

Taiwan Business Indicators in November 2007

Press Release

Council for Economic Planning and Development

December 27, 2007

In November 2007, Taiwan's business cyclical indicators displayed mixed signals of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index increased 0.1% from the previous month, while coincident index remained at the same level as in October. The light of the monitoring indicators returned "green" after a two-month run on "yellow-red," reflecting continued steady expansion of the economy. The inflationary pressure from international oil and commodity markets and the financial turbulence following the U.S. subprime mortgage crisis have added downside risks to the prospects for the domestic economy.

1. **Leading Indicators:** The composite leading index stood at 148.2, increasing marginally by 0.1% from October. Its annualized six-month rate of change was lower than the previous month. Among the seven indicators making up the composite index, three that made positive contributions were SEMI book-to-bill ratio, building permits, and average monthly overtime hours in industry and services. Four that made negative contributions were the index of export orders, monetary aggregates M1B*, stock prices, and index of producer's inventory.

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

2. **Coincident Indicators:** The coincident index stood at 152.3 remained at the same level as in October, with its trend-adjusted series lowering from the previous month. Among the seven indicators making up the composite index, two that made positive contributions were manufacturing sales* and industrial production. Five that made negative contributions were imports* of machineries and electrical equipments, sales index of wholesale, retail and food services,

customs-cleared exports*, electric power consumption, and nonagricultural employment.

3. The Monitoring Indicators: November's total score was down by 3 points to 29, and changed the light signal from "yellow-red" to "green". Among the components, stock prices, imports of machineries and electrical equipments, wholesale, retail and food services each lost one point and changed their individual lights. Money supply M1B, direct and indirect finance, industrial production, non-agricultural employment, customs-cleared exports, and manufacturing sales remained unchanged.

~~ The next release is scheduled for January 28, 2008 ~~

Leading Indicators

Seasonally adjusted

	2007						
	May	Jun	Jul	Aug	Sep	Oct	Nov
Composite Index	146.1	146.6	146.5	147.2	147.4	148.0	148.2
Change from preceding month (%)	0.3	0.3	-0.1	0.5	0.1	0.4	0.1
Annualized 6-month rate of change (%)	4.7	4.9	4.2	4.5	4.0	4.0	3.6
Components							
Index of export orders (2001=100)	234.1	242.3	253.3	248.4	252.2	251.1	250.8 _p
Real monetary aggregates M1B (NT\$ billion)	7,969	7,982	8,041	8,021	7,900	7,867	7,780
Stock prices (1966=100)	8,087	8,580	9,358	8,757	9,069	9,605	8,800
Index of producer's Inventory (2001=100)	105.7	107.4	107.6	110.2	108.3	108.5	109.1 _p
Average monthly overtime in industry and services (hours/month)	9.1	9.1	9.3	9.3	9.4	9.5	9.5 _p
Building Permits * (1000m2)	2,527	2,343	2,417	2,416	2,012	2,711	2,487 _p
SEMI Book-to-Bill Ratio	0.98	0.91	0.83	0.82	0.79	0.80	0.82 _p

Note : 1.p=Preliminary.

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

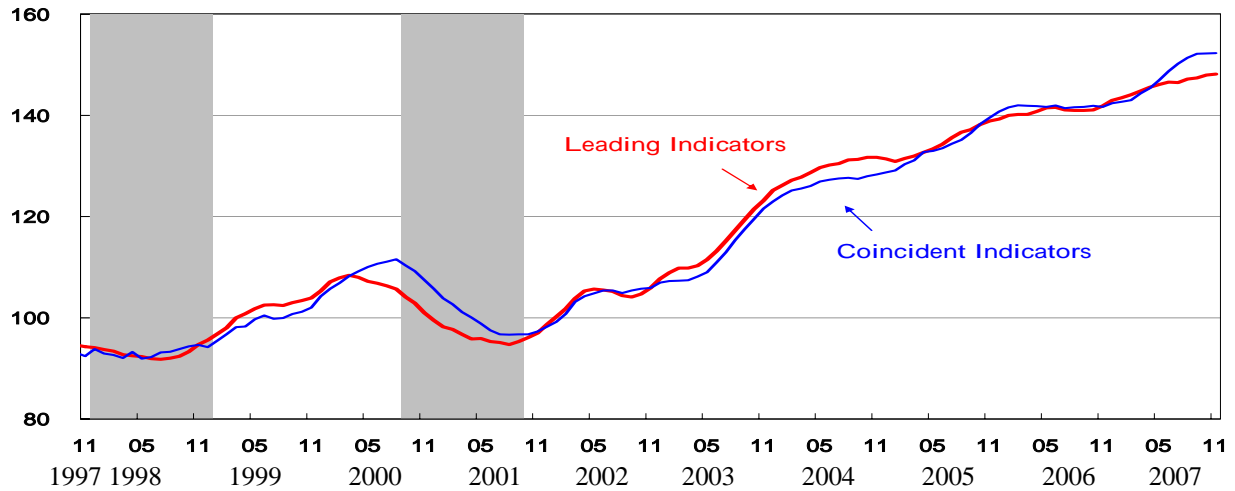
Coincident Indicators

Seasonally adjusted

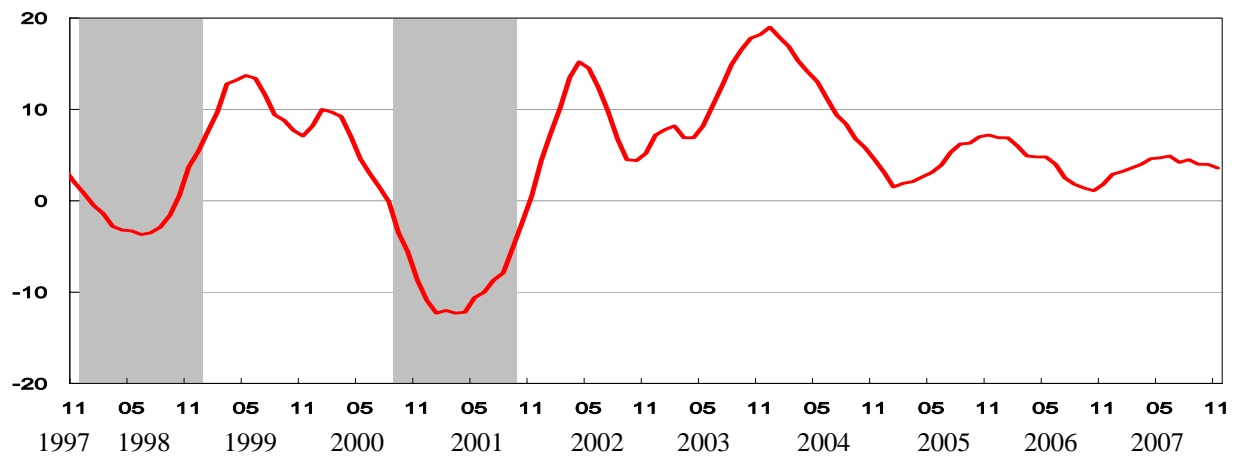
	2007						
	May	Jun	Jul	Aug	Sep	Oct	Nov
Composite Index	147.0	148.8	150.2	151.4	152.2	152.3	152.3
Change from preceding month (%)	1.1	1.2	0.9	0.8	0.5	0.1	0.0
Trend adjusted index	99.8	100.6	101.2	101.5	101.6	101.3	100.9
Components							
Industrial production (2001=100)	148.2	150.1	156.6	153.7	154.9	157.7	157.8 _p
Electric power consumption (billion KWH)	11.13	10.43	10.84	10.75	10.55	10.98	10.84
Real manufacturing sales (NT\$ billion)	798.3	782.3	816.2	807.8	815.1	824.5	818.8 _p
Sales index of wholesale, retail, and food services (2001=100)	124.0	122.5	127.6	127.6	128.3	128.7 _p	127.9 _p
Nonagricultural employment (1,000)	9,735	9,742	9,763	9,782	9,778	9,775	9,789 _p
Real customs-cleared exports (NT\$ billion)	595.4	633.7	639.1	649.6	650.3	657.3	638.4 _p
Real machineries and electrical equipments imports (NT\$ billion)	265.0	268.2	276.4	277.4	265.8	255.1	257.1 _p

Note : p: Preliminary.

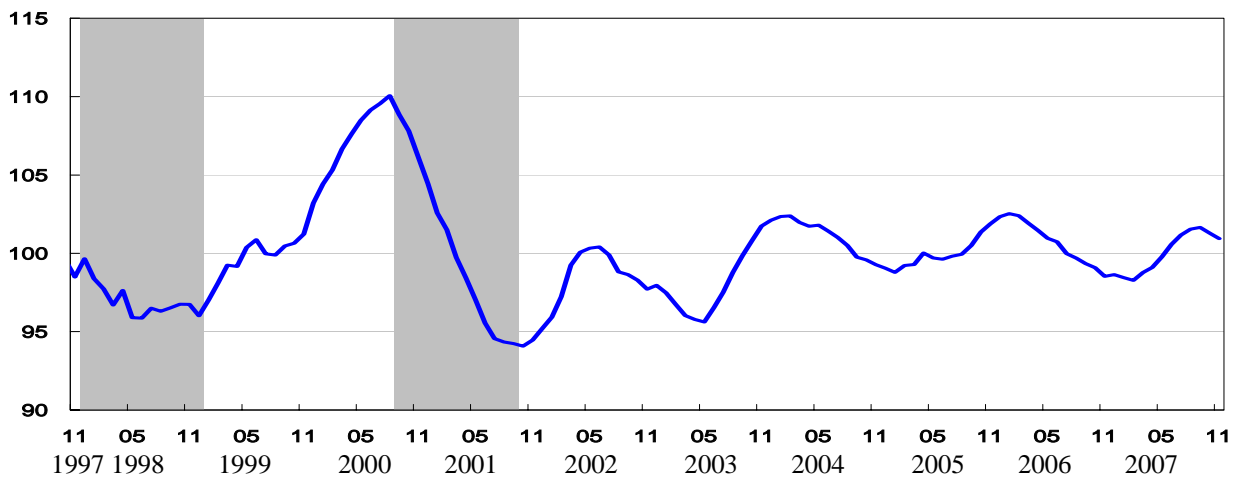
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Cycle of composite coincide index



Shaded areas represent recessions.

Monitoring Indications

Month	2006		2007																
	11	12	1	2	3	4	5	6	New Series beginning in July 2007*					7	8	9	10	11	
Total									New Series beginning in July 2007*										
Light Score	21	16	18	19	23	18	20	25	New Series beginning in July 2007*					30	30	32	32	29	
Monetary Aggregates M1B, yoy%									Monetary Aggregates M1B										4.5
Direct and Indirect Finance, yoy%									Direct and Indirect Finance										3.4
Bank Clearings and Remittance, yoy%									Stock Price Index										21.1
Stock Price Index, 1966=100, yoy%									Industrial Production Index										12.8
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%									Nonagricultural Employment										1.5
Exports, 2001\$, yoy%									Exports										11.4
Industrial Production Index, 2001=100, yoy%									Imports of Machinery and Electrical Equipment										-5.7
Manufacturing Inventory-to-Sales ratio, %									Manufacturing Sales										13.0 _p
Nonagricultural Employment, yoy%									Wholesale, Retail and Food Services Sales										4.4 _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.