

Taiwan Business Indicators in December 2007

Press Release

Council for Economic Planning and Development

January 28, 2008

In December 2007, Taiwan's business cyclical indicators increased modestly. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index and the coincident index increased 0.1% and 0.5%, respectively, from the previous month. The monitoring indicators signaled "green" for the second consecutive month. 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 148.8, increasing marginally by 0.1% from November. Its annualized six-month rate of change was lower than the previous month. Among the seven indicators making up the composite index, two that made positive contributions were SEMI book-to-bill ratio and building permits. Five that made negative contributions were stock price index, monetary aggregates M1B*, average monthly overtime hours in industry and services, the index of export orders, and index of producer's inventory.

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

2. **Coincident Indicators:** The coincident index stood at 152.5, up by 0.5% from November. Its trend-adjusted series remained at the same level as in the previous month. Among the seven indicators making up the composite index, two that made positive contributions were imports* of machineries and electrical equipments and nonagricultural employment. Five that made negative contributions were sales index of wholesale, retail and food services, electric power consumption,

customs-cleared exports*, the index of industrial production and manufacturing sales*.

3. The Monitoring Indicators: The total score in November was adjusted downward by one point to 28, following the revision of manufacturing sales. December's total score was up by two points to 30, flashing the "green" signal for the second consecutive month. Among the components, imports of machineries and electrical equipments gained two points and changed its individual light from " blue " to " green ". Customs-cleared exports, manufacturing sales each gained one point and changed its individual light from " yellow-red " to " red ", while monetary aggregate M1B, stock prices index each lost one point and changed their individual lights.

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

Leading Indicators

Seasonally adjusted

| | 2007 | | | | | | |
|---|-------|-------|-------|-------|-------|-------|--------------------|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Composite Index | 146.8 | 146.7 | 147.3 | 147.6 | 148.2 | 148.6 | 148.8 |
| Change from preceding month (%) | 0.3 | -0.1 | 0.4 | 0.2 | 0.4 | 0.3 | 0.1 |
| Annualized 6-month rate of change (%) | 4.9 | 4.2 | 4.4 | 4.0 | 4.1 | 3.8 | 3.4 |
| Components | | | | | | | |
| Index of export orders (2001=100) | 242.2 | 253.2 | 248.2 | 252.2 | 248.0 | 251.4 | 255.0 |
| Real monetary aggregates M1B (NT\$ billion) | 7,974 | 8,008 | 7,977 | 7,871 | 7,821 | 7,760 | 7,580 |
| Stock prices (1966=100) | 8,580 | 9,358 | 8,757 | 9,069 | 9,605 | 8,800 | 8,309 |
| Index of producer's Inventory (2001=100) | 107.5 | 107.6 | 110.2 | 108.4 | 108.5 | 109.5 | 109.4 _p |
| Average monthly overtime in industry and services (hours/month) | 9.1 | 9.3 | 9.3 | 9.4 | 9.4 | 9.3 | 9.3 _p |
| Building Permits * (1000m2) | 2,365 | 2,436 | 2,451 | 2,038 | 2,710 | 2,712 | 3,002 |
| SEMI Book-to-Bill Ratio | 0.91 | 0.83 | 0.82 | 0.79 | 0.80 | 0.82 | 0.89 |

Note : 1.p=Preliminary.

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

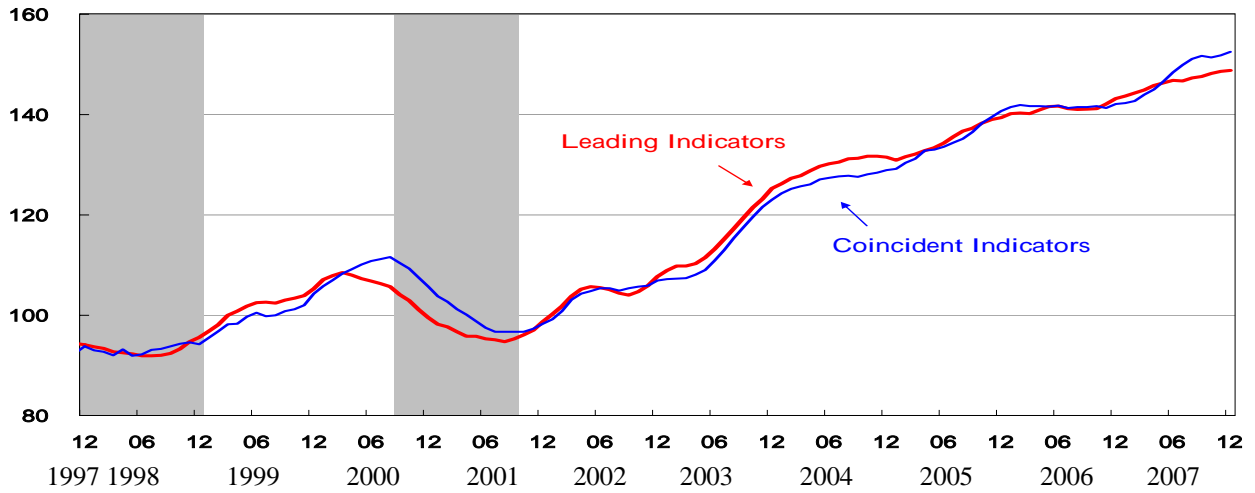
Coincident Indicators

Seasonally adjusted

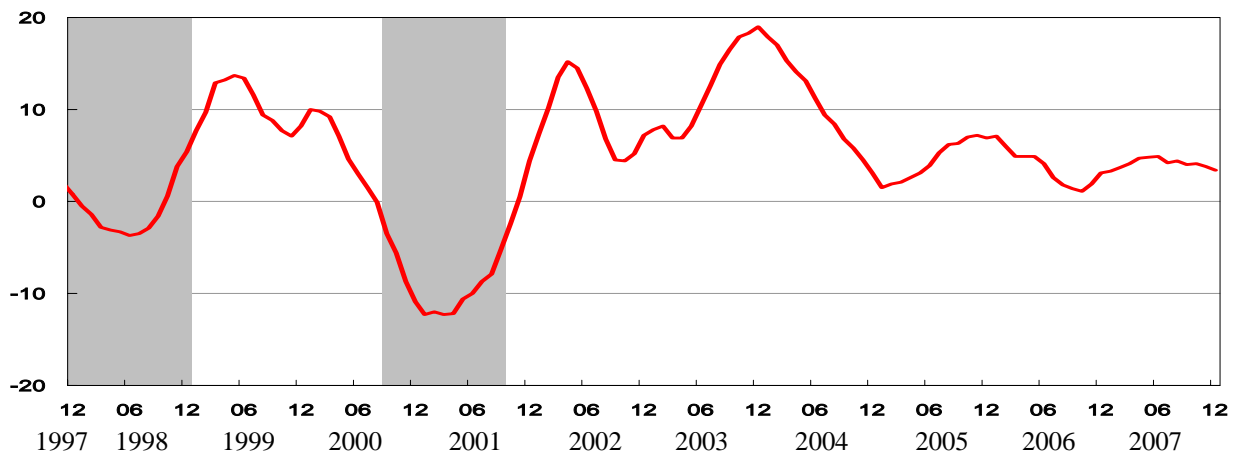
| | 2007 | | | | | | |
|---|-------|-------|-------|-------|-------|--------------------|--------------------|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Composite Index | 148.4 | 149.9 | 151.1 | 151.7 | 151.4 | 151.8 | 152.5 |
| Change from preceding month (%) | 1.2 | 1.0 | 0.8 | 0.4 | -0.2 | 0.3 | 0.5 |
| Trend adjusted index | 100.3 | 100.9 | 101.3 | 101.3 | 100.7 | 100.6 | 100.6 |
| Components | | | | | | | |
| Industrial production (2001=100) | 150.1 | 156.6 | 153.7 | 154.9 | 157.7 | 157.1 | 155.2 |
| Electric power consumption (billion KWH) | 10.42 | 10.83 | 10.75 | 10.55 | 10.97 | 10.83 | 10.73 |
| Real manufacturing sales (NT\$ billion) | 782.0 | 816.5 | 806.9 | 813.7 | 822.9 | 806.2 | 816.0 _p |
| Sales index of wholesale, retail, and food services (2001=100) | 122.4 | 127.6 | 127.8 | 128.3 | 129.1 | 128.3 _p | 128.4 _p |
| Nonagricultural employment (1,000) | 9,743 | 9,764 | 9,782 | 9,779 | 9,776 | 9,790 | 9,813 |
| Real customs-cleared exports (NT\$ billion) | 633.9 | 639.7 | 650.5 | 651.8 | 660.6 | 638.2 | 668.2 |
| Real machineries and electrical equipments imports (NT\$ billion) | 268.6 | 278.2 | 280.1 | 267.9 | 256.1 | 259.4 | 283.9 |

Note : p: Preliminary.

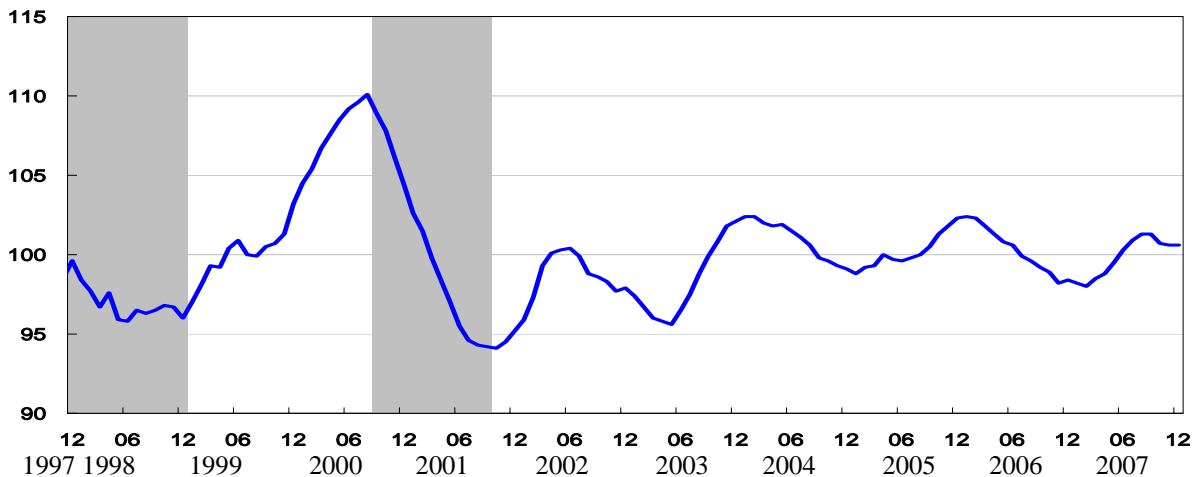
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Cycle of composite coincide index



Shaded areas represent recessions.

Monitoring Indications

| | Month | 2007 | | | | | | | | | | | | | |
|--|----------------|------|----|----|----|----|----|------|---|----|----|----|----|----|------|
| | | 2006 | | | | | | 2007 | | | | | | | |
| | | 12 | 1 | 2 | 3 | 4 | 5 | 6 | New Series beginning in July 2007* | | | | | | |
| Total | Light Score | | | | | | | | | | | | | | |
| | | 16 | 18 | 19 | 23 | 18 | 20 | 25 | 7 | 8 | 9 | 10 | 11 | 12 | |
| | | | | | | | | | 30 | 30 | 32 | 32 | 28 | 30 | |
| Monetary Aggregates M1B, yoy % | | | | | | | | | Monetary Aggregates M1B | | | | | | |
| | | | | | | | | | | | | | | | 1.1 |
| Direct and Indirect Finance, yoy % | | | | | | | | | Direct and Indirect Finance | | | | | | |
| | | | | | | | | | | | | | | | 3.2 |
| Bank Clearings and Remittance, yoy % | | | | | | | | | Stock Price Index | | | | | | |
| | | | | | | | | | | | | | | | 8.9 |
| Stock Price Index, 1966=100, yoy% | | | | | | | | | Industrial Production Index | | | | | | |
| | | | | | | | | | | | | | | | 12.0 |
| Manufacturing New Order Index, 1996\$, 1976.1=100, yoy % | | | | | | | | | Nonagricultural Employment | | | | | | |
| | | | | | | | | | | | | | | | 1.6 |
| Exports, 2001\$, yoy % | | | | | | | | | Exports | | | | | | |
| | | | | | | | | | | | | | | | 17.9 |
| Industrial Production Index, 2001=100, yoy % | | | | | | | | | Imports of Machinery and Electrical Equipment | | | | | | |
| | | | | | | | | | | | | | | | 11.2 |
| Manufacturing Inventory-to-Sales ratio, % | | | | | | | | | Manufacturing Sales | | | | | | |
| | | | | | | | | | | | | | | | 14.4 |
| Nonagricultural Employment, yoy % | | | | | | | | | Wholesale, Retail and Food Services Sales | | | | | | |
| | | | | | | | | | | | | | | | 5.0 |

● Overheating
 ● 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.