

## Taiwan Business Indicators in January 2008

Press Release

Council for Economic Planning and Development

February 27, 2008

In January 2008, Taiwan's business cyclical indicators increased slightly from the previous month. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the six-month rate of change of leading index increased 0.1 point; while the trend-adjusted coincident index increased 0.3%. The monitoring indicators signaled "green" for the third 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 150.9. Its annualized six-month rate of change was 3.6%, up by 0.1 point from December 2007. Among the seven indicators making up the composite index, building permits, SEMI book-to-bill ratio, and the index of producer's inventory have positive cyclical movements from previous month. Stock price index, the index of export orders, real monetary aggregates M1B\*, and average monthly overtime hours in industry and services have negative cyclical movements from previous month.

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

2. **Coincident Indicators:** The coincident index stood at 155.2. Its trend-adjusted series increased by 0.3% to 100.9 from 100.6 in December 2007. Among the seven indicators making up the composite index, imports\* of machineries and electrical equipments, electric power consumption, nonagricultural employment, and manufacturing sales\* have positive cyclical movements from previous month. Sales index of wholesale, retail and food services, customs-cleared exports\*,

and index of industrial production have negative cyclical movements from previous month.

3. The Monitoring Indicators: The total score in December 2007 was adjusted downward by one point to 29, following the revision of wholesale, retail and food services sales. January's total score was down by two points to 27, flashing the "green" signal for the third consecutive month. Among the components, Customs-cleared exports lost one point and changed its individual light from " red " to " yellow-red ". Wholesale, retail and food services sales lost one point and changed its individual light from " yellow-blue " to " blue ".

**~~ The next release is scheduled for March 27, 2008 ~~**

## Leading Indicators

Seasonally adjusted

	2007						2008
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>Composite Index</b>	148.3	149.1	149.4	150.0	150.1	150.3	150.9
Change from preceding month (%)	0.1	0.5	0.2	0.4	0.1	0.1	0.4
Annualized 6-month rate of change (%)	4.9	5.1	4.7	4.7	4.0	3.5	3.6
Change from preceding month (point)	-0.5	0.2	-0.4	0.0	-0.7	-0.5	0.1
<b>Components</b>							
Index of export orders (2001=100)	118.1	115.0	117.0	115.1	116.1	118.2	118.3
Real monetary aggregates M1B (NT\$ billion)	8,341	8,291	8,176	8,142	8,008	7,856	7,803
Stock prices (1966=100)	9,358	8,757	9,069	9,605	8,800	8,309	7,923
Index of producer's Inventory (2001=100)	107.7	110.3	107.4	108.2	109.3	108.5	109.0 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	9.3	9.3	9.4	9.4	9.3	9.2	9.3 <sub>p</sub>
Building Permits * (1000m2)	2,434	2,444	2,025	2,692	2,681	3,042	2,593
SEMI Book-to-Bill Ratio	0.83	0.82	0.79	0.80	0.82	0.85	0.89

Note : 1.p=Preliminary.

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

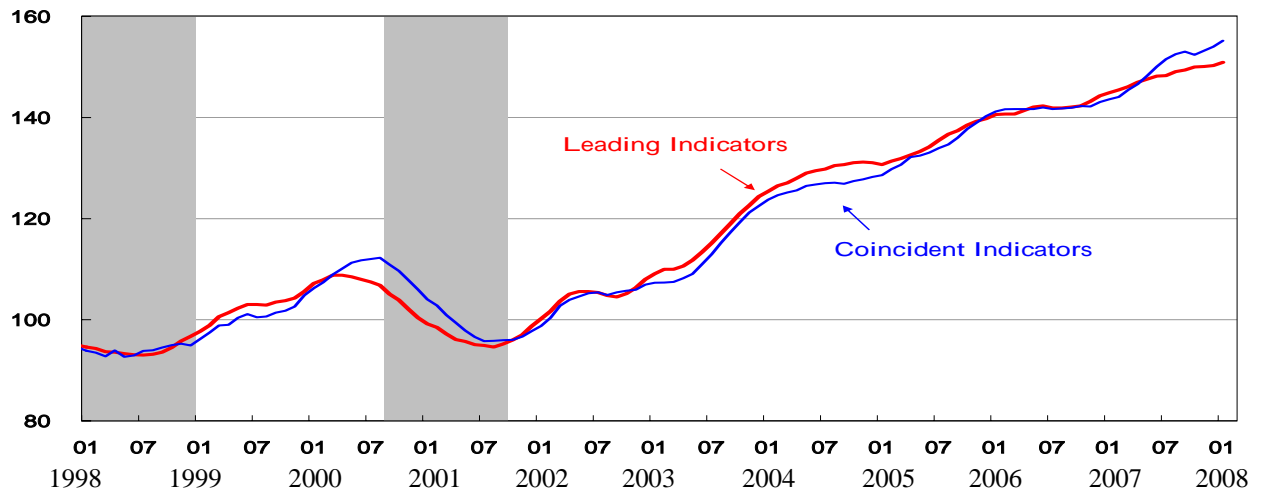
## Coincident Indicators

Seasonally adjusted

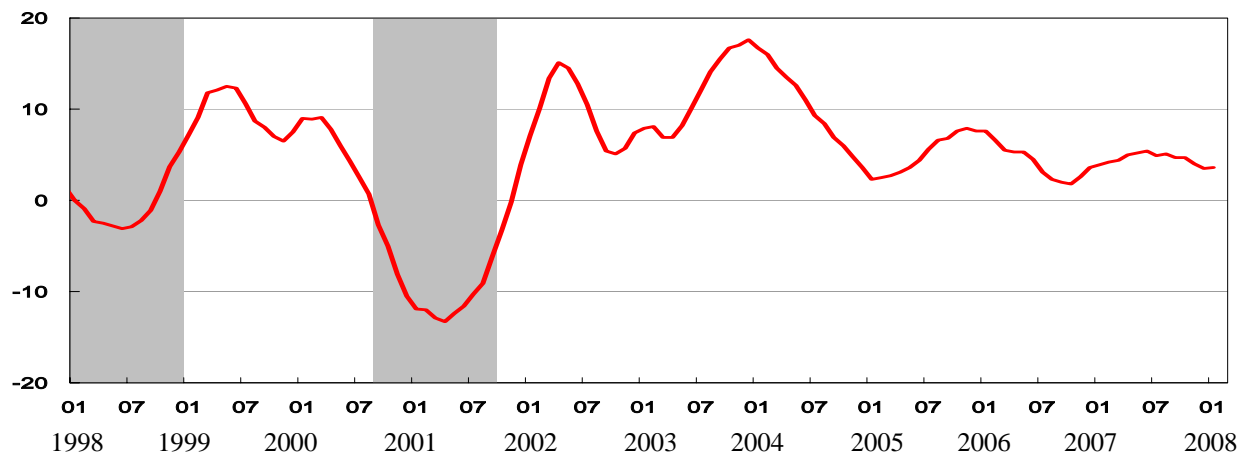
	2007						2008
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>Composite Index</b>	151.6	152.6	153.0	152.4	153.2	154.0	155.2
Change from preceding month (%)	1.0	0.7	0.3	-0.4	0.5	0.5	0.8
Trend adjusted index	101.2	101.4	101.3	100.4	100.5	100.6	100.9
Change from preceding month (%)	0.6	0.2	-0.1	-0.9	0.1	0.1	0.3
<b>Components</b>							
Industrial production (2001=100)	158.0	154.1	154.9	157.4	157.2	155.8	158.5
Electric power consumption (billion KWH)	10.81	10.76	10.57	10.98	10.85	10.75	11.38
Real manufacturing sales (NT\$ billion)	834.6	809.2	814.6	824.9	807.6	826.2	826.7 <sub>p</sub>
Sales index of wholesale, retail, and food services (2001=100)	127.1	126.9	125.7	126.8	122.3	122.7 <sub>p</sub>	119.8 <sub>p</sub>
Nonagricultural employment (1,000)	9,764	9,783	9,778	9,775	9,790	9,813	9,826
Real customs-cleared exports (NT\$ billion)	661.8	673.2	673.0	679.4	654.8	691.3	673.5
Real machineries and electrical equipments imports (NT\$ billion)	219.1	218.3	208.1	196.8	201.6	223.9	235.0

Note : p: Preliminary.

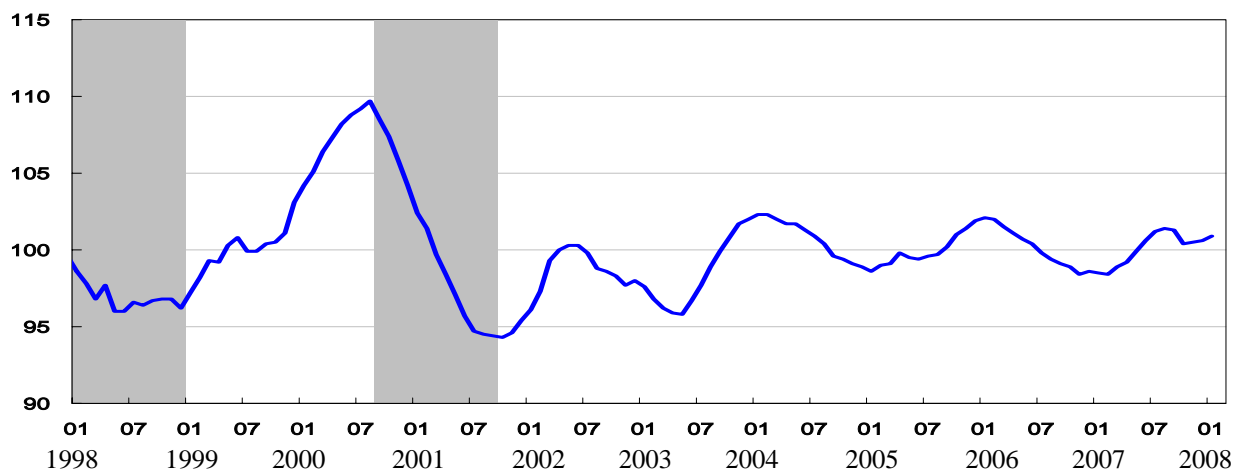
## Composite Indices of Cyclical Indicators



## Annualized 6-month rate of change of composite leading index



## Trend-adjusted composite coincident index



Shaded areas represent recessions.

## Monitoring Indications

Month	2007												2008						
	1	2	3	4	5	6	New Series beginning in July 2007*						7	8	9	10	11	12	1
Total							New Series beginning in July 2007*												
Light Score	18	19	23	18	20	25							30	30	32	32	28	29	27
Monetary Aggregates M1B, yoy%							Monetary Aggregates M1B										-0.5		
Direct and Indirect Finance, yoy%							Direct and Indirect Finance										3.2		
Bank Clearings and Remittance, yoy%							Stock Price Index										1.4		
Stock Price Index, 1966=100, yoy%							Industrial Production Index										13.2		
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%							Nonagricultural Employment										1.6		
Exports, 2001\$, yoy%							Exports										12.0		
Industrial Production Index, 2001=100, yoy%							Imports of Machinery and Electrical Equipment										15.2		
Manufacturing Inventory-to-Sales ratio, %							Manufacturing Sales										14.8 <sub>p</sub>		
Nonagricultural Employment, yoy%							Wholesale, Retail and Food Services Sales										-3.2 <sub>p</sub>		

● 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.