

## Taiwan Business Indicators in February 2008

Press Release

Council for Economic Planning and Development

March 27, 2008

In February 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 1 point and the trend-adjusted coincident index decreased 0.2% from the previous month. The monitoring indicators signaled "green" for the fourth 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 148.9, decreasing by 0.3% from January. Its annualized six-month rate of change decreased by one point to 0.6%. Among the seven indicators making up the composite index, SEMI book-to-bill ratio has positive cyclical movements from previous month. The index of producer's inventory, building permits, the index of export orders, real monetary aggregates M1B\*, Stock price index, 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 155.7, up by 0.3% from January. Its trend-adjusted series decreased by 0.2% to 100.8, fell for the first time since November 2007. Among the seven indicators making up the composite index, electric power consumption, customs-cleared exports\*, and nonagricultural employment have positive cyclical movements from previous month. Sales index of wholesale, retail and food services, imports\* of machineries and

electrical equipments, manufacturing sales\*, and index of industrial production have negative cyclical movements from previous month.

3. The Monitoring Indicators: The total score in January 2008 was adjusted upward by two points to 29, following the revision of wholesale, retail and food services sales. February's total score was down by two points to 27, flashing the "green" signal for the fourth consecutive month. Among the components, Customs-cleared exports gained one point and saw its light changing from " yellow- red " to " red ", while direct and indirect finance lost one point and changed its individual light from " yellow- blue " to " blue ". Imports of machineries and electrical equipments, Wholesale, retail and food services sales each lost one point, with both individual lights turning from " green " to " yellow- blue ".

**~~ The next release is scheduled for April 28, 2008 ~~**

## Leading Indicators

	Seasonally adjusted						
	2007					2008	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	149.1	149.4	150.0	150.1	149.5	149.3	148.9
Change from preceding month (%)	0.5	0.2	0.4	0.1	-0.4	-0.1	-0.3
Annualized 6-month rate of change (%)	5.1	4.7	4.6	3.8	2.3	1.6	0.6
Change from preceding month (point)	0.2	-0.4	-0.1	-0.8	-1.5	-0.7	-1.0
<b>Components</b>							
Index of export orders (2006=100)	115.0	116.9	115.0	116.0	118.0	118.5	115.9
Real monetary aggregates M1B (NT\$ billion)	8,291	8,176	8,142	8,008	7,856	7,802	7,708
Stock prices (1966=100)	8,757	9,069	9,605	8,800	8,309	7,923	7,999
Index of producer's Inventory (2001=100)	110.3	107.7	108.5	109.8	108.6	112.4	112.7 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	9.3	9.4	9.4	9.3	9.2	9.1	9.1 <sub>p</sub>
Building Permits * (1000m2)	2,450	2,020	2,674	2,656	3,047	2,536	2,043
SEMI Book-to-Bill Ratio	0.82	0.79	0.8	0.82	0.85	0.89	0.93

Note : 1. p=Preliminary.

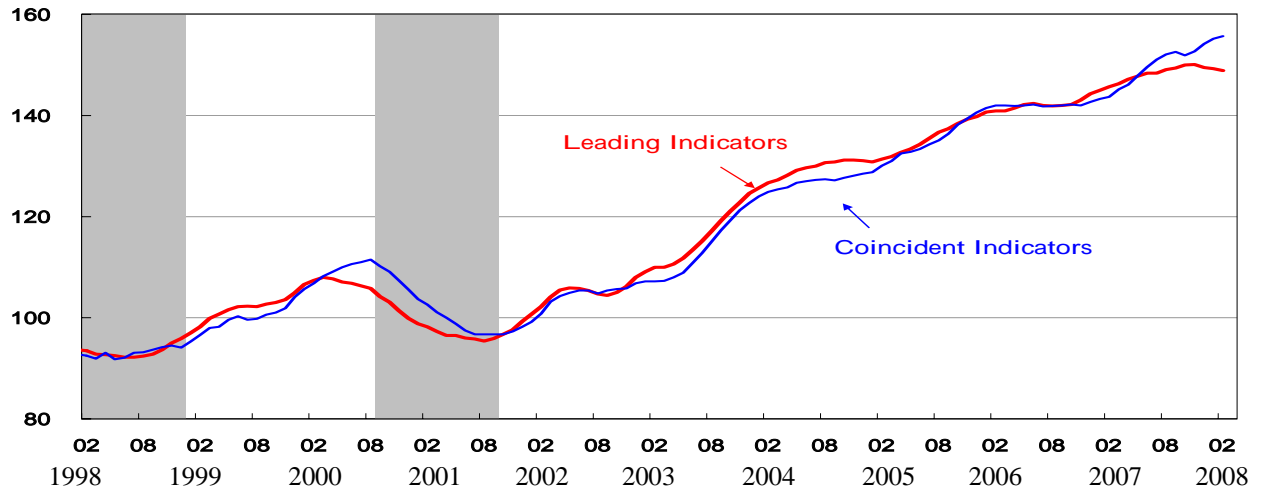
2. \* Including only housing, mercantile, business and service, industry warehousing.

## Coincident Indicators

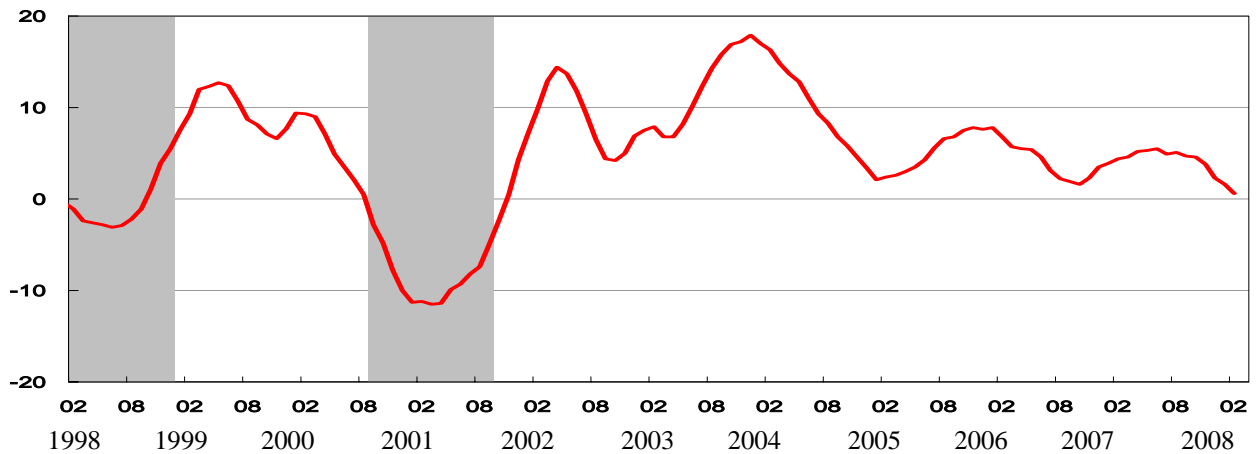
	Seasonally adjusted						
	2007					2008	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Composite Index</b>	152.1	152.6	151.9	152.7	154.2	155.2	155.7
Change from preceding month (%)	0.7	0.3	-0.5	0.5	1.0	0.6	0.3
Trend adjusted index	101.2	101.0	100.1	100.2	100.7	101.0	100.8
Change from preceding month (%)	0.2	-0.2	-0.9	0.1	0.5	0.3	-0.2
<b>Components</b>							
Industrial production (2001=100)	154.1	154.9	157.4	157.2	155.8	158.0	160.3
Electric power consumption (billion KWH)	10.77	10.58	10.99	10.86	10.77	11.35	11.27
Real manufacturing sales (NT\$ billion)	808.4	813.3	823.2	807.3	824.0	808.7	817.2 <sub>p</sub>
Sales index of wholesale, retail, and food services (2001=100)	127.2	126.5	127.5	123.3	125.6	127.3	123.9 <sub>p</sub>
Nonagricultural employment (1,000)	9,783	9,778	9,774	9,790	9,813	9,825	9,843
Real customs-cleared exports (NT\$ billion)	671.7	672.8	679.4	657.4	693.5	674.8	709.4
Real machineries and electrical equipments imports (NT\$ billion)	219.0	206.2	196.0	200.5	221.1	235.9	218.9

Note : p: Preliminary.

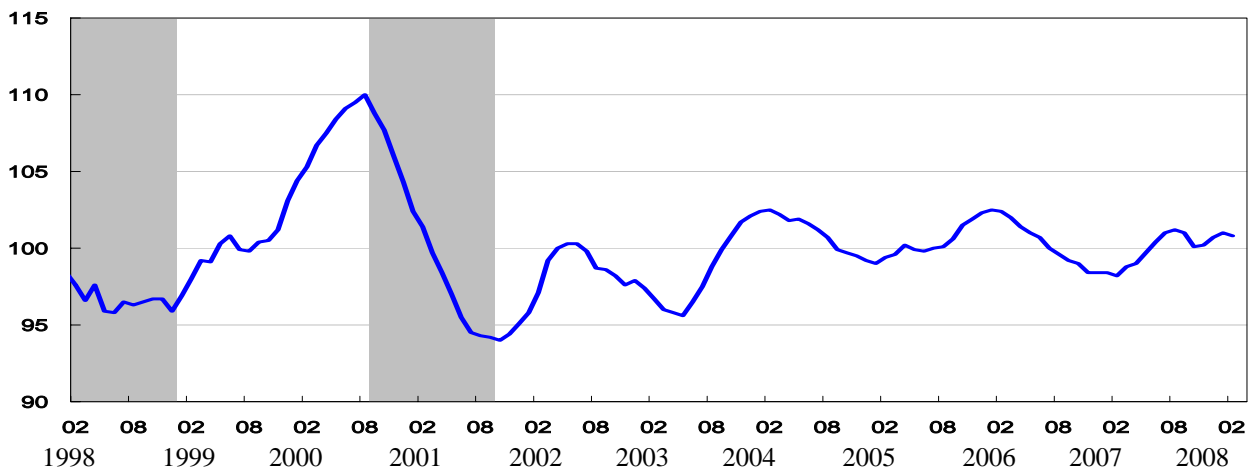
## Composite Indices of Cyclical Indicators



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



## Trend-adjusted composite coincident index



Shaded areas represent recessions.

# Monitoring Indications

Month	2007											2008		
	2	3	4	5	6	New Series beginning in July 2007*	7	8	9	10	11	12	1	2
Total	Light													
	Score	19	23	18	20	25	30	30	32	32	28	29	29 <sub>r</sub>	27
Monetary Aggregates M1B, yoy%														-2.2
Direct and Indirect Finance, yoy%														2.8
Bank Clearings and Remittance, yoy%														2.3
Stock Price Index, 1966=100, yoy%														12.0
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%														1.5
Exports, 2001\$, yoy%														16.4
Industrial Production Index, 2001=100, yoy%														5.0
Manufacturing Inventory-to-Sales ratio, %														11.6 <sub>r</sub>
Nonagricultural Employment, yoy%														0.7 <sub>r</sub>

● Booming   
 ● Transition in need of watching   
 ● Steadily moving forward   
 ● Transition in need of watching   
 ▼ Shaggy

\*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.