have not corrected retrospectively.

² The items of monitoring indicators remain the same, but the checkpoints of each component have been changed since July 2018.

³ The components of leading indicators have been changed since July 2018. New components include diffusion index of export orders (by number of firms), real monetary aggregate M1B, TAIEX average closing price, net accession rate of employees on payrolls of industry and services, total floor area of new housing construction started (residential houses, commercial offices, industrial warehouses), real imports of semiconductor equipment, and the TIER manufacturing sector composite indicator.

food services had positive cyclical movement, while electric power consumption, real customs-cleared exports, the industrial production index, real machineries and electrical equipments imports, the index of producer's shipment for manufacturing, and nonagricultural employments had negative cyclical movements.

4. Lagging Indicators⁴: With revised data, the trend-adjusted lagging index stood at 102.15, up by 0.35% from last month. Among five indicators making up the trend-adjusted index, inventory value for manufacturing, loans and investments of financial institutions, the manufacturing unit output labor cost index, and the interbank overnight call-loan rate had positive cyclical movements, while the unemployment rate (inverted) had negative cyclical movement.

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⁴ The components of lagging indicators have been changed since July 2018. New components include unemployment rate (reciprocal), the manufacturing unit output labor cost index, interbank overnight call-loan rate, loans and investments of financial institutions, and inventory value for manufacturing.

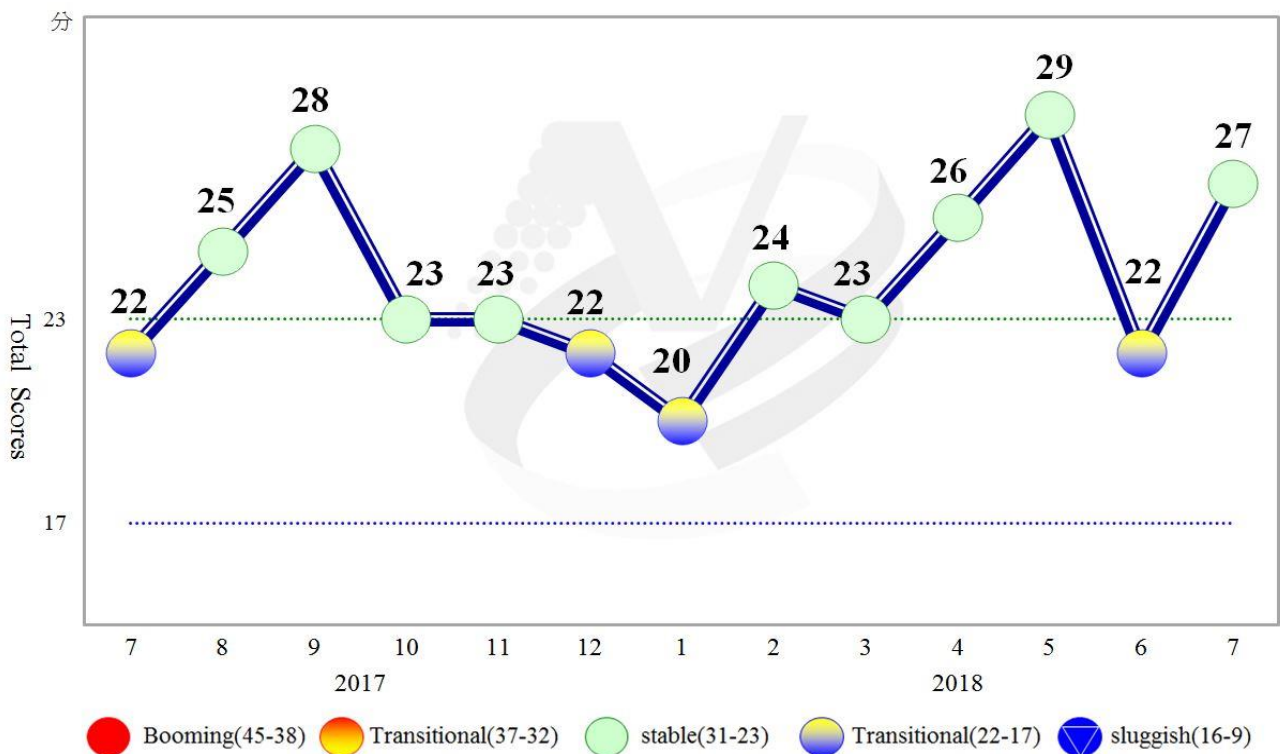


Figure 1 Total Scores in the Past Year

	2017						2018						New Series beginning in July 2018*	2018
	7	8	9	10	11	12	1	2	3	4	5	6		7
Total	Light Score						Total						Light Score	27
Monetary Aggregates M1B	[Icons]						[Icons]						Monetary Aggregates M1B	5.7
TAIEX Average Closing Price	[Icons]						[Icons]						TAIEX Average Closing Price	4.0
Industrial Production Index	[Icons]						[Icons]						Industrial Production Index	3.8
Nonagricultural Employment	[Icons]						[Icons]						Nonagricultural Employment	0.73
Customs-Cleared Exports	[Icons]						[Icons]						Customs-Cleared Exports	3.6
Imports of Machineries and Electrical Equipments	[Icons]						[Icons]						Imports of Machineries and Electrical Equipments	13.3
Index of producer's shipment for manufacturing	[Icons]						[Icons]						Index of producer's shipment for manufacturing	2.7 _p
Sales of Trade and Food Services	[Icons]						[Icons]						Sales of Trade and Food Services	4.7
The TIER Manufacturing Sector Composite Indicator	[Icons]						[Icons]						The TIER Manufacturing Sector Composite Indicator	101.7

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 1 Leading Indicators

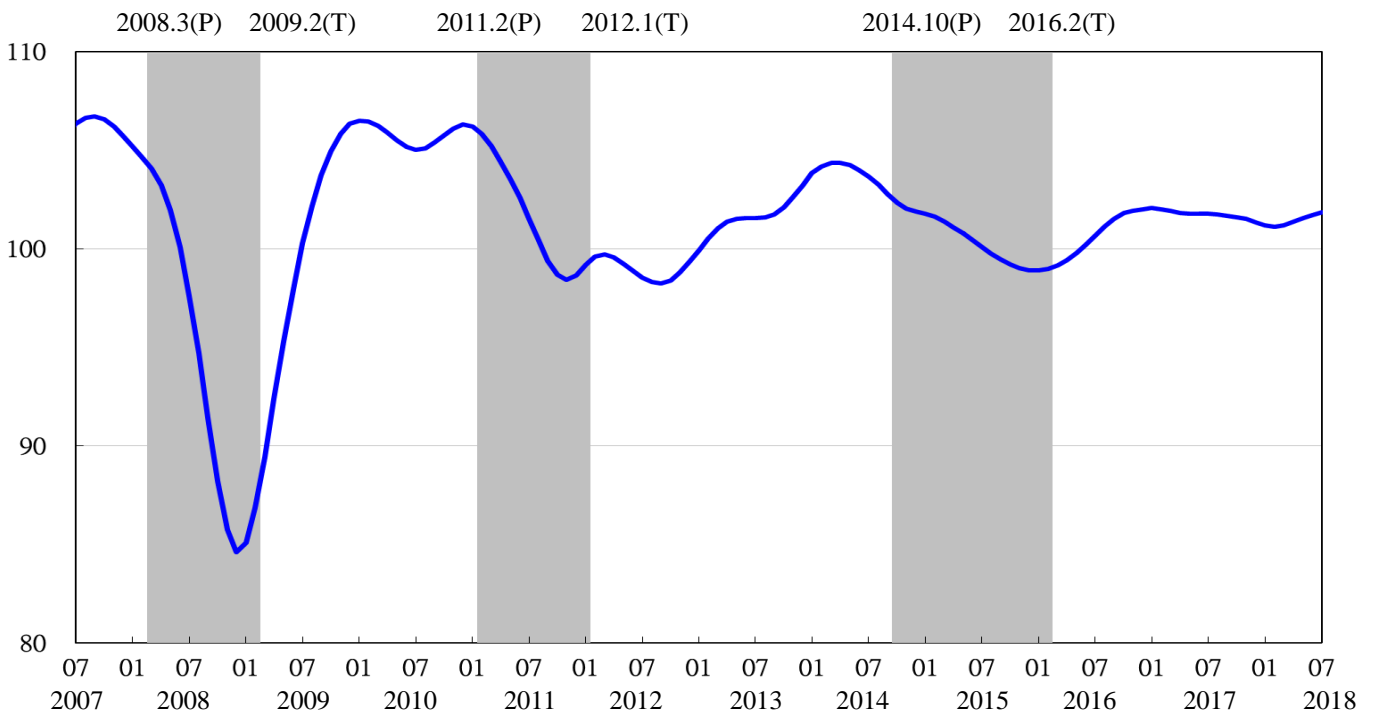
	Index						
	2018						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Trend adjusted index	101.17	101.12	101.19	101.37	101.56	101.70	101.84
Change from preceding month (%)	-0.16	-0.05	0.07	0.18	0.19	0.14	0.13
Components¹							
Diffusion Index of export orders ²	99.60	99.60	99.73	99.91	100.03	100.08	100.06
Real monetary aggregates M1B	99.72	99.72	99.75	99.80	99.86	99.92	99.98
TAIEX average closing price	100.25	100.21	100.17	100.12	100.06	100.01	99.95
Net accession rate of employees on payrolls of industry and services ³	99.98	99.92	99.87	99.84	99.84	99.85	99.86
New housing construction started ⁴	100.41	100.47	100.61	100.86	101.14	101.39	101.63
Real imports of semiconductor equipment	99.80	99.79	99.72	99.61	99.49	99.36	99.25
The TIER manufacturing sector composite indicator	100.03	99.98	99.97	99.99	100.04	100.11	100.19

Note : 1. All components are passed through seasonal adjustment, trend-removal, smoothing and normalization.

2. Diffusion Index of export orders by number of firms.

3. Net accession rate is equal to accession rate minus separation rate.

4. 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						
	2018						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Trend adjusted index	101.91	101.67	101.37	100.97	100.57	100.12	99.65
Change from preceding month (%)	-0.19	-0.24	-0.30	-0.39	-0.39	-0.44	-0.47
Components							
Industrial production index	100.53	100.47	100.38	100.23	100.04	99.82	99.58
Electric power consumption	100.49	100.45	100.34	100.13	99.88	99.59	99.24
Index of producer's shipment for manufacturing	100.49	100.44	100.36	100.30	100.27	100.23	100.18
Sales of trade and food services	100.59	100.59	100.65	100.74	100.85	100.91	100.96
Nonagricultural employment	100.03	100.03	100.03	100.01	99.98	99.95	99.92
Real customs-cleared exports	100.81	100.62	100.40	100.14	99.87	99.60	99.31
Real machineries and electrical equipments imports	100.43	100.27	100.06	99.86	99.70	99.58	99.51

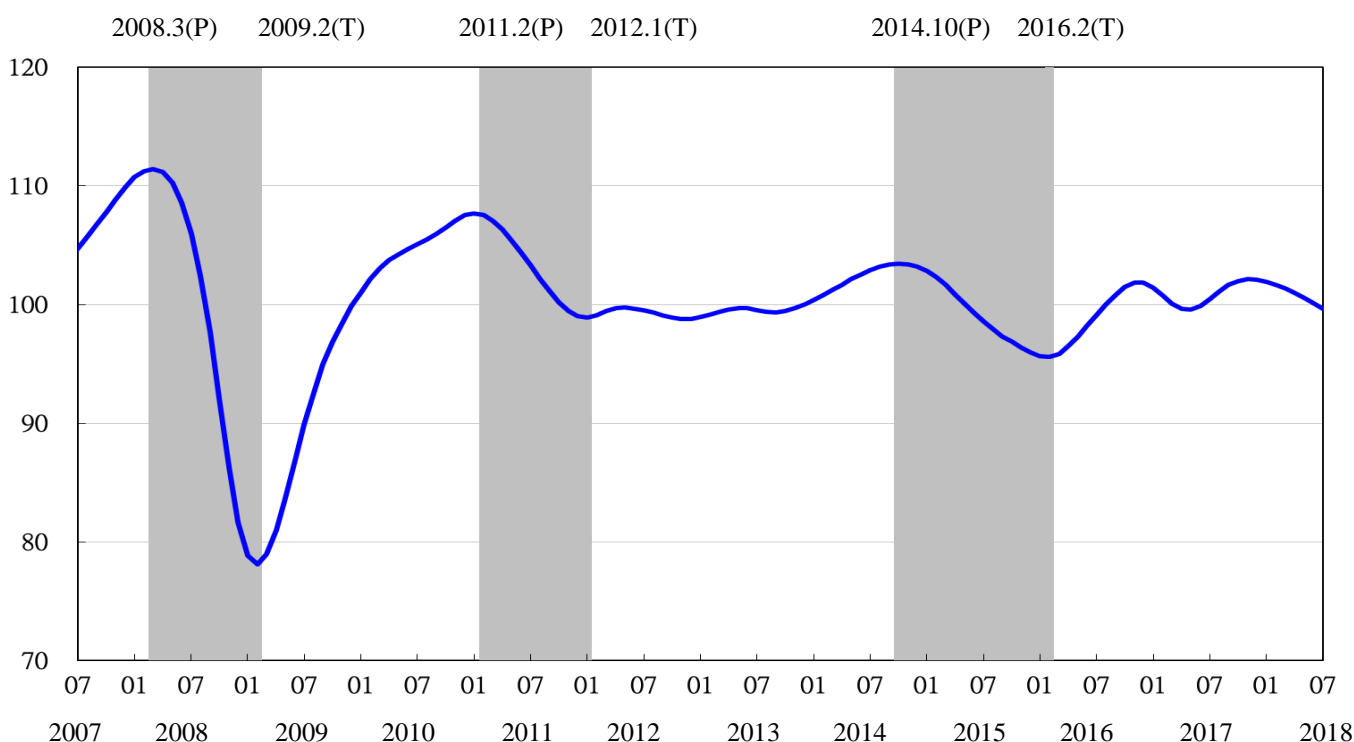


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2018						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Trend adjusted index	100.94	101.08	101.16	101.28	101.49	101.79	102.15
Change from preceding month (%)	0.21	0.14	0.08	0.12	0.21	0.29	0.35
Components							
Unemployment rate	100.18	100.17	100.14	100.11	100.08	100.04	100.01
The manufacturing unit output labor cost index	100.07	100.03	99.90	99.78	99.73	99.76	99.86
Interbank overnight call-loan rate	100.03	100.04	100.06	100.07	100.08	100.09	100.10
Loans and investments of financial institutions	100.28	100.41	100.54	100.67	100.81	100.92	101.02
Inventory value for manufacturing	100.38	100.45	100.54	100.67	100.82	101.00	101.19

Note : The NDC deleted the employees on payrolls in industry & services since July 2018.

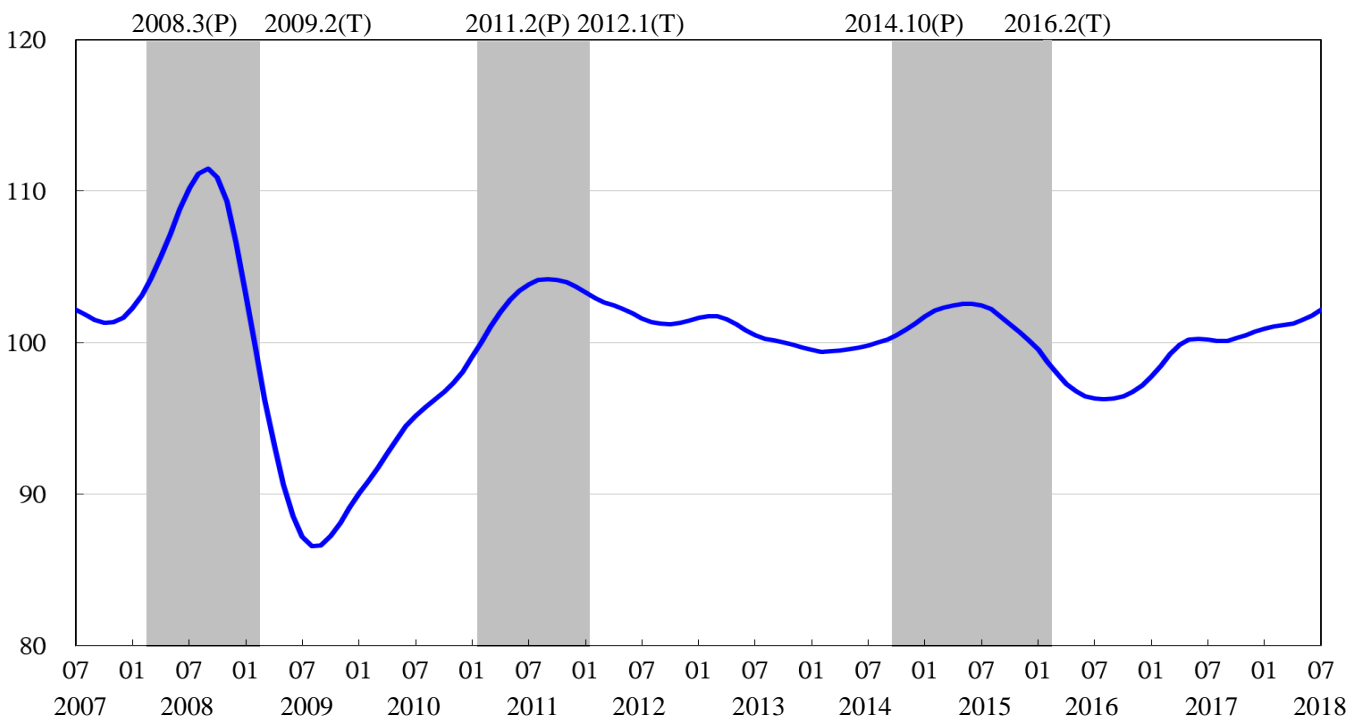


Figure 5 Trend-adjusted Lagging Index