

Taiwan Business Indicators in October 2008

Press Release

Council for Economic Planning and Development

November 27, 2008

In October 2008, Taiwan's business cyclical indicators suggest further weakening in economic conditions going forward. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), despite the leading index increased 0.7 point, the trend-adjusted coincident index decreased 3.2% from the previous month and the overall monitoring indicator still signaled "blue".

1. **Leading Indicators:** The composite leading index stood at 104.0, remaining at the same level of September. Its annualized six-month rate of change increased by 0.7 point to -5.6%, following eleven consecutive monthly declines. The leading index increased as SEMI book-to-bill ratio showed large improvement. However, most leading indicators contributed negatively to the index, led by large decline in stock price index, index of export orders and average monthly overtime in industry and services.

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

2. **Coincident Indicators:** The coincident index stood at 102.7, down by 2.8% from September. Its trend-adjusted index decreased by 3.2% to 90.6, with sliding for eighth consecutive month. All coincident indicators contributed negatively to the index, led by large decline in industrial production index, real manufacturing sales*, and real customs-cleared exports*.
3. **The Monitoring Indicators:** The total score recorded 12 in October, remaining at the same level of September. The overall light signal was "Blue". Among the nine components, nonagricultural employment gained one point and changed the light signal from "yellow-blue" to "green". Imports of machineries, electrical equipments lost one point

and changed the light signal from "yellow-blue" to "blue". The light signals for money supply M1B, direct and indirect finance, stock price index, industrial production index, customs-cleared exports, manufacturing sales and sales index of wholesale, retail and food services remained unchanged.

~~ The next release is scheduled for December 26, 2008 ~~

Leading Indicators

Seasonally adjusted

	2008						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	108.1	107.8	107.4	106.5	105.2	103.9	104.0
Change from preceding month (%)	-0.1	-0.3	-0.4	-0.9	-1.2	-1.2	+0.0
Annualized 6-month rate of change (%)	0.5	-0.3	-1.1	-2.7	-4.7	-6.6	-5.9
Change from preceding month (point)	-0.7	-0.8	-0.8	-1.6	-2.0	-1.9	0.7
Components							
Index of export orders (2006=100)	116.9	118.1	116.4	114.9	118.2	115.7	109.0
Real monetary aggregates M1B (NT\$ billion)	7,792	7,843	7,644	7,453	7,497	7,509	7,604
Stock prices (1966=100)	8,878	8,910	8,180	7,128	7,071	6,204	5,043
Index of producer's Inventory (2006=100)	105.4	106.0	106.9	112.3	120.2	122.3	123.8 _p
Average monthly overtime in industry and services (hours/month)	9.1	9.1	8.8	8.9	8.9	8.3	8.5 _p
Building Permits * (1000m2)	2,207	2,029	2,063	1,474	2,104	1,703	1,584
SEMI Book-to-Bill Ratio	0.82	0.78	0.81	0.83	0.81	0.70	0.93

Note : 1.p=Preliminary.

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

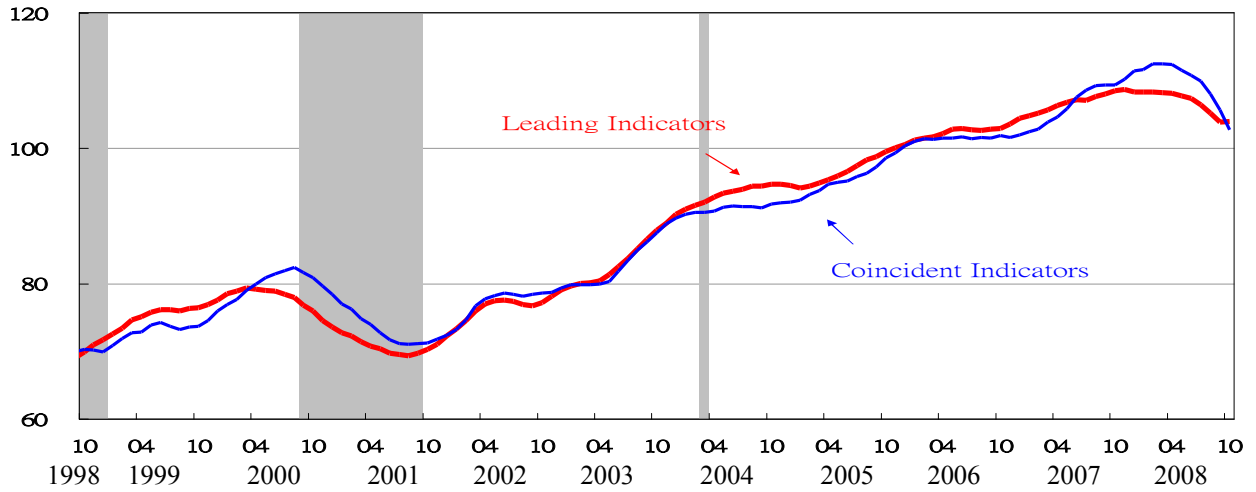
Coincident Indicators

Seasonally adjusted

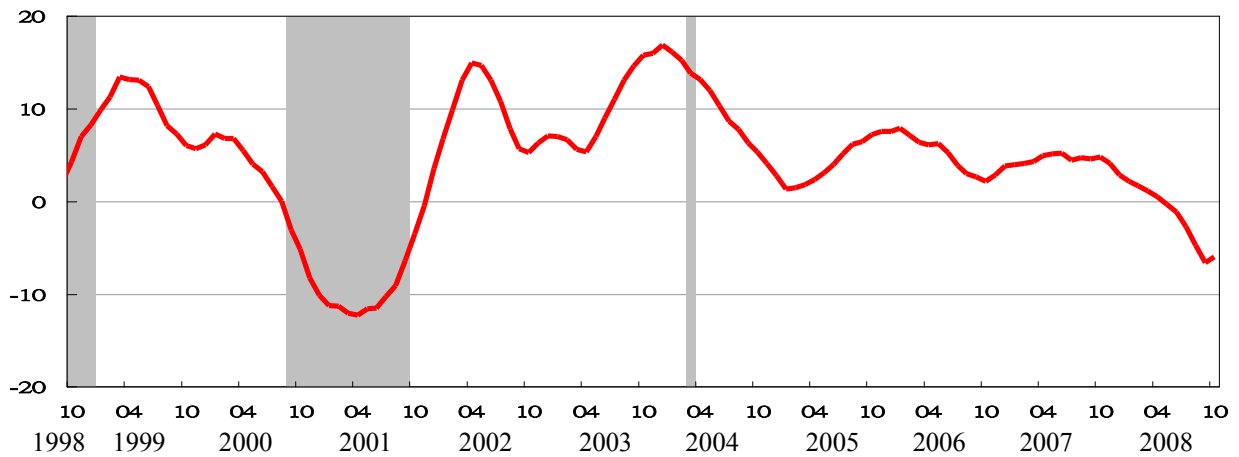
	2008						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Composite Index	112.5	111.6	110.8	109.9	108.1	105.7	102.7
Change from preceding month (%)	-0.1	-0.8	-0.7	-0.8	-1.7	-2.2	-2.8
Trend adjusted index	101.8	100.5	99.4	98.2	96.1	93.6	90.6
Change from preceding month (%)	-0.5	-1.2	-1.1	-1.3	-2.1	-2.6	-3.2
Components							
Industrial production (2006=100)	114.2	113.6	114.4	112.6	113.0	107.6	98.7
Electric power consumption (billion KWH)	11.69	11.14	10.99	11.11	10.43	11.70	10.22
Real manufacturing sales (NT\$ billion)	832.9	817.2	815.9	780.2	760.9	726.7	734.4 _p
Sales index of wholesale, retail, and food services (2001=100)	124.9	124.7	120.9	120.7	120.8	120.5	120.5
Nonagricultural employment (1,000)	9,868	9,886	9,896	9,893	9,905	9,896	9,902
Real customs-cleared exports (NT\$ billion)	670.0	696.2	733.4	670.4	735.5	657.2	629.3
Real machineries and electrical equipments imports (NT\$ billion)	228.0	220.8	221.6	215.1	217.2	212.4	197.6

Note : p: Preliminary.

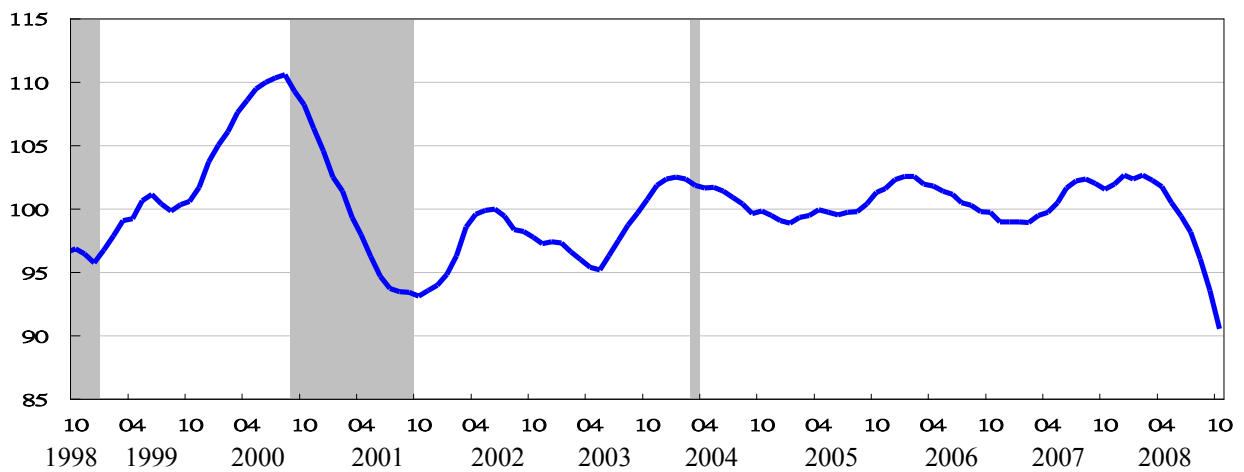
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

Monitoring Indications

		2007			2008										
		10	11	12	1	2	3	4	5	6	7	8	9	10	
Total	Light														
	Score	32	28	29	29	27	26	27	22	20	16	18	12	12	
Monetary Aggregates M1B															-4.1
Direct and Indirect Finance															3.1
Stock Price Index															-47.5
Industrial Production Index															-12.1
Nonagricultural Employment															1.24
Exports															-9.0
Imports of Machinery and Electrical Equipment															-4.8
Manufacturing Sales															-10.1 _p
Wholesale, Retail and Food Services Sales															-4.5

● 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.