

Taiwan Business Indicators in June 2008

Press Release

Council for Economic Planning and Development

July 28, 2008

In June 2008, Taiwan's business cyclical indicators displayed signs of slowdown in the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of leading index decreased 0.1 point and the trend-adjusted coincident index decreased 0.5% from the previous month. The overall monitoring indicator flashed "yellow-blue" in June, reflecting a downside risk in Taiwan's economic growth.

1. **Leading Indicators:** The composite leading index stood at 106.6, remained at the same level as in May. Its annualized six-month rate of change decreased by 0.1 point to 0.1%, which displayed a downtrend since November 2007. Among the seven indicators making up the composite index, SEMI book-to-bill ratio and building permits had positive cyclical movement from previous month. Real monetary aggregates M1B*, stock price index, the index of export orders, the index of producer's inventory, and average monthly overtime hours in industry and services had negative cyclical movements from previous month.

(Note: components marked with an asterisk indicate real terms)

2. **Coincident Indicators:** The coincident index stood at 108.9, down by 0.1% from May. Its trend-adjusted series decreased by 0.5% to 98.3. Among the seven indicators making up the composite index, only electric power consumption had positive cyclical movement from previous month. Sales index of wholesale, retail and food services, manufacturing sales*, imports* of machineries and electrical equipments, index of industrial production, customs-cleared exports*,

and nonagricultural employment had negative cyclical movements from previous month.

3. The Monitoring Indicators: The total score of the monitoring indicators in May was adjusted upward by one point to 22, following the revision of manufacturing sales. In June, the score fell by two points to 20, flashing the second "yellow-blue" signal. Among the nine components, stock price index and sales index of wholesale, retail and food services lost one point and changed their individual light. The light signals for money supply M1B, direct and indirect finance, industrial production, nonagricultural employment, customs-cleared exports, imports of machineries, electrical equipments, and manufacturing sales remained unchanged.

~~ The next release is scheduled for August 27, 2008 ~~

Leading Indicators

Seasonally adjusted

	2007	2008					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite Index	106.8	106.8	106.8	106.8	106.6	106.6	106.6
Change from preceding month (%)	-0.3	0.0	0.0	-0.0	-0.1	-0.0	0.0
Annualized 6-month rate of change (%)	2.6	2.1	1.6	1.1	0.5	0.2	0.1
Change from preceding month (point)	-1.2	-0.5	-0.5	-0.5	-0.6	-0.3	-0.1
Components							
Index of export orders (2006=100)	117.9	118.5	115.0	118.4	117.1	118.2	116.4
Real monetary aggregates M1B (NT\$ billion)	7,854	7,826	7,670	7,819	7,792	7,843	7,644
Stock prices (1966=100)	8,309	7,923	7,999	8,440	8,878	8,910	8,180
Index of producer's Inventory (2006=100)	101.3	103.9	104.0	104.4	105.2	106.1	107.2 _p
Average monthly overtime in industry and services (hours/month)	9.2	9.1	9.1	9.2	9.1	9.1	9.0 _p
Building Permits * (1000m2)	3,044	2,512	2,042	2,032	2,235	2,036	2,134
SEMI Book-to-Bill Ratio	0.85	0.89	0.92	0.87	0.82	0.79	0.85

Note : 1. p=Preliminary.

2. * Including only housing, mercantile, business and service, industry warehousing.

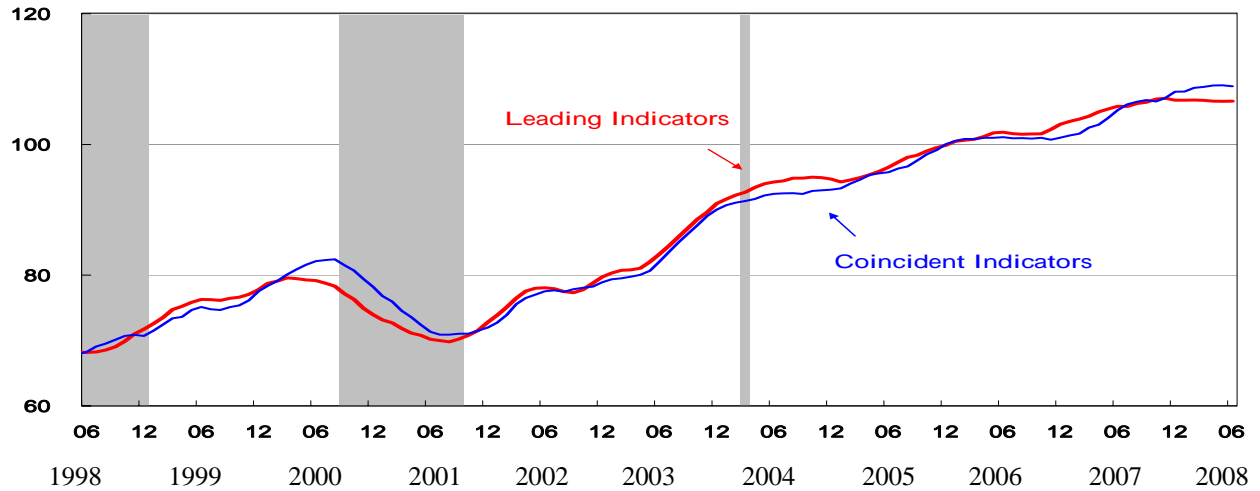
Coincident Indicators

Seasonally adjusted

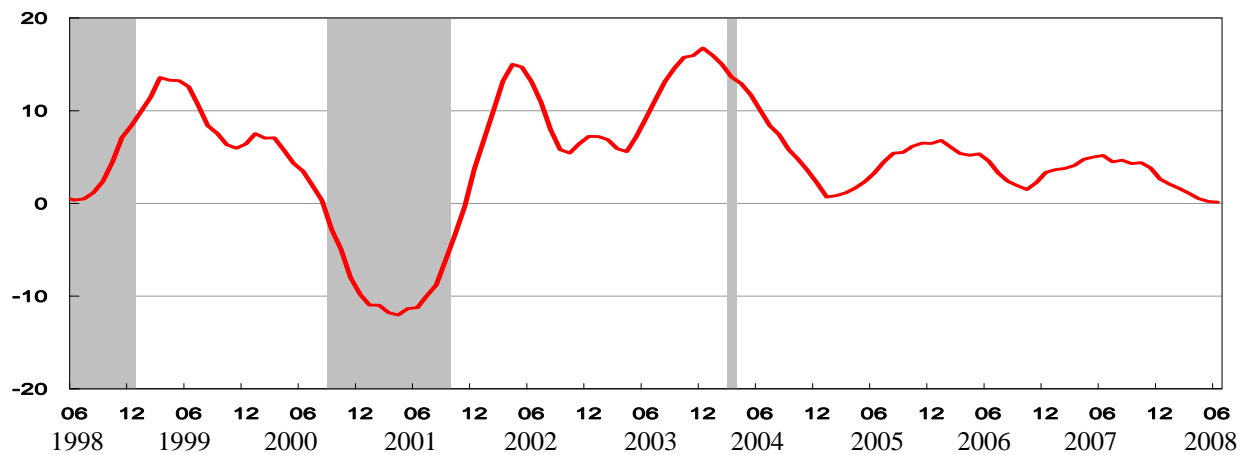
	2007	2008					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite Index	108.1	108.1	108.7	108.8	109.0	109.0	108.9
Change from preceding month (%)	0.9	0.0	0.5	0.1	0.2	0.0	-0.1
Trend adjusted index	100.0	99.6	99.7	99.4	99.2	98.8	98.3
Change from preceding month (%)	0.5	-0.4	0.1	-0.3	-0.2	-0.4	-0.5
Components							
Industrial production (2006=100)	113.5	112.9	115.3	113.5	114.2	113.6	114.4
Electric power consumption (billion KWH)	10.78	11.36	11.27	10.35	11.69	11.24	11.73
Real manufacturing sales (NT\$ billion)	843.9	820.8	872.2	837.9	834.2	825.7	808.0 _p
Sales index of wholesale, retail, and food services (2001=100)	125.8	126.9	124.8	124.6	125.5	125.2	121.3
Nonagricultural employment (1,000)	9,813	9,823	9,842	9,852	9,870	9,889	9,903
Real customs-cleared exports (NT\$ billion)	692.7	676.5	705.2	720.0	673.9	708.5	728.6
Real machineries and electrical equipments imports (NT\$ billion)	219.3	235.2	217.8	231.3	225.5	219.5	221.4

Note : p: Preliminary.

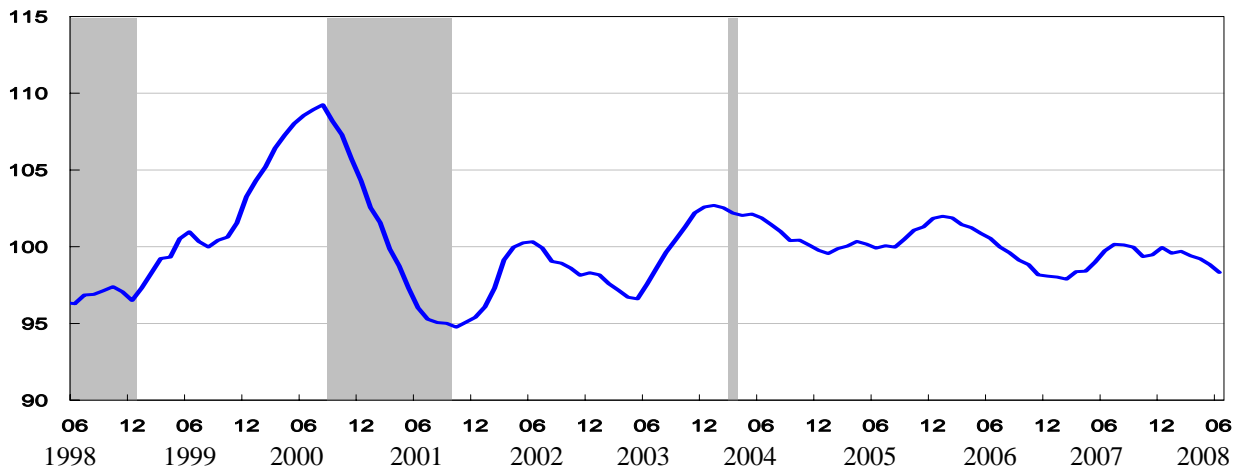
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

The CEPD has determined that a peak in the 11th business-cycle occurred in March 2004.

Monitoring Indications

	Month	2007						2008							
		6	7	8	9	10	11	12	1	2	3	4	5	6	
Total	Light														
	Score	25	30	30	32	32	28	29	29	27	26	27	22 ₁	20	
			New Series beginning in July 2007 *												
Monetary Aggregates M1B, yoy%			Monetary Aggregates M1B												-3.1
Direct and Indirect Finance, yoy%			Direct and Indirect Finance												3.6
Bank Clearings and Remittance, yoy%			Stock Price Index												-4.7
Stock Price Index, 1966=100, yoy%			Industrial Production Index												6.2
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%			Nonagricultural Employment												1.6
Exports, 2001\$, yoy%			Exports												10.3
Industrial Production Index, 2001=100, yoy%			Imports of Machinery and Electrical Equipment												-7.2
Manufacturing Inventory-to-Sales ratio, %			Manufacturing Sales												8.8 ₁
Nonagricultural Employment, yoy%			Wholesale, Retail and Food Services Sales												-1.8

● Booming
 ● Transition in need of watching
 ● Steadily moving forward
 ● Transition in need of watching
 ▼ Sluggish

*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted. The coverage of "direct and indirect finance" has been adjusted by the Central Bank and is used in the new series.