#### **Taiwan Business Indicators in October 2007**

Press Release

Council for Economic Planning and Development

November 27, 2007

In October 2007, Taiwan's business cyclical indicators displayed upbeat signs of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and coincident index increased the 0.9% and 0.5%, respectively, from the previous month. The monitoring indicators signaled "yellow-red" for the second consecutive month, suggesting a transition to a more optimistic condition. The latest official forecast for the economy sees higher growth for 2007 and 2008 than previous forecasts. However, the possible tightening effect from the recent subprime market turmoil on the overall economy's prospects is still on the watch list.

1. Leading Indicators: The composite leading index stood at 149.2, increasing by 0.9% from September. Its annualized six-month rate of change was also higher than the previous month. Among the seven indicators making up the composite index, five that made positive contributions were index of producer's inventory, stock prices, SEMI book-to-bill ratio, average monthly overtime hours in industry and services, and building permits. Two that made negative contributions were the index of export orders and monetary aggregates M1B\*.

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

2. Coincident Indicators: The coincident index stood at 152.3, up by 0.5% from September. Its trend-adjusted series increased for the eighth consecutive month. Among the seven indicators making up the composite index, five that made positive contributions were manufacturing sales\*, sales index of wholesale, retail and food services, electric power consumption, industrial production, and

- customs-cleared exports\*. Two that made negative contributions were imports\* of machineries and electrical equipments and nonagricultural employment.
- 3. The Monitoring Indicators: The total score in September was adjusted upward by one point to 32, following the revision of manufacturing sales. The light signal for September was revised from "green" to "yellow-red". October's total score remained at 32, flashing the "yellow-red" signal. Among the components, customs exports gained one point and changed its individual light from "green" to "yellow-red," while money supply M1B lost one point and changed its light from "green" to "yellow-blue."

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

# **Leading Indicators**

Seasonally adjusted

	2007										
	Apr	May	Jun	Jul	Aug	Sep	Oct				
<b>Composite Index</b>	145.7	146.3	146.9	146.9	147.6	147.8	149.2				
Change from preceding month (%)	0.6	0.4	0.4	0.0	0.5	0.1	0.9				
Annualized 6-month rate of change (%)	5.1	5.2	5.4	4.7	5.0	4.5	5.5				
Components											
Index of export orders (2001=100)	231.7	234.2	242.3	253.4	248.2	252.4	248.2 <sub>p</sub>				
Real monetary aggregates M1B (NT\$	7,932	7,969	7,982	8,041	8,021	7,900	7,865				
billion)											
Stock prices (1966=100)	7,992	8,087	8,580	9,358	8,757	9,069	9,605				
Index of producer's Inventory (2001=100)	105.8	105.7	107.4	107.5	110.1	108.3	$108.0_{p}$				
Average monthly overtime in industry	8.9	9.1	9.1	9.3	9.3	9.4	9.5 <sub>p</sub>				
and services (hours/month)											
Building Permits * (1000m2)	2,377	2,535	2,326	2,408	2,405	2,013	2,731 <sub>p</sub>				
SEMI Book-to-Bill Ratio	0.98	0.98	0.91	0.83	0.82	0.79	$0.83_{p}$				

Note: 1.p=Preliminary.

### **Coincident Indicators**

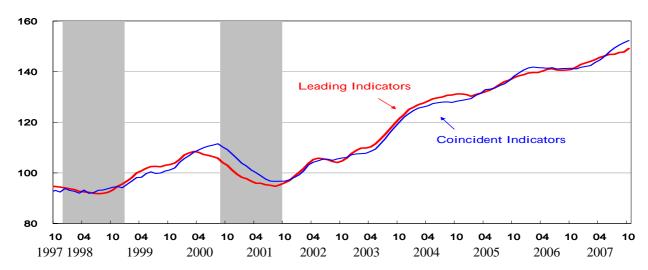
Seasonally adjusted

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	2007								
	Apr	May	Jun	Jul	Aug	Sep	Oct		
<b>Composite Index</b>	144.7	146.2	147.9	149.4	150.6	151.5	152.3		
Change from preceding month (%)	0.7	1.0	1.2	1.0	0.8	0.6	0.5		
Trend adjusted index	98.8	99.5	100.3	100.9	101.2	101.5	101.6		
Components									
Industrial production (2001=100)	143.7	148.2	150.1	156.6	153.7	154.9	157.6 <sub>p</sub>		
Electric power consumption (billion KWH)	10.44	11.13	10.43	10.83	10.75	10.54	10.97		
Real manufacturing sales (NT\$ billion)	777.3	797.8	781.9	815.6	807.5	815.1	819.9 <sub>p</sub>		
Sales index of wholesale, retail, and food	122.3	124.1	122.5	127.8	128.1	129.7 <sub>p</sub>	130.3 <sub>p</sub>		
services (2001=100)									
Nonagricultural employment (1,000)	9,719	9,735	9,742	9,763	9,781	9,779	9,774		
Real customs-cleared exports (NT\$ billion)	596.8	595.3	634.2	640.1	651.4	654.6	662.9 <sub>p</sub>		
Real machineries and electrical equipments	258.0	265.4	268.9	276.5	276.3	261.5	253.8 <sub>p</sub>		
imports (NT\$ billion)									

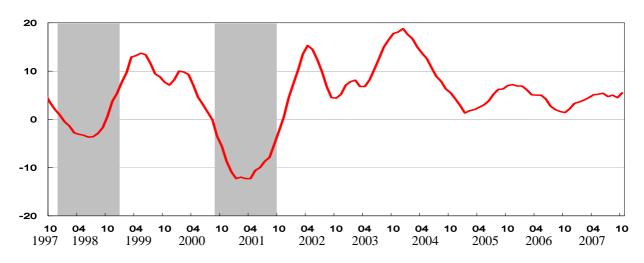
Note: p: Preliminary.

<sup>2.\*</sup> Including only housing, mercantile, business and service, industry warehousing.

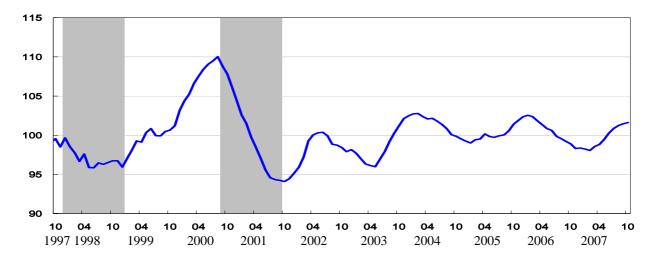
### **Composite Indices of Cyclical Indicators**



Annualized 6-month rate of change of composite leading index



Cycle of composite coincide index



Shaded areas represent recessions.

# **Monitoring Indications**

		2006 2007															
	Month	10	11	12	1	2	3	4	5	6			8	9	10	0	
Total Light Score	Light			0			0			0	New Series beginning in July 2007*	0	0				
	Score	20	21	16	18	19	23	18	20	25		30	30	32	30	2	
Monetary Aggregate	s MlB, yoy%					0	0	0	0	0	Monetary Aggregates M1B	0	0	0	0	6.4	
Direct and Indirect F	inance, yoy %	0	0	0	0	0	<b>7</b>	0	0	0	Direct and Indirect Finance					3.8	
Bank Clearings and	Remittance, yoy %			0	<b>7</b>	<b>7</b>	0	<b>7</b>	<b>7</b>	0	Stock Price Index					33.7	
Stock Price Index, 19	966=100, yoy%	0		0			0		0		Industrial Production Index			•		9.7	
Manufacturing New 1976.1=100,yoy %	Order Index, 1996\$,	<b></b>	0	<b></b>		0	<b></b>	0	0	<b></b>	Nonagricultural Employment	0	0	0	0	1.7	
Exports,2001\$,yoy	%	0	0	<b></b>			0	0		0	Exports	0		0	0	10.6	
Industrial Production yoy %	n Index,2001=100,			<b></b>			0		0		Imports of Machinery and Electrical Equipment					-0.9	
Manufacturing Inver	ntory-to-Sales ratio,%	0	0	0	0	0	0	0	0	0	Manufacturing Sales		0	•		8.6	
Nonagricultural Emp	oloyment, yoy %	0	0	0	0	0	0	0	0	0	Who lesale, Retail and Food Services Sales		0	0		5.6	

<sup>&</sup>quot;Components are in terms of pecentage 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.