

## Taiwan Business Indicators in August 2008

Press Release

Council for Economic Planning and Development

September 26, 2008

In August 2008, Taiwan's business cyclical indicators showed some 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 leading index decreased 0.7 point, with annualized six-month rate of change decelerating for the tenth consecutive month. The trend-adjusted coincident index also decreased 1.3% from the previous month, with sliding for the sixth consecutive month. The monitoring indicator changed the overall light signal from "blue" to "yellow-blue", displaying that economic activity is still weak.

1. **Leading Indicators:** The composite leading index stood at 107.5, down by 0.3% from July. Its annualized six-month rate of change decreased by 0.7 point to -1.8%, which displayed a downtrend since November 2007. The decreasing leading index largely came from the negative cyclical movements in index of producer's Inventory, stock price index, and index of export orders.

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

2. **Coincident Indicators:** The coincident index stood at 109.3, down by 0.9% from July. Its trend-adjusted series decreased by 1.3% to 96.1, for the sixth straight month in August. Most of the coincident indicators contributed negatively to the index, led by large decline in electric power consumption, manufacturing sales\*, and sales index of wholesale, retail and food services.
3. The total score in July was adjusted to 16 from 15, following a upward revision in industrial production index. The total score in August increased 3 points to 19, changing the overall light signal from "blue" to "yellow-blue". Among the nine components, stock price index,

industrial production index and customs-cleared exports gained 1 point respectively, and changed their individual light signals. The light signals for money supply M1B, direct and indirect finance, nonagricultural employment, imports of machineries, electrical equipments, manufacturing sales and sales index of wholesale, retail and food services remained unchanged.

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

## Leading Indicators

Seasonally adjusted

	2008						
	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Composite Index</b>	108.9	108.9	108.8	108.6	108.3	107.9	107.5
Change from preceding month (%)	0.1	-0.0	-0.1	-0.2	-0.2	-0.4	-0.3
Annualized 6-month rate of change (%)	2.4	1.8	1.2	0.4	-0.2	-1.1	-1.8
Change from preceding month (point)	-0.5	-0.6	-0.6	-0.7	-0.6	-0.9	-0.7
<b>Components</b>							
Index of export orders (2006=100)	115.0	118.4	116.9	118.1	116.4	115.4	118.1
Real monetary aggregates M1B (NT\$ billion)	7,670	7,819	7,792	7,843	7,644	7,453	7,497
Stock prices (1966=100)	7,999	8,440	8,878	8,910	8,180	7,128	7,071
Index of producer's Inventory (2006=100)	104.0	104.8	105.7	106.6	106.9	111.6	113.7 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	9.1	9.2	9.1	9.1	8.8	9.1	9.1 <sub>p</sub>
Building Permits * (1000m2)	2,046	2,025	2,224	2,024	2,092	1,486	2,004
SEMI Book-to-Bill Ratio	0.92	0.87	0.82	0.78	0.81	0.83	0.83

Note : 1. p=Preliminary.

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

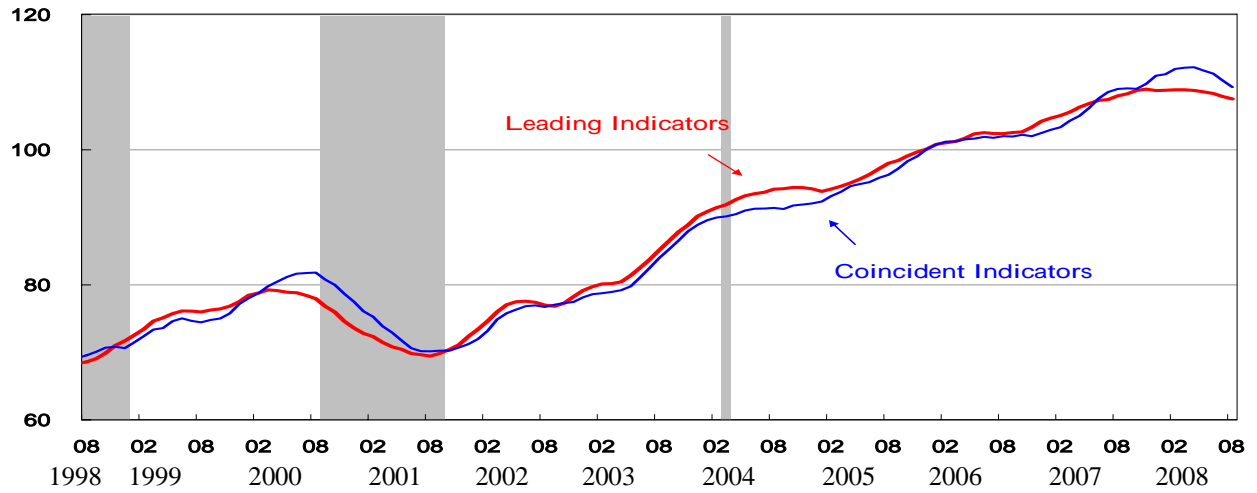
## Coincident Indicators

Seasonally adjusted

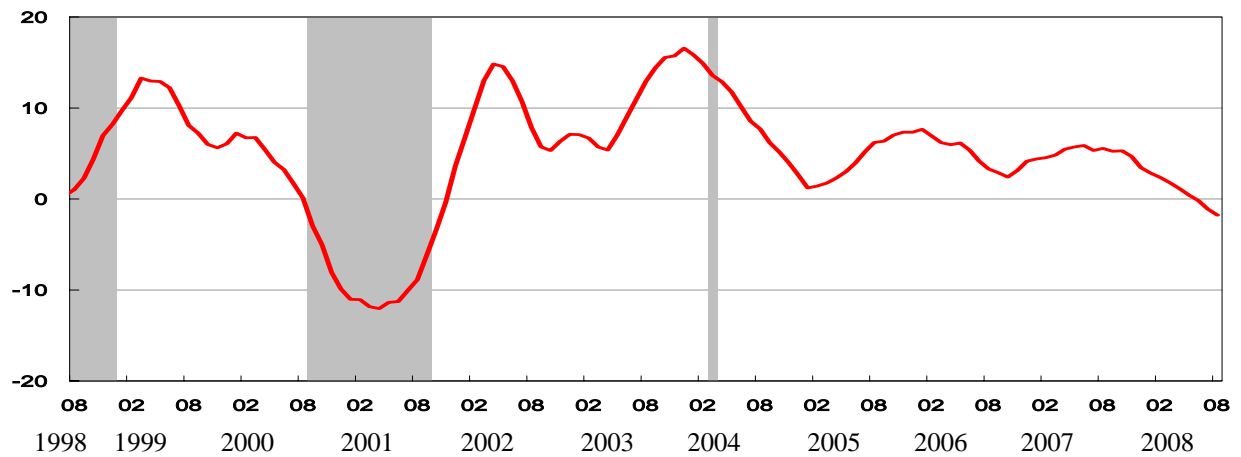
	2008						
	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Composite Index</b>	112.0	112.1	112.2	111.7	111.3	110.3	109.3
Change from preceding month (%)	0.7	0.1	0.1	-0.4	-0.4	-0.9	-0.9
Trend adjusted index	101.2	100.8	100.4	99.6	98.7	97.4	96.1
Change from preceding month (%)	0.2	-0.3	-0.4	-0.9	-0.8	-1.4	-1.3
<b>Components</b>							
Industrial production (2006=100)	115.3	113.5	114.2	113.6	114.4	112.6	112.8
Electric power consumption (billion KWH)	11.25	10.34	11.70	11.12	11.09	11.34	10.43
Real manufacturing sales (NT\$ billion)	872.3	837.9	834.6	825.6	819.1	793.0	796.7 <sub>p</sub>
Sales index of wholesale, retail, and food services (2001=100)	124.1	123.8	124.8	124.4	120.8	120.5	119.8
Nonagricultural employment (1,000)	9,842	9,852	9,869	9,887	9,898	9,896	9,913
Real customs-cleared exports (NT\$ billion)	702.2	723.1	673.7	701.5	737.7	670.8	730.4
Real machineries and electrical equipments imports (NT\$ billion)	218.8	233.0	228.1	221.8	222.9	216.6	222.8

Note : p: Preliminary.

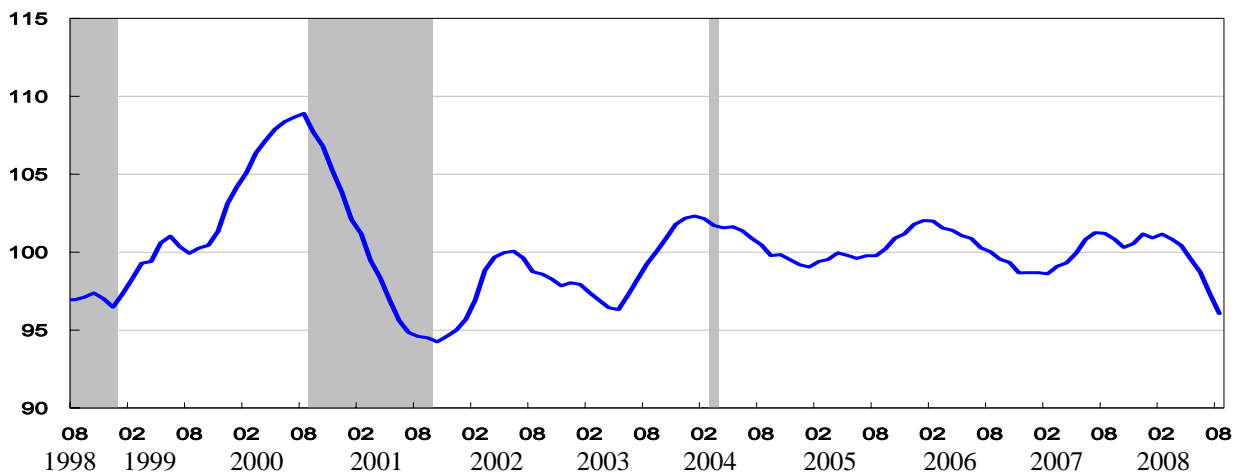
## Composite Indices of Cyclical Indicators



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



## Trend-adjusted composite coincident index



Shaded areas represent recessions.

## Monitoring Indications

	2007					2008								
	8	9	10	11	12	1	2	3	4	5	6	7	8	
Total	Light													
	Score	30	32	32	28	29	29	27	26	27	22	20	16 <sub>T</sub>	19
Monetary Aggregates M1B														-5.2
Direct and Indirect Finance														3.2
Stock Price Index														-19.2
Industrial Production Index														3.0
Nonagricultural Employment														1.3
Exports														9.5
Imports of Machinery and Electrical Equipment														-9.1
Manufacturing Sales														6.7 <sub>T</sub>
Wholesale, Retail and Food Services Sales														-5.3

● 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.