

Taiwan Business Indicators in September 2008

Press Release

Council for Economic Planning and Development

October 27, 2008

In September 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 0.4 point, with annualized six-month rate of change decelerating for 11th consecutive month. The trend-adjusted coincident index also decreased 1.2% from the previous month, with sliding for 7th consecutive month. The monitoring indicator changed the overall light signal from "yellow-blue" to "blue", displaying that economic activity is sluggish.

1. **Leading Indicators:** The composite leading index stood at 106.4, down by 0.3% from August. Its annualized six-month rate of change decreased by 0.4 point to -3.0%, 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 SEMI book-to-bill ratio.

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

2. **Coincident Indicators:** The coincident index stood at 109.0, down by 0.7% from August. Its trend-adjusted series decreased by 1.2% to 97.1, for the seventh straight month in September. All coincident indicators contributed negatively to the index, led by large decline in industrial production index, manufacturing sales*, and customs-cleared exports*.
3. The total score in August was adjusted to 18 from 19, following a downward revision in manufacturing sales. The total score in September decreased 6 points to 12, changing the overall light signal from "yellow-blue" to "blue". Among the nine components, industrial

production index and customs-cleared exports lost 2 points respectively, stock price index, nonagricultural employment and manufacturing sales each lost one point and changed their individual lights. The light signals for money supply M1B, direct and indirect finance, and sales index of wholesale, retail and food services remained unchanged.

~~ The next release is scheduled for November 27, 2008 ~~

Leading Indicators

Seasonally adjusted

	2008						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	108.6	108.4	108.2	107.9	107.1	106.7	106.4
Change from preceding month (%)	-0.0	-0.1	-0.2	-0.3	-0.7	-0.4	-0.3
Annualized 6-month rate of change (%)	1.5	0.8	0.1	-0.6	-2.0	-2.6	-3.0
Change from preceding month (point)	-0.6	-0.6	-0.7	-0.7	-1.4	-0.7	-0.4
Components							
Index of export orders (2006=100)	118.4	116.9	118.1	116.4	115.5	118.1	116.3
Real monetary aggregates M1B (NT\$ billion)	7,819	7,792	7,843	7,644	7,453	7,497	7,510
Stock prices (1966=100)	8,440	8,878	8,910	8,180	7,128	7,071	6,204
Index of producer's Inventory (2006=100)	104.8	105.7	106.6	107.0	111.7	119.1	114.2 _p
Average monthly overtime in industry and services (hours/month)	9.2	9.1	9.1	8.9	9.0	9.0	9.0 _p
Building Permits * (1000m2)	2,028	2,222	2,039	2,084	1,480	2,046	1,737
SEMI Book-to-Bill Ratio	0.87	0.82	0.78	0.81	0.83	0.81	0.76

Note : 1.p=Preliminary.

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

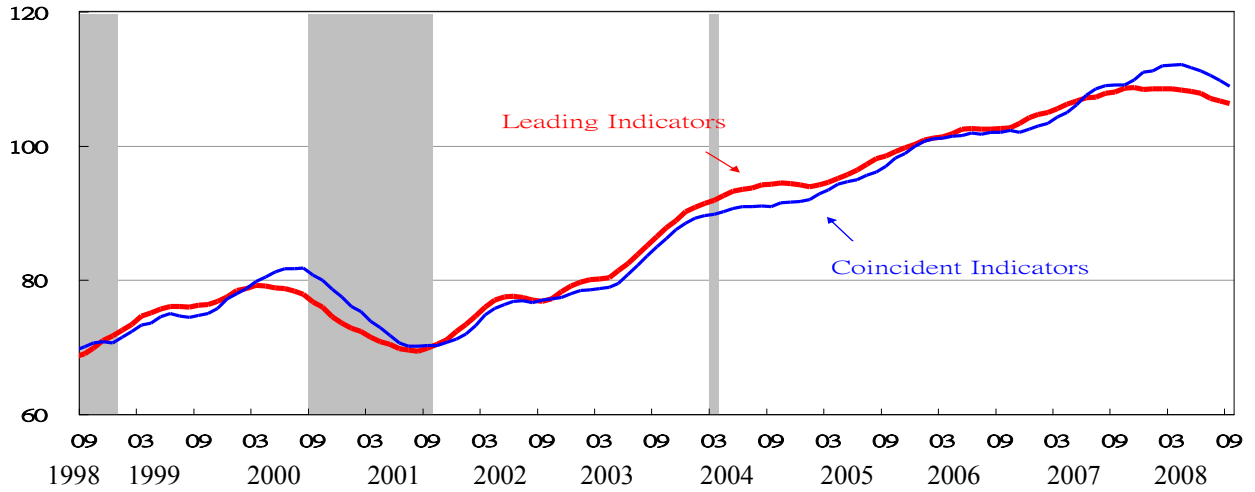
Coincident Indicators

Seasonally adjusted

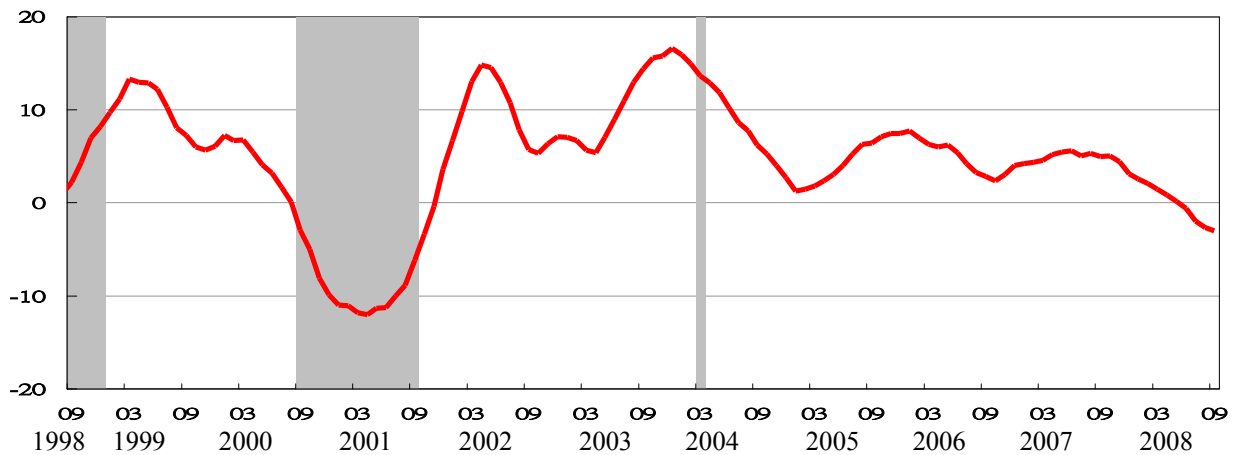
	2008						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	112.1	112.2	111.7	111.2	110.6	109.8	109.0
Change from preceding month (%)	0.1	0.1	-0.4	-0.5	-0.5	-0.8	-0.7
Trend adjusted index	101.3	101.0	100.1	99.2	98.3	97.1	96.0
Change from preceding month (%)	-0.3	-0.3	-0.9	-0.9	-1.0	-1.2	-1.2
Components							
Industrial production (2006=100)	113.5	114.2	113.6	114.4	112.6	113.0	107.4
Electric power consumption (billion KWH)	10.34	11.70	11.15	11.15	11.38	10.44	11.62
Real manufacturing sales (NT\$ billion)	837.2	834.0	821.3	818.4	783.5	768.3	768 _p
Sales index of wholesale, retail, and food services (2001=100)	123.8	124.8	124.5	120.9	120.6	120.1	120.2
Nonagricultural employment (1,000)	9,852	9,868	9,886	9,896	9,893	9,905	9,897
Real customs-cleared exports (NT\$ billion)	721.9	671.8	698.9	736.3	672.2	735.8	649.6
Real machineries and electrical equipments imports (NT\$ billion)	233.0	227.9	221.5	222.6	216.2	220.9	215.5

Note : p: Preliminary.

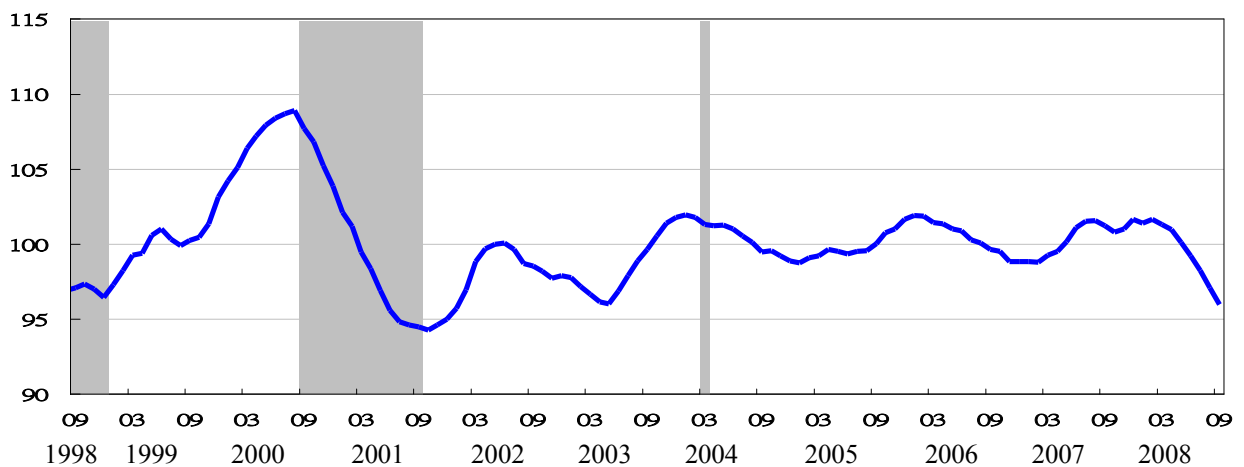
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

Monitoring Indications

	2007				2008									
	9	10	11	12	1	2	3	4	5	6	7	8	9	
Total	Light													
	Score	32	32	28	29	29	27	26	27	22	20	16	18 ₁	12
Monetary Aggregates M1B														-4.8
Direct and Indirect Finance														3.1
Stock Price Index														-31.6
Industrial Production Index														-2.3
Nonagricultural Employment														1.2
Exports														-5.2
Imports of Machinery and Electrical Equipment														-3.5
Manufacturing Sales														-0.5 ₁
Wholesale, Retail and Food Services Sales														-3.5

● 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.