

Taiwan Business Indicators in June 2007

Press Release

Council for Economic Planning and Development

July 27, 2007

In June 2007, Taiwan's business indicators continued to show signs of acceleration. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.2% and 0.4%, respectively, from the previous month. The monitoring indicators signaled "green" for the second time this year. The recent improvement of indicators provides encouraging evidence of a resurgence of vitality of the economy.

1. **Leading Indicators:** The composite leading index stood at 110.4 (2001=100), increasing 0.2% from May, based on revised data. Among the seven indicators making up the composite index, three that made positive contribution were stock prices*, money supply M1B*, customs-cleared exports*. Four that made negative contributions were floor area of building construction permits, wholesale price change from six months earlier, average work hours in the manufacturing sector, and manufacturing new orders*.

(Note: components marked with an asterisk indicate year-on-year change rate)

2. **Coincident Indicators:** The coincident index stood at 111.5 (2001=100), increasing 0.4% from May, based on revised data. Among the six indicators making up the composite index, four that made positive contribution were industrial production*, manufacturing production*, average monthly wage of manufacturing workers*, and manufacturing sales, while the sole negative contribution was from bank clearings*. Domestic freight was not included due to data unavailability.

3. Monitoring Indicators: June's total score was up by 5 points to 25, flashing the "green" signal for the second time this year. Among the components, four showed gains in their individual lights. Bank clearings and remittance increased 2 points, and exports, industrial production and stock prices each increased 1 point. Money supply M1B, direct and indirect finance, manufacturing new orders, manufacturing inventory, and non-agricultural employment remained unchanged.
4. Business Expectations. In the June survey of manufacturers, 19% of the respondents expected the economy to improve over the next three months, up from the revised 13% a month earlier; 16% held a negative view, down from 22% a month earlier; and 65% expected the economy's performance to remain unchanged, same as the revised figure in the May survey.

~~ The next release is scheduled for August 27, 2007 ~~

Leading Indicators

Seasonally adjusted

	2006	2007					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite index (2001=100)	107.9	108.8 _r	108.5 _r	110.0	110.0 _r	110.2	110.4 _p
Change from preceding month (%)	-1.1 _r	0.8 _r	-0.3	1.4 _r	0.0 _r	0.2 _r	0.2 _p
Indicators :							
Manufacturing new orders (yoy %)	7.0	7.8	5.9	7.8	7.2	7.4	7.2 _p
Manufacturing work hours (monthly average)	186.4	187.5	186.2	188.5	187.7	187.5 _r	186.0 _p
Customs-cleared exports (yoy %)	1.8	8.6	5.4	11.9	5.6	8.2	10.4 _p
Money supply M1B (yoy %)	5.4	6.0 _r	6.7	7.4 _r	8.3 _r	6.6	7.5
Wholesale price (% change from 6 months earlier)	1.2	0.7	0.9	1.9	4.3 _r	4.8 _r	3.7 _p
Stock price (yoy %)	19.6	18.2	18.2	18.3	15.1	13.5	31.0
Floor area of building construction permits (1000 m ²)	2,846	2,951	3,014	2,931	2,804	3,130 _r	2,547 _p

p: Preliminary. r: Revised.

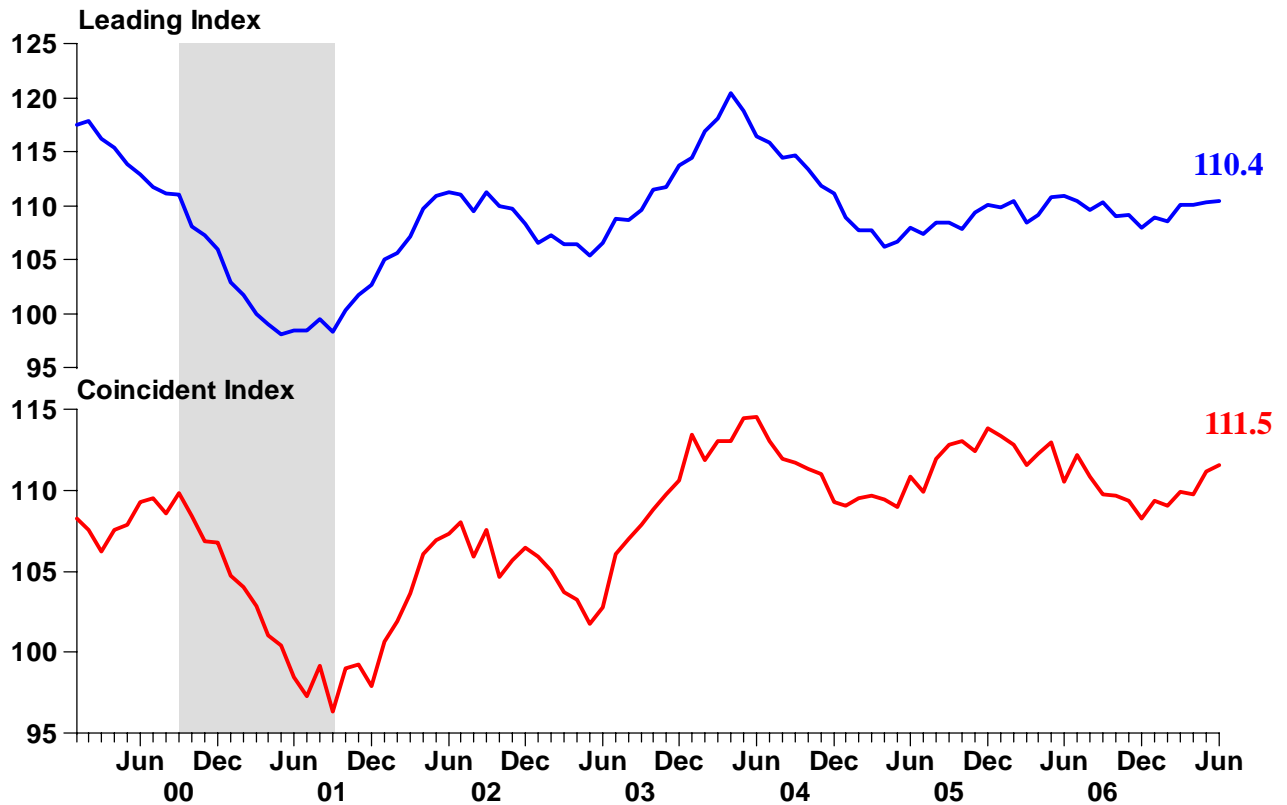
Coincident Indicators

Seasonally adjusted

	2006	2007					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Composite index (2001=100)	108.2	109.3	109.0	109.9 _r	109.7 _r	111.1 _r	111.5 _p
Change from preceding month (%)	-1.0	1.0	-0.3	0.8 _r	-0.2 _r	1.3	0.4 _p
Indicators :							
Industrial production (yoy %)	-0.4	0.9	2.3	4.2	2.7	6.6 _r	8.0 _p
Manufacturing production (yoy %)	-0.7	0.7	1.8	4.3	3.1	7.1 _r	7.9 _p
Manufacturing sales (NT\$ billion)	809.7	805.6	800.9	802.5	808.4	821.8	822.1 _p
Manufacturing average monthly wage (yoy %)	0.3	3.2	1.8	0.3	0.2	0.2 _r	0.5 _p
Bank clearings (yoy %)	-8.4	-8.9	-11.4	-6.4	-3.0	-8.6	-9.6
Domestic freight (million t-km)	1,713	1,728	1,720	1,725	1,714	-	-

p: Preliminary. r: Revised.

Composite Indices of Cyclical Indicators



Monitoring Indications

		2006						2007							
		6	7	8	9	10	11	12	1	2	3	4	5	6	
Total Scores															
		21	21	22	22	20	21	16	18	19	23	18	20	25	
Financial Sector	Monetary Aggregates M1B, yo y%														7.5
	Direct and Indirect Finance, yo y%														3.3
	Bank Clearings and Remittance, yo y%														7.9
	Stock Price Index, 1966=100, yo y%														31.0
Real Sector	Manufacturing New Order Index, 1996\$, 1976.1=100, yo y%														0.3 _p
	Exports, 2001\$, yo y%														7.1
	Industrial Production Index, 2001=100, yo y%														8.0
	Manufacturing Inventory-to-Sales ratio, %														56.9 _p
Nonagricultural Employment, yo y%															2.2

Note: All data, except stock price index, have been seasonally adjusted.

Business Expectations

		Business conditions 3 months later (% of manufacturing firms surveyed)				Capacity utilization (%)	Profit rate (%)	
		Better (1)	Same (2)	Worse (3)	Net change (1)-(3)			Net change Seasonally adjusted
2006	May	18	69	13	5	5	80.8	5.0
	Jun	14	69	17	-3	2	80.5	5.0
	Jul	18	69	13	5	8	80.4	4.9
	Aug	12	70	18	-6	-6	80.8	4.9
	Sep	8	68	24	-16	-10	80.6	4.8
	Oct	6	75	19	-13	-8	80.8	4.7
	Nov	11	69	20	-9	-1	80.8	4.6
	Dec	17	64	19	-2	2	80.4	4.4
2007	Jan	17	71	12	5	1	80.4	4.6
	Feb	29	63	8	21	2	76.8	4.3
	Mar	14	74	12	2	-6	80.9	5.0
	Apr	18	68	14	4	6	80.5	4.9
	May _r	13	65	22	-9	-10	81.2	5.1
	Jun _p	19	65	16	3	4	81.0	5.1