

## Taiwan Business Indicators in July 2008

Press Release

Council for Economic Planning and Development

August 27, 2008

In July 2008, Taiwan's business cyclical indicators showed significant signs that the economy is facing the risk of slowdown. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of leading index decreased 1.2 point and the trend-adjusted coincident index decreased 1.2% from the previous month. The overall monitoring indicator flashed the first "blue" in 20 months since December 2006, displaying some signs of weakness in Taiwan's economic situation.

1. **Leading Indicators:** The composite leading index stood at 107.4, down by 0.6% from June. Its annualized six-month rate of change decreased by 1.2 point to -1.8%, which displayed a downtrend since November 2007. The decreasing leading index largely came from the negative cyclical movements in stock price index, index of export orders, and real monetary aggregates M1B\*.

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

2. **Coincident Indicators:** The coincident index stood at 109.6, down by 0.7% from June. Its trend-adjusted series decreased by 1.2% to 96.7, for the fifth straight month in July. All the coincident indicators contributed negatively to the index, led by large decline in sales index of wholesale, retail and food services, electric power consumption, manufacturing sales\*, and index of industrial production.
3. The total score in July was down by 5 points to 15, changing the overall light signal from "yellow-blue" to "blue". Among the nine components, four showed loss in their individual light signals. Industrial production lost 2 points, and stock price index, customs-cleared exports, manufacturing sales lost 1 point, respectively. The light signals for

money supply M1B, direct and indirect finance, nonagricultural employment, imports of machineries, electrical equipments and sales index of wholesale, retail and food services remained unchanged.

**~~ The next release is scheduled for September 26, 2008 ~~**

## Leading Indicators

Seasonally adjusted

	2008						
	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>Composite Index</b>	108.7	108.8	108.8	108.7	108.4	108.0	107.4
Change from preceding month (%)	0.1	0.1	-0.0	-0.1	-0.3	-0.4	-0.6
Annualized 6-month rate of change (%)	2.9	2.4	1.8	1.2	0.4	-0.6	-1.8
Change from preceding month (point)	-0.5	-0.5	-0.6	-0.6	-0.8	-1.0	-1.2
<b>Components</b>							
Index of export orders (2006=100)	118.5	115.0	118.4	116.9	117.9	116.3	115.3
Real monetary aggregates M1B (NT\$ billion)	7,826	7,670	7,819	7,792	7,843	7,644	7,453
Stock prices (1966=100)	7,923	7,999	8,440	8,878	8,910	8,180	7,128
Index of producer's Inventory (2006=100)	103.8	103.9	104.4	105.3	106.2	107.4	108.8 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	9.1	9.1	9.2	9.1	9.1	8.9	8.8 <sub>p</sub>
Building Permits * (1000m2)	2,525	2,055	2,026	2,213	2,010	2,055	1,463
SEMI Book-to-Bill Ratio	0.89	0.92	0.87	0.82	0.78	0.81	0.83

Note : 1. p=Preliminary.

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

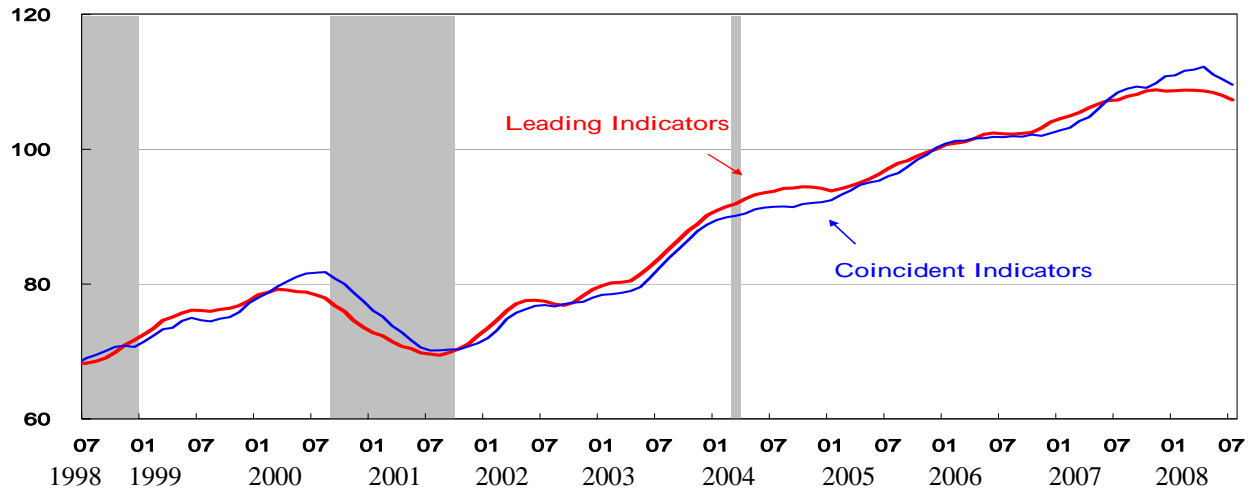
## Coincident Indicators

Seasonally adjusted

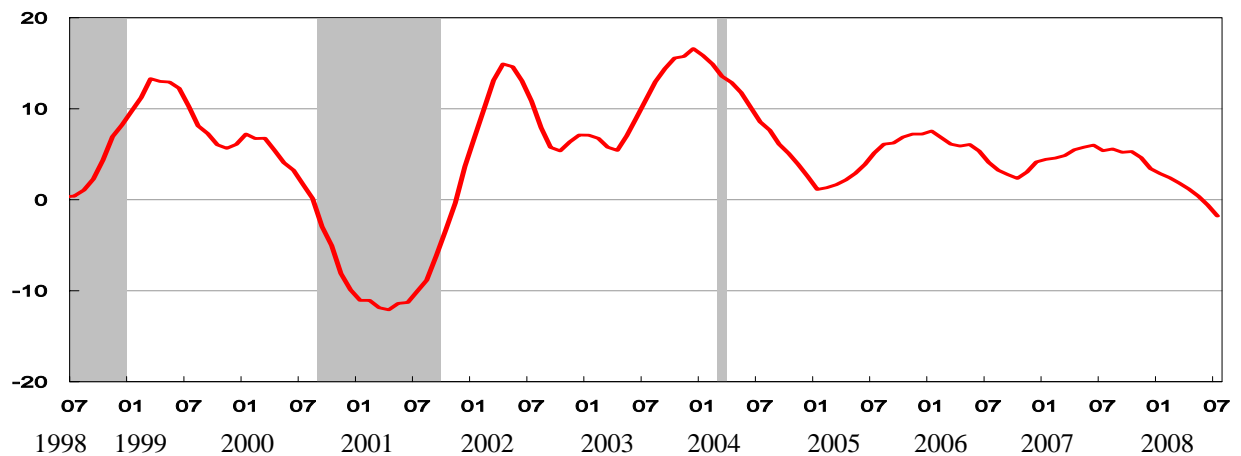
	2008						
	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>Composite Index</b>	111.0	111.7	111.8	112.3	111.1	110.4	109.6
Change from preceding month (%)	0.1	0.6	0.2	0.4	-1.1	-0.6	-0.7
Trend adjusted index	100.7	100.8	100.5	100.4	98.9	97.8	96.7
Change from preceding month (%)	-0.4	0.2	-0.3	-0.1	-1.5	-1.1	-1.2
<b>Components</b>							
Industrial production (2006=100)	112.9	115.3	113.5	114.2	113.6	114.4	112.0
Electric power consumption (billion KWH)	11.35	11.24	10.32	11.73	11.17	11.82	10.03
Real manufacturing sales (NT\$ billion)	821.9	873.3	838.9	835.6	828.3	819.6	806.6 <sub>p</sub>
Sales index of wholesale, retail, and food services (2001=100)	127.0	124.6	124.3	125.2	124.8	121.3	121.6
Nonagricultural employment (1,000)	9,824	9,842	9,852	9,869	9,887	9,898	9,895
Real customs-cleared exports (NT\$ billion)	676.0	704.2	719.3	672.8	704.1	730.1	668.9
Real machineries and electrical equipments imports (NT\$ billion)	235.6	217.5	230.7	224.8	218.3	219.6	213.3

Note : p: Preliminary.

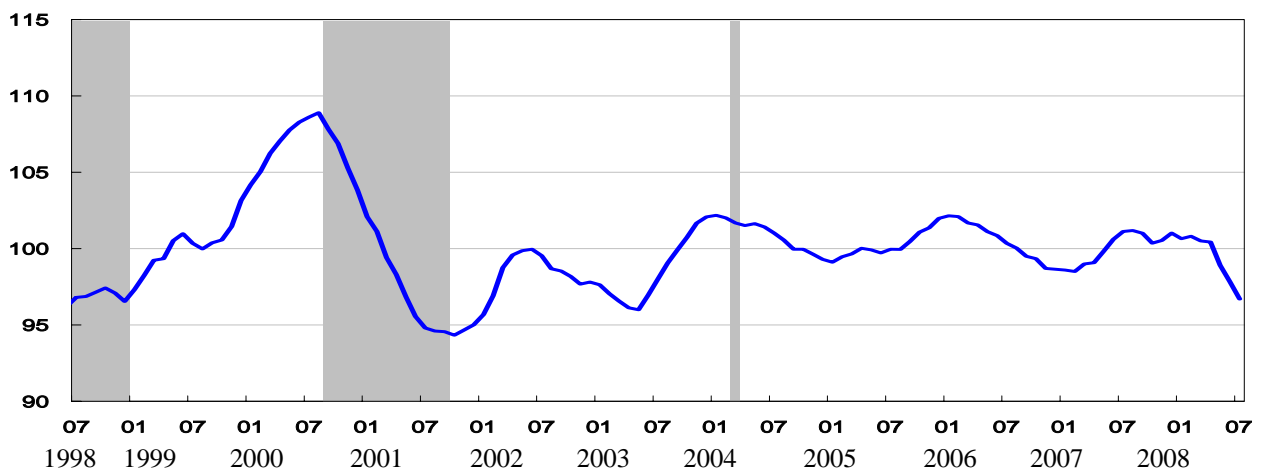
## Composite Indices of Cyclical Indicators



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



## Trend-adjusted composite coincident index



Shaded areas represent recessions.

## Monitoring Indications

	2007						2008							
	7	8	9	10	11	12	1	2	3	4	5	6	7	
Total	Light													
	Score	30	30	32	32	28	29	29	27	26	27	22	20	15
Monetary Aggregates M1B														-5.7
Direct and Indirect Finance														3.1
Stock Price Index														-23.8
Industrial Production Index														-0.4
Nonagricultural Employment														1.3
Exports														1.3
Imports of Machinery and Electrical Equipment														-12.5
Manufacturing Sales														5.7 <sub>1</sub>
Wholesale, Retail and Food Services Sales														-5.2

● Booming   
 ● Transitional   
 ● Stable   
 ● Transitional   
 ▼ Sluggish

\*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted.