

Taiwan Business Indicators in September 2018

Press Release

National Development Council (NDC)

October 26, 2018

In September 2018, the overall monitoring indicator flashed the “yellow-blue” signal. The total score decreased two points to 22. The trend-adjusted leading index decreased from the previous month, while the coincident index increased. The government will be closely monitoring the economic situation.

1. The Monitoring Indicators¹: The total score in September 2018 was 22, flashing the “yellow-blue” signal. Among the nine components, the import of machineries and electrical equipments flashed “yellow-red” signal. The TAIEX average closing price and customs-cleared exports flashed “green” signals. The monetary aggregates M1B, industrial production index, nonagricultural employments, index of producer’s shipment for manufacturing, sales of trade and food services, and the TIER manufacturing sector composite indicator flashed “yellow-blue” signals.
2. Leading Indicators²: With revised data, the trend-adjusted leading index stood at 101.26, down by 0.11% from last month. Among the seven indicators making up the trend-adjusted index, real imports of semiconductor equipment, new housing construction started, and net accession rate of employees on payrolls of industry and services had positive cyclical movements from the previous month, while the TIER manufacturing sector composite indicator, diffusion index of export orders, TAIEX average closing price, and real monetary aggregates M1B had negative cyclical movements.
3. Coincident Indicators: With revised data, the trend-adjusted coincident index stood at 100.82, up by 0.24% from last month. Among the seven indicators making up the trend-adjusted index, real machineries and

¹ The items of monitoring indicators remain the same, but the checkpoints of each component have been changed since July 2018.

² 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.

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

4. Lagging Indicators³: With revised data, the trend-adjusted lagging index stood at 101.37, down by 0.10% from last month. Among five indicators making up the trend-adjusted index, inventory value for manufacturing, loans and investments of financial institutions, and the interbank overnight call-loan rate had positive cyclical movements, while the manufacturing unit output labor cost index, and the unemployment rate (inverted) had negative cyclical movement.

~~ Next publication date: November 27 2018 ~~

³ 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.

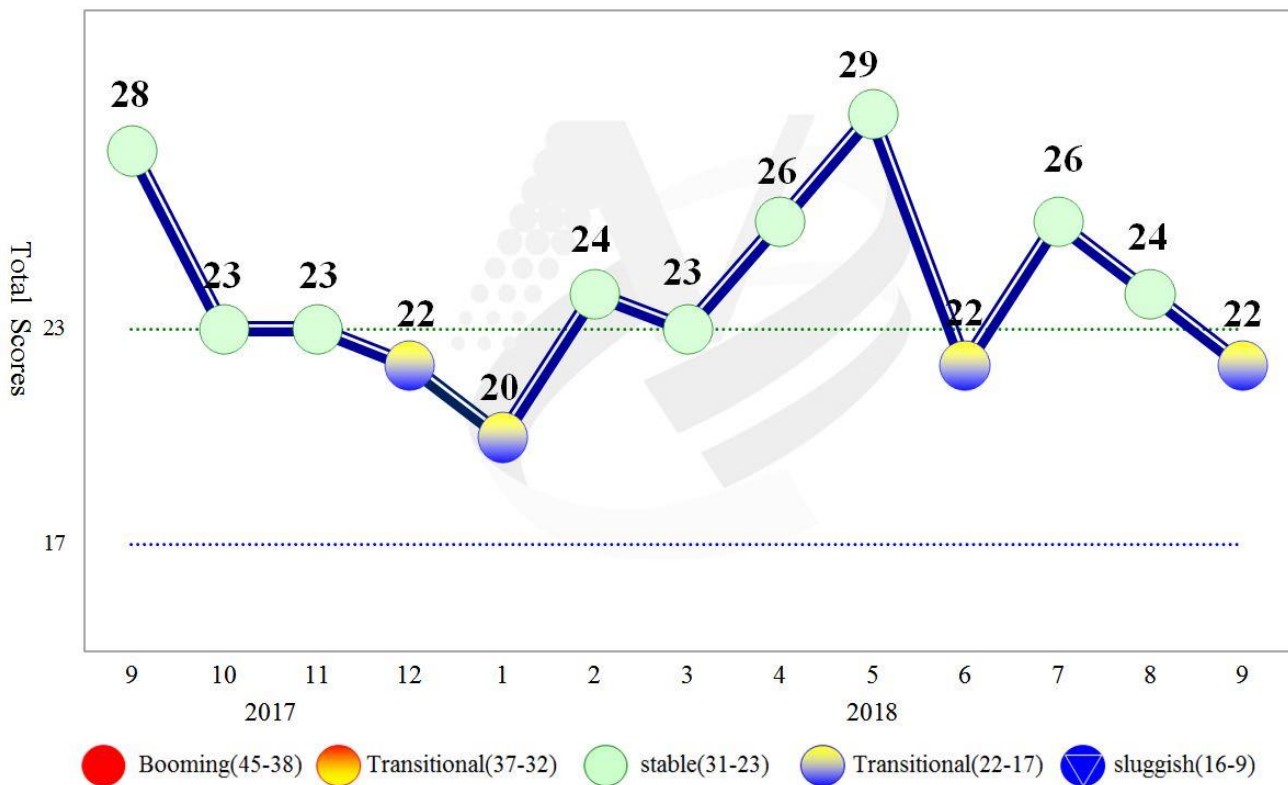


Figure 1 Total Scores in the Past Year

	2017				2018						New Series beginning in July 2018	2018			
	9	10	11	12	1	2	3	4	5	6		7	8	9	
Total	Light Score	28	23	23	22	20	24	23	26	29	22	Light Score	26	24	22
Monetary Aggregates M1B													5.2		5.2
TAIEX Average Closing Price													4.5		3.6
Industrial Production Index													1.1 _r		1.6
Nonagricultural Employment													0.70		0.74
Customs-Cleared Exports													4.9 _r		7.3
Imports of Machineries and Electrical Equipments													12.8 _r		8.7
Index of producer's shipment for manufacturing													-1.6 _r		-1.4
Sales of Trade and Food Services													2.9		2.0
The TIER Manufacturing Sector Composite Indicator													98.3 _r		93.8

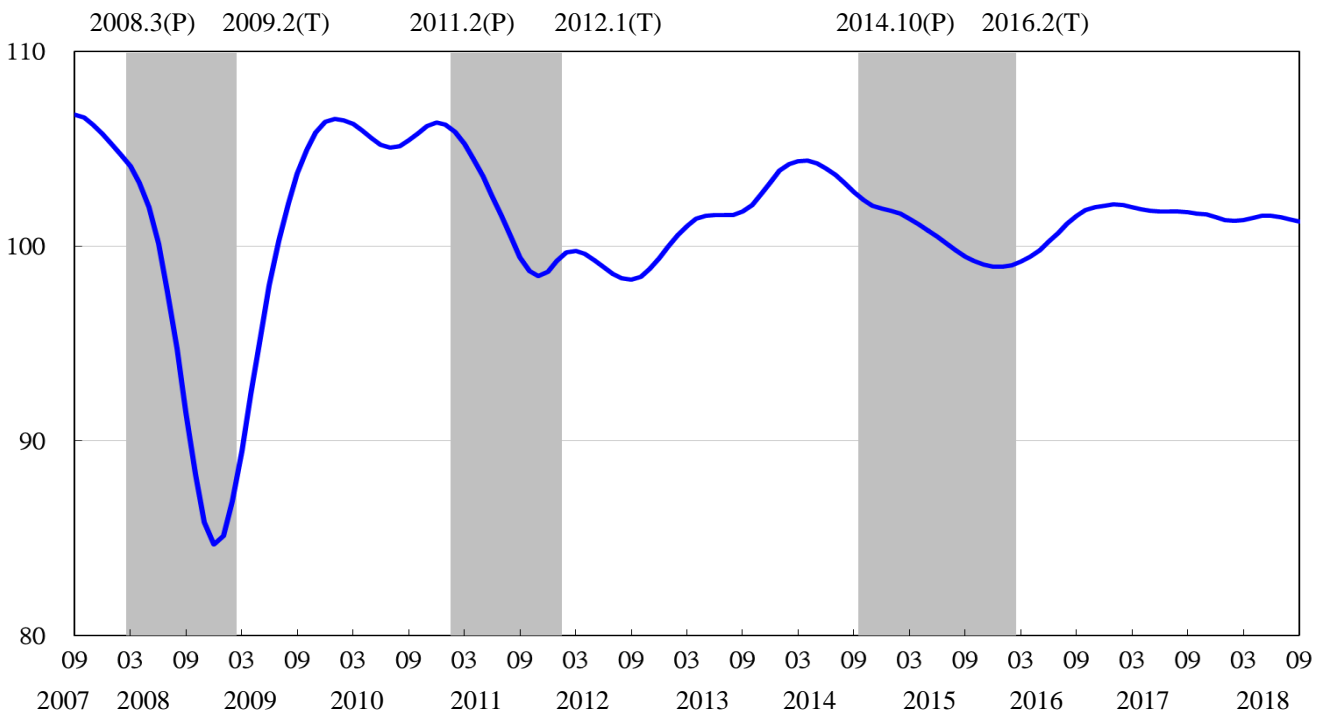
Notes : 1. Individual Components and check points are in terms of percentage changes over a one-year span, except the TIER Manufacturing Composite
 2. All components, except TAIEX average closing price, have been seasonally adjusted.
 3. r = Revised.

Figure 2 Monitoring Indicators

Table 1 Leading Indicators

	Index						
	2018						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	101.34	101.46	101.55	101.54	101.47	101.37	101.26
Change from preceding month (%)	0.04	0.12	0.09	-0.00	-0.07	-0.11	-0.11
Components¹							
Diffusion Index of export orders ²	99.96	100.09	100.11	100.02	99.80	99.54	99.24
Real monetary aggregates M1B	99.78	99.82	99.87	99.90	99.92	99.920	99.915
TAIEX average closing price	100.19	100.14	100.09	100.04	99.98	99.92	99.86
Net accession rate of employees on payrolls of industry and services ³	99.88	99.85	99.85	99.86	99.88	99.91	99.93
New housing construction started ⁴	100.41	100.61	100.82	100.97	101.12	101.28	101.47
Real imports of semiconductor equipment	99.59	99.52	99.49	99.54	99.69	99.92	100.20
The TIER manufacturing sector composite indicator	100.20	100.18	100.15	100.05	99.86	99.59	99.26

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						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	101.06	100.76	100.55	100.42	100.43	100.58	100.82
Change from preceding month (%)	-0.27	-0.30	-0.21	-0.12	0.01	0.15	0.24
Components							
Industrial production index	100.33	100.21	100.08	99.96	99.89	99.88	99.90
Electric power consumption	100.19	100.04	99.90	99.83	99.82	99.94	100.14
Index of producer's shipment for manufacturing	100.42	100.34	100.28	100.19	100.07	99.92	99.78
Sales of trade and food services	100.50	100.59	100.71	100.78	100.82	100.84	100.83
Nonagricultural employment	100.04	100.02	99.99	99.97	99.96	99.95	99.94
Real customs-cleared exports	100.28	100.04	99.86	99.77	99.74	99.83	99.99
Real machineries and electrical equipments imports	99.87	99.76	99.73	99.81	100.01	100.27	100.54

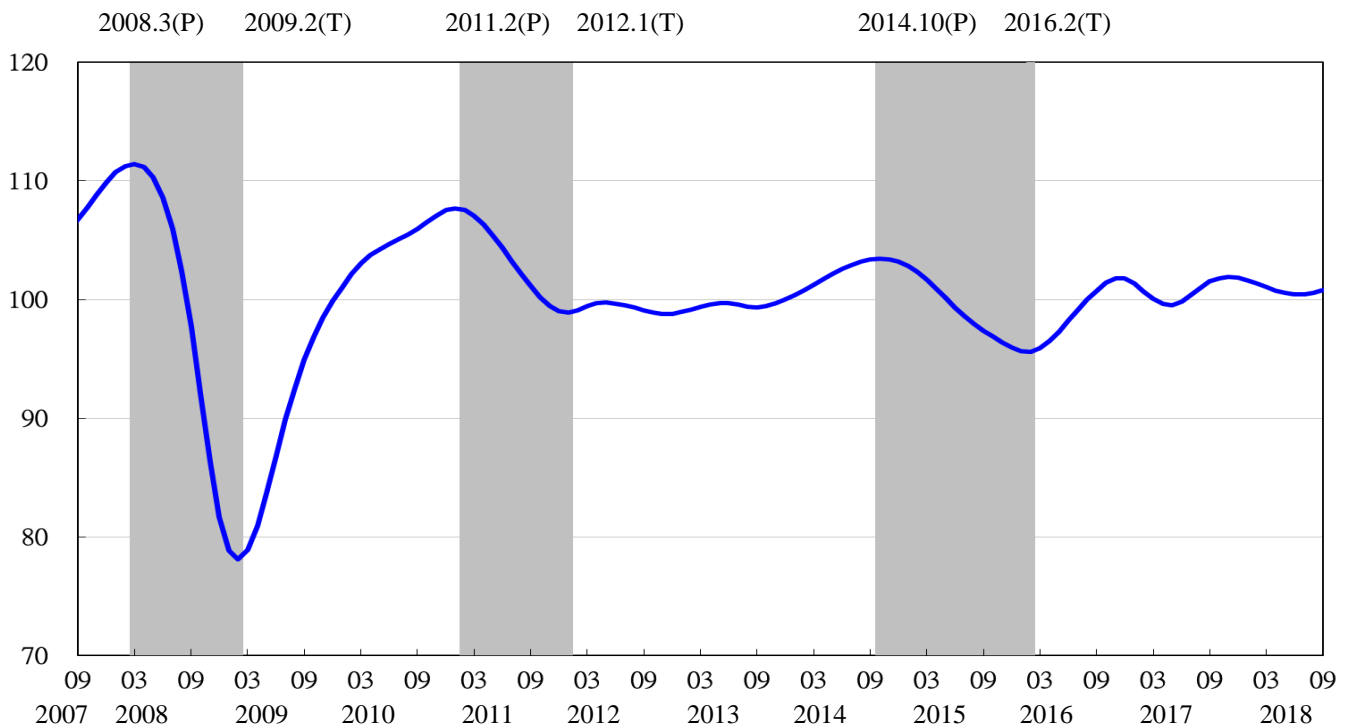


Figure 4 Trend-adjusted Coincident Index

Table 3 Lagging Indicators

	Index						
	2018						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Trend adjusted index	101.15	101.15	101.23	101.38	101.51	101.48	101.37
Change from preceding month (%)	-0.02	-0.01	0.09	0.15	0.12	-0.03	-0.10
Components							
Unemployment rate	100.16	100.13	100.09	100.05	100.01	99.96	99.91
The manufacturing unit output labor cost index	100.35	100.13	99.96	99.85	99.69	99.36	98.94
Interbank overnight call-loan rate	100.04	100.05	100.06	100.07	100.07	100.08	100.08
Loans and investments of financial institutions	100.38	100.50	100.62	100.71	100.79	100.86	100.92
Inventory value for manufacturing	100.25	100.36	100.52	100.73	100.98	101.25	101.55

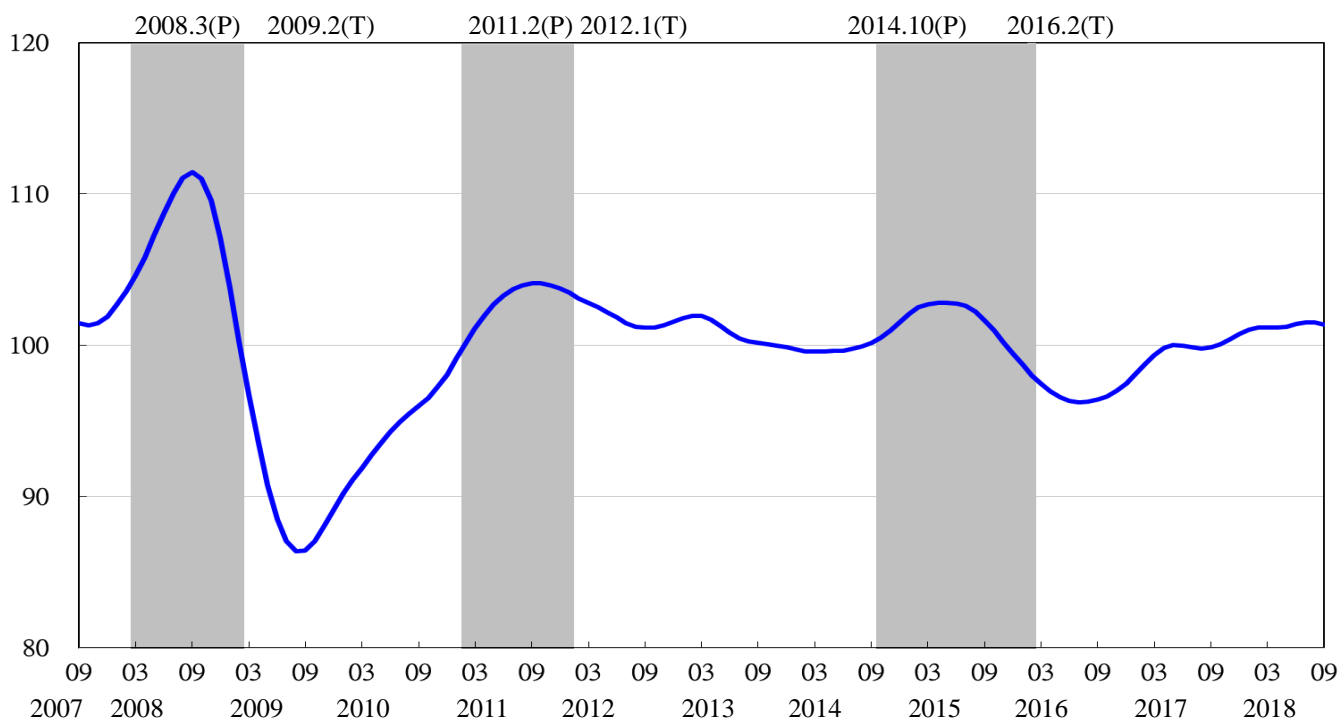


Figure 5 Trend-adjusted Lagging Index