

Taiwan Business Indicators in May 2008

Press Release

Council for Economic Planning and Development

June 27, 2008

In May 2008, Taiwan's business cyclical indicators displayed signs of a slowdown of the economy. 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 0.2 point and the trend-adjusted coincident index decreased 0.5% from the previous month. The overall monitoring indicator flashed "yellow-blue" in May, for the first time after six consecutive months of "green", reflecting a downside risk in Taiwan's economic growth.

1. **Leading Indicators:** The composite leading index stood at 106.9, increasing by 0.1% from April. Its annualized six-month rate of change decreased by 0.2 point to 0.7%, which displayed a downtrend since November 2007. Among the seven indicators making up the composite index, only stock price index had positive cyclical movement from previous month. The index of export orders, SEMI book-to-bill ratio, building permits, average monthly overtime hours in industry and services, the index of producer's inventory, and real monetary aggregates M1B* had negative cyclical movements from previous month.

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

2. **Coincident Indicators:** The coincident index stood at 109.1, remained at the same level as in April. Its trend-adjusted series decreased by 0.5% to 98.7. Among the seven indicators making up the composite index, only sales index of wholesale, retail and food services had positive cyclical movement from previous month. Imports* of machineries and electrical equipments, manufacturing sales*, electric power consumption, index of industrial production, customs-cleared

exports*, and nonagricultural employment had negative cyclical movements from previous month.

3. The Monitoring Indicators: The total score in May was down by 6 points to 21, changing the overall light signal from "green" to "yellow-blue". Among the nine components, five showed loss in their individual light signals. Industrial production lost 2 points, and stock price index, imports of machineries and electrical equipments, manufacturing sales, sales index of wholesale, retail and food services lost 1 point, respectively. The light signals for money supply M1B, direct and indirect finance, nonagricultural employment, and customs-cleared exports remained unchanged.

~~ The next release is scheduled for July 28, 2008 ~~

Leading Indicators

Seasonally adjusted

	2007		2008				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	107.1	106.8	106.8	106.9	106.8	106.8	106.9
Change from preceding month (%)	0.2	-0.3	0.0	0.1	-0.1	0.0	0.1
Annualized 6-month rate of change (%)	3.9	2.7	2.1	1.8	1.2	0.9	0.7
Change from preceding month (point)	-0.5	-1.2	-0.6	-0.3	-0.6	-0.3	-0.2
Components							
Index of export orders (2006=100)	115.3	117.9	118.5	115.0	118.6	117.6	118.9
Real monetary aggregates M1B (NT\$ billion)	8,008	7,856	7,804	7,710	7,822	7,816	7,873
Stock prices (1966=100)	8,800	8,309	7,923	7,999	8,440	8,878	8,910
Index of producer's Inventory (2006=100)	102.2	101.3	103.8	103.9	104.2	105.0	105.1 _p
Average monthly overtime in industry and services (hours/month)	9.3	9.2	9.1	9.1	9.2	9.1	9.1 _p
Building Permits * (1000m2)	2,638	3,043	2,512	2,043	2,035	2,240	2,046
SEMI Book-to-Bill Ratio	0.82	0.85	0.89	0.92	0.87	0.82	0.79

Note : 1. p=Preliminary.

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

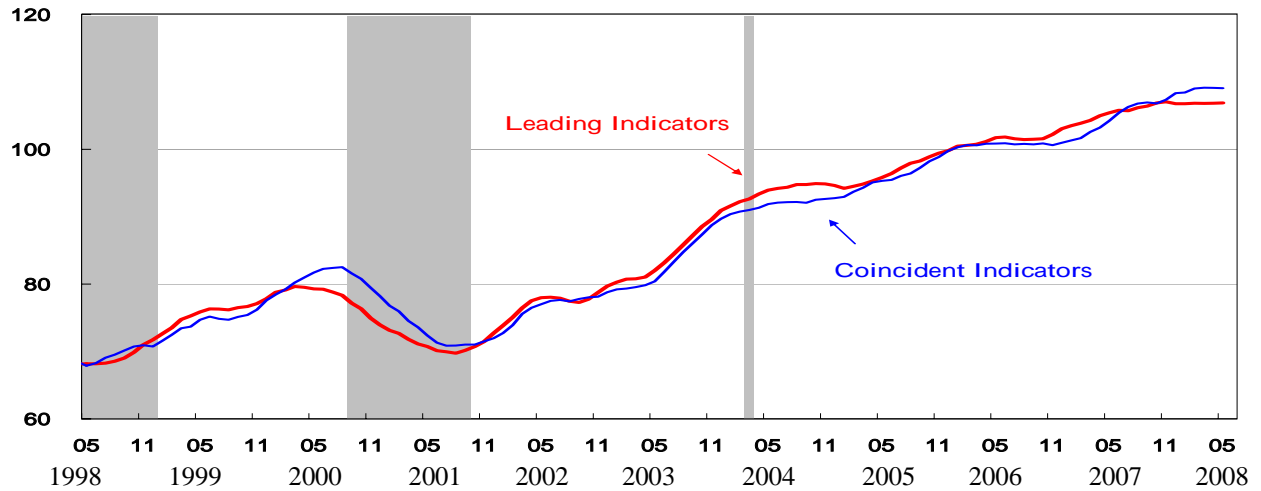
Coincident Indicators

Seasonally adjusted

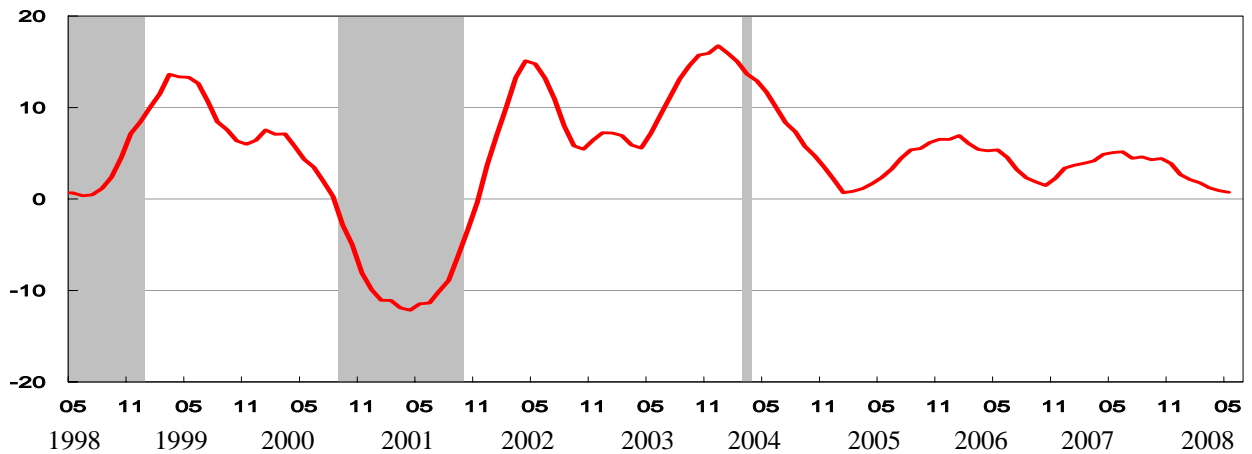
	2007		2008				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Composite Index	107.4	108.3	108.4	109.0	109.2	109.1	109.1
Change from preceding month (%)	0.5	0.9	0.1	0.6	0.1	-0.0	-0.0
Trend adjusted index	99.6	100.1	99.7	99.9	99.6	99.1	98.7
Change from preceding month (%)	0.1	0.5	-0.3	0.1	-0.3	-0.4	-0.5
Components							
Industrial production (2006=100)	112.8	113.5	112.9	115.3	113.5	114.2	113.3
Electric power consumption (billion KWH)	10.85	10.76	11.33	11.24	10.33	11.69	11.15
Real manufacturing sales (NT\$ billion)	828.4	843.4	820.4	871.8	837.4	834.5	823.4 _p
Sales index of wholesale, retail, and food services (2001=100)	123.3	125.8	127.2	125.0	124.9	126.1	125.9
Nonagricultural employment (1,000)	9,790	9,813	9,823	9,842	9,852	9,870	9,888
Real customs-cleared exports (NT\$ billion)	654.7	692.6	676.1	704.3	718.9	674.0	707.1
Real machineries and electrical equipments imports (NT\$ billion)	207.0	219.2	235.0	217.6	230.9	225.4	219.0

Note : p: Preliminary.

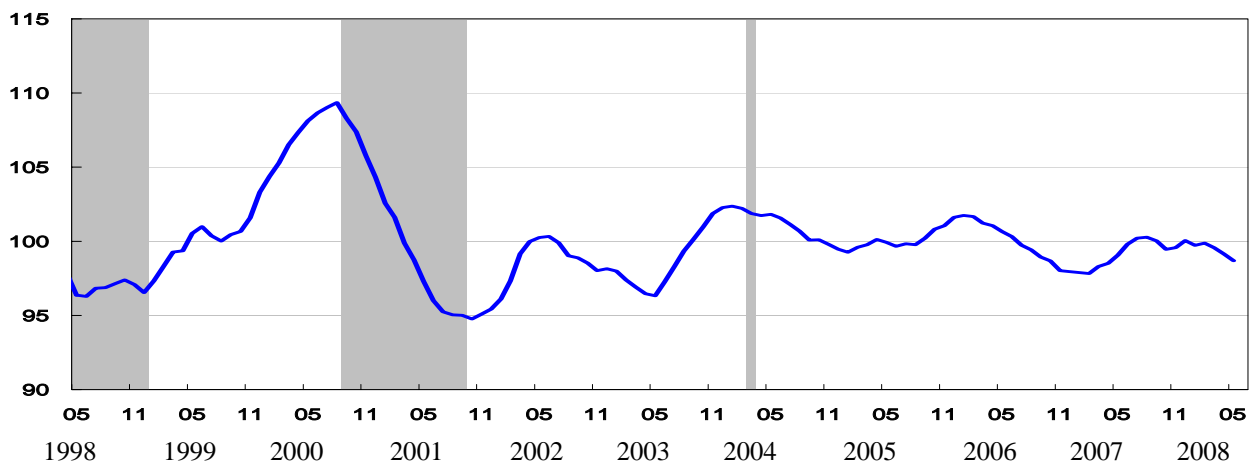
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

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

Monitoring Indications

Month	2007						2008								
	5	6	New Series beginning in July 2007*	7	8	9	10	11	12	1	2	3	4	5	
Total	Light Score	20		25	30	30	32	32	28	29	29	27	26	27	21
Monetary Aggregates M1B, yoy %	5	6	Monetary Aggregates M1B	7	8	9	10	11	12	1	2	3	4	5	-1.2
Direct and Indirect Finance, yoy %	5	6	Direct and Indirect Finance	7	8	9	10	11	12	1	2	3	4	5	3.3
Bank Clearings and Remittance, yoy %	5	6	Stock Price Index	7	8	9	10	11	12	1	2	3	4	5	10.2
Stock Price Index, 1966=100, yoy%	5	6	Industrial Production Index	7	8	9	10	11	12	1	2	3	4	5	6.0
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %	5	6	Nonagricultural Employment	7	8	9	10	11	12	1	2	3	4	5	1.6
Exports, 2001\$, yoy %	5	6	Exports	7	8	9	10	11	12	1	2	3	4	5	10.8
Industrial Production Index, 2001=100, yoy %	5	6	Imports of Machinery and Electrical Equipment	7	8	9	10	11	12	1	2	3	4	5	-7.4
Manufacturing Inventory-to-Sales ratio, %	5	6	Manufacturing Sales	7	8	9	10	11	12	1	2	3	4	5	6.2 _p
Nonagricultural Employment, yoy %	5	6	Wholesale, Retail and Food Services Sales	7	8	9	10	11	12	1	2	3	4	5	1.5

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

*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.