

Taiwan Business Indicators in March 2008

Press Release

Council for Economic Planning and Development

April 28, 2008

In March 2008, Taiwan's business cyclical indicators showed signs of deceleration. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the six-month rate of change of leading index decreased 0.4 point and the trend-adjusted coincident index decreased 0.3% from the previous month. The monitoring indicators signaled "green" for the fifth 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 149.1, decreasing by 0.1% from February. Its annualized six-month rate of change decreased by 0.4 point to 0.2%, which displayed a downtrend from September 2007. Among the seven indicators making up the composite index, Stock price index, real monetary aggregates M1B*, and average monthly overtime hours in industry and services had positive cyclical movements from previous month. Building permits, the index of export orders, SEMI book-to-bill ratio, and the index of producer's inventory had negative cyclical movements from previous month.

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

2. **Coincident Indicators:** The coincident index stood at 157.2, up by 0.1% from February. Its trend-adjusted series decreased by 0.3% to 101.1. Among the seven indicators making up the composite index, manufacturing sales* and customs-cleared exports* have positive cyclical movements from previous month. Sales index of wholesale,

retail and food services, electric power consumption, imports* of machineries and electrical equipments, index of industrial production, and nonagricultural employment have negative cyclical movements from previous month.

3. The Monitoring Indicators: The total score in March remained 27 points, the same as the previous month. Among the nine components, four showed changes in their individual light signals, two with gains and two with loss. The improvement was recorded in direct and indirect finance, imports of machineries and electrical equipments. The fall was recorded in nonagricultural employment, Customs-cleared exports. The light signals for money supply M1B, stock prices, industrial production, manufacturing sales and wholesale, retail and food services remained unchanged.

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

Leading Indicators

Seasonally adjusted

	2007				2008		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite Index	149.7	150.3	150.3	149.8	149.6	149.2	149.1
Change from preceding month (%)	0.3	0.4	0.0	-0.3	-0.1	-0.3	-0.1
Annualized 6-month rate of change (%)	4.8	4.7	3.9	2.5	1.7	0.6	0.2
Change from preceding month (point)	-0.4	-0.1	-0.8	-1.4	-0.8	-1.1	-0.4
Components							
Index of export orders (2006=100)	116.9	114.9	116.0	117.9	118.5	115.9	118.0
Real monetary aggregates M1B (NT\$ billion)	8,176	8,142	8,008	7,856	7,804	7,710	7,821
Stock prices (1966=100)	9,069	9,605	8,800	8,309	7,923	7,999	8,440
Index of producer's Inventory (2001=100)	107.7	108.5	109.9	108.7	112.4	113.2	113.6 _p
Average monthly overtime in industry and services (hours/month)	9.4	9.4	9.3	9.2	9.1	9.1	9.2 _p
Building Permits * (1000m2)	2,008	2,661	2,629	3,043	2,494	2,072	1,791
SEMI Book-to-Bill Ratio	0.79	0.8	0.82	0.85	0.89	0.92	0.89

Note : 1. p=Preliminary.

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

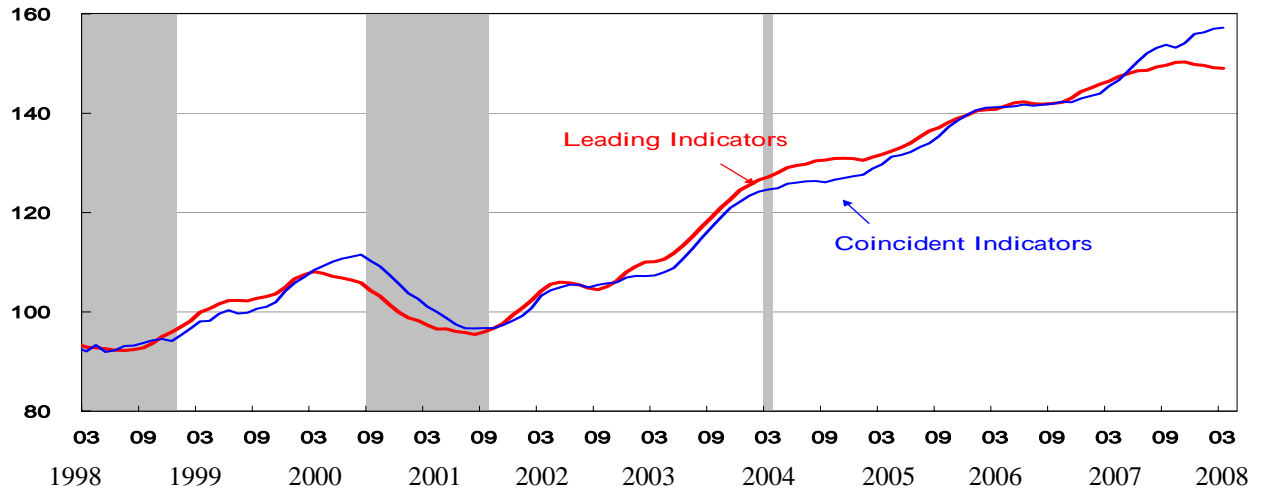
Coincident Indicators

Seasonally adjusted

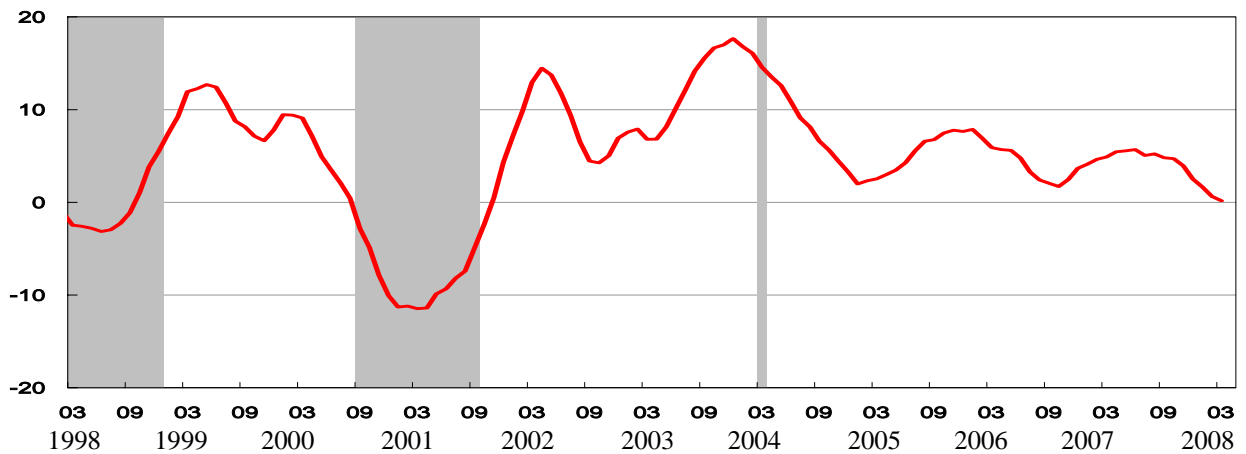
	2007				2008		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Composite Index	153.8	153.2	154.1	156.0	156.3	157.0	157.2
Change from preceding month (%)	0.4	-0.4	0.6	1.2	0.2	0.5	0.1
Trend adjusted index	101.7	100.8	101.0	101.7	101.4	101.4	101.1
Change from preceding month (%)	-0.1	-0.8	0.1	0.7	-0.3	-0.0	-0.3
Components							
Industrial production (2001=100)	154.9	157.4	157.2	155.8	158.0	159.9	158.6
Electric power consumption (billion KWH)	10.62	10.99	10.86	10.77	11.35	11.23	10.32
Real manufacturing sales (NT\$ billion)	815.3	824.7	810.4	827.9	808.4	855.4	855.2 _p
Sales index of wholesale, retail, and food services (2001=100)	126.5	127.4	123.4	125.5	127.2	124.5	123.3
Nonagricultural employment (1,000)	9,778	9,774	9,789	9,812	9,823	9,840	9,848
Real customs-cleared exports (NT\$ billion)	673.1	679.3	655.8	693.2	678.1	711.1	722.9
Real machineries and electrical equipments imports (NT\$ billion)	206.0	196.7	201.3	221.9	237.1	221.6	236.3

Note : p: Preliminary.

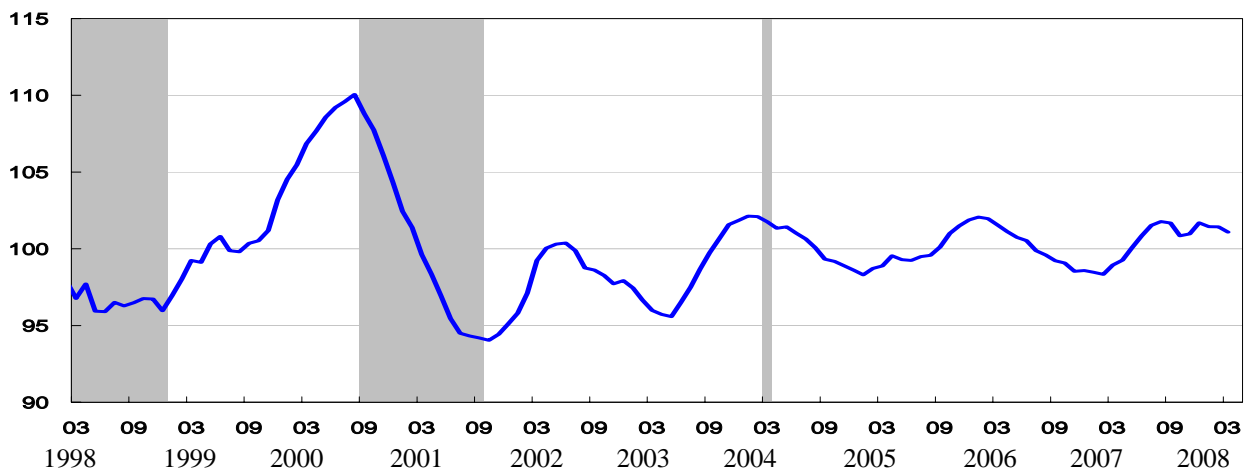
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

The CEPD has determined that a peak in the 11th business-cycle occurred in March 2004.

Monitoring Indications

Month	2007						2008								
	3	4	5	6		7	8	9	10	11	12	1	2	3	
Total	Light					New Series beginning in July 2007*									
	Score	23	18	20	25		30	30	32	32	28	29	29	27	27
Monetary Aggregates M1B, yoy%					Monetary Aggregates M1B										-0.5
Direct and Indirect Finance, yoy%					Direct and Indirect Finance										3.1
Bank Clearings and Remittance, yoy%					Stock Price Index										9.8
Stock Price Index, 1966=100, yoy%					Industrial Production Index										11.4
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%					Nonagricultural Employment										1.1
Exports, 2001\$, yoy%					Exports										13.3
Industrial Production Index, 2001=100, yoy%					Imports of Machinery and Electrical Equipment										8.0
Manufacturing Inventory-to-Sales ratio, %					Manufacturing Sales										16.3 _p
Nonagricultural Employment, yoy%					Wholesale, Retail and Food Services Sales										0.5

● Booming
 ● 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.