

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
Composite Index	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 _p
Real monetary aggregates M1B (NT\$ billion)	7,932	7,969	7,982	8,041	8,021	7,900	7,865
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 and services (hours/month)	8.9	9.1	9.1	9.3	9.3	9.4	9.5 _p
Building Permits * (1000m2)	2,377	2,535	2,326	2,408	2,405	2,013	2,731 _p
SEMI Book-to-Bill Ratio	0.98	0.98	0.91	0.83	0.82	0.79	0.83 _p

Note : 1.p=Preliminary.

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

Coincident Indicators

Seasonally adjusted

	2007						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	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 _p
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 _p
Sales index of wholesale, retail, and food services (2001=100)	122.3	124.1	122.5	127.8	128.1	129.7 _p	130.3 _p
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 _p
Real machineries and electrical equipments imports (NT\$ billion)	258.0	265.4	268.9	276.5	276.3	261.5	253.8 _p

Note : p: Preliminary.

Monitoring Indications

	Month	2006								2007						
		10	11	12	1	2	3	4	5	6	7	8	9	10		
Total	Light										New Series beginning in July 2007*					
	Score	20	21	16	18	19	23	18	20	25						
Monetary Aggregates M1B, yoy %											Monetary Aggregates M1B					6.4
Direct and Indirect Finance, yoy %											Direct and Indirect Finance					3.8
Bank Clearings and Remittance, yoy %											Stock Price Index					33.7
Stock Price Index, 1966=100, yoy %											Industrial Production Index					9.7
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %											Nonagricultural Employment					1.7
Exports, 2001\$, yoy %											Exports					10.6
Industrial Production Index, 2001=100, yoy %											Imports of Machinery and Electrical Equipment					-0.9
Manufacturing Inventory-to-Sales ratio, %											Manufacturing Sales					8.6 _p
Nonagricultural Employment, yoy %											Wholesale, Retail and Food Services Sales					5.6 _p

Overheating
 Transition in need of watching
 Steadily moving forward
 Transition in need of watching
 Transition in need of watching

*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.