

Taiwan Business Indicators in December 2008

Press Release

Council for Economic Planning and Development

February 3, 2009

In December 2008, Taiwan's business cyclical indicators showed a continued slowdown in economic conditions. 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 2.0 point, the trend-adjusted coincident index decreased 8.4% from the previous month and the overall monitoring indicator flashed the "blue" signal for the fourth consecutive month.

1. **Leading Indicators:** The composite leading index stood at 93.0, down by 2.3% from November. Its annualized six-month rate of change decreased by 2.0 point to -17.2%, with sliding for the fourteenth consecutive month. All leading indicators contributed negatively to the index, led by large decline in index of export order, average monthly overtime in industry and services, building permits, and SEMI book-to-bill ratio.
2. **Coincident Indicators:** The coincident index stood at 81.6, down by 8.2% from November. Its trend-adjusted index decreased by 8.4 % to 75.4, with sliding for the tenth consecutive month. All coincident indicators contributed negatively to the index, led by large decline in industrial production index, electric power consumption, real manufacturing sales*, and real customs-cleared exports*.

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

3. **The Monitoring Indicators:** The total score in December was down by 2 points to 9, flashing the "blue" signal for the fourth consecutive month. Among the nine components, direct and indirect finance, nonagricultural employment each lost one point, and changed the light signal from "yellow-blue" to "blue". The light signals for monetary

aggregates M1B*, stock prices index, industrial production index, customs-cleared exports, imports of machineries and electrical equipments, manufacturing sales and sales index of wholesale, retail and food services remained unchanged.

~~ The next release is scheduled for February 27, 2009 ~~

Leading Indicators

Seasonally adjusted

	2008						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	104.1	102.8	101.0	98.5	97.2	95.1	93.0
Change from preceding month (%)	-0.7	-1.3	-1.7	-2.5	-1.4	-2.1	-2.3
Annualized 6-month rate of change (%)	-4.1	-6.1	-8.6	-12.0	-13.2	-15.2	-17.2
Change from preceding month (point)	-1.1	-2.0	-2.5	-3.4	-1.2	-2.0	-2.0
Components							
Index of export orders (2006=100)	114.7	113.5	116.9	114.7	109.4	93.4	87.6
Real monetary aggregates M1B (NT\$ billion)	7,627	7,452	7,490	7,512	7,587	7,651	7,672
Stock price (1966=100)	8,180	7,128	7,071	6,204	5,043	4,510	4,496
Index of producer's Inventory (2006=100)	107.0	111.8	119.2	122.0	120.7	121.1	122.2 _p
Average monthly overtime in industry and services (hours/month)	8.8	8.9	8.9	8.2	7.8	6.2	7.2 _p
Building Permits * (1000m2)	2,066	1,463	2,023	1,696	1,605	1,569	1,311
SEMI Book-to-Bill Ratio	0.81	0.83	0.81	0.70	0.96	0.97	0.93

Note : 1.p=Preliminary.

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

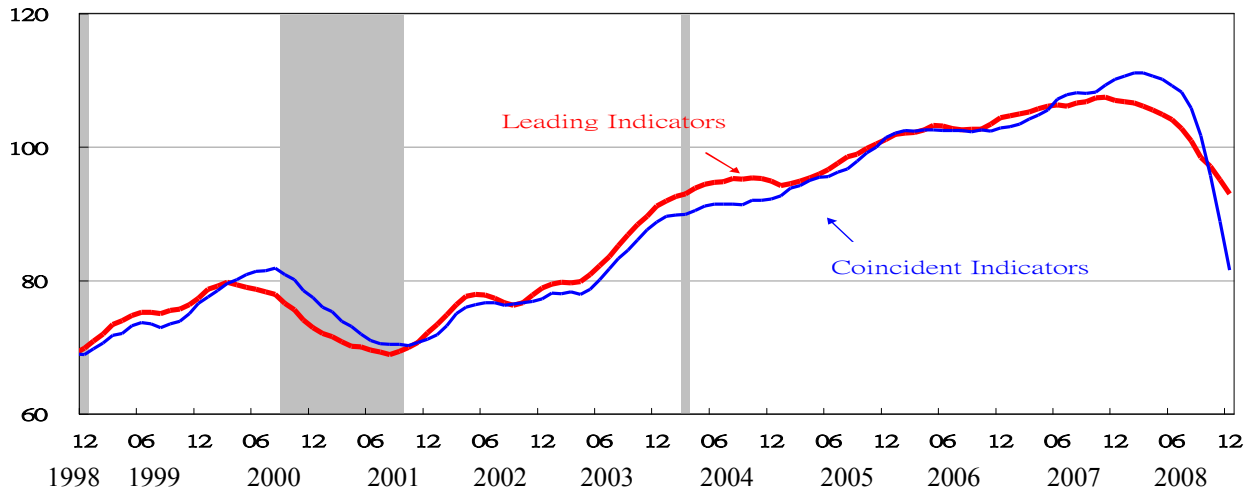
Coincident Indicators

Seasonally adjusted

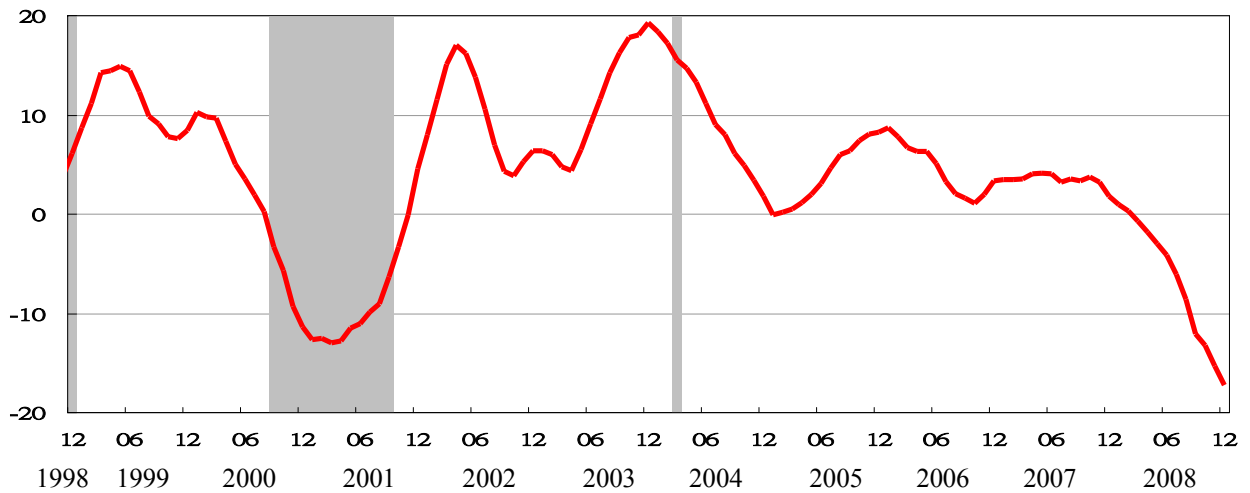
	2008						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	109.3	108.3	105.9	101.8	95.8	88.9	81.6
Change from preceding month (%)	-0.9	-0.9	-2.2	-3.9	-5.8	-7.2	-8.2
Trend adjusted index	102.3	101.2	98.7	94.7	88.9	82.4	75.4
Change from preceding month (%)	-1.1	-1.1	-2.4	-4.1	-6.0	-7.4	-8.4
Components							
Industrial production (2006=100)	114.4	112.6	113.0	107.6	98.6	84.9	77.4
Electric power consumption (billion KWH)	11.21	11.48	10.45	11.64	10.07	9.09	9.48
Real manufacturing sales (NT\$ billion)	815.8	778.1	762.7	726.3	676.2	595.4	574.1 _p
Sales index of wholesale, retail, and food services (2001=100)	120.8	120.4	120.0	119.2	119.0	113.6	111.7
Nonagricultural employment (1,000)	9,895	9,888	9,899	9,887	9,885	9,860	9,800
Real customs-cleared exports (NT\$ billion)	731.8	669.9	735.2	657.3	636.3	529.2	459.5
Real machineries and electrical equipments imports (NT\$ billion)	220.4	212.3	214.0	210.2	192.2	172.9	147.0

Note : p: Preliminary.

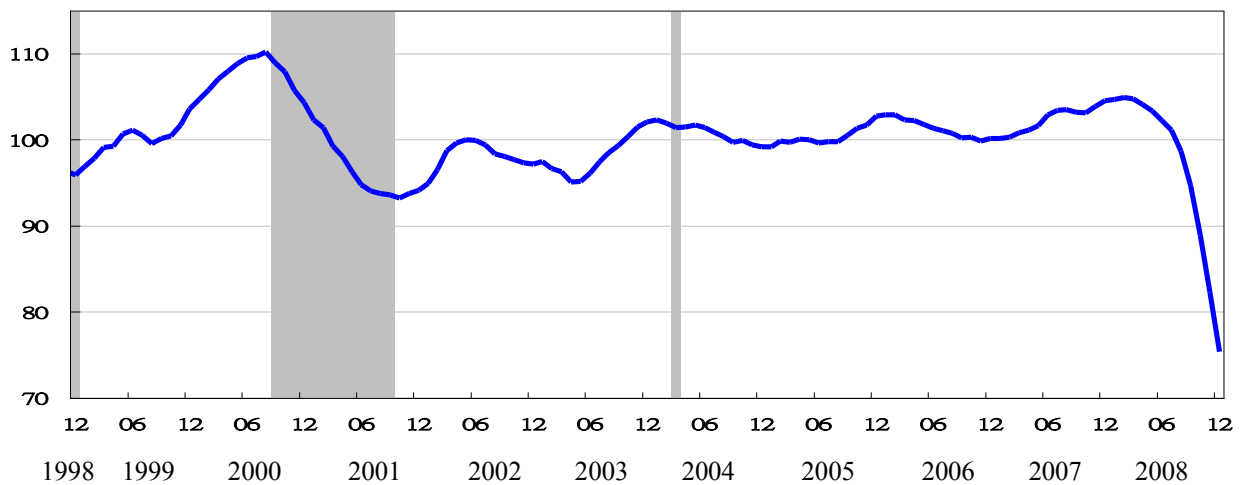
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

Monitoring Indications

		2007	2008												
		12	1	2	3	4	5	6	7	8	9	10	11	12	
Total	Light														
	Score	29	29	27	26	27	22	20	16	18	12	12	11	9	
Monetary Aggregates M1B															-2.1
Direct and Indirect Finance															2.7
Stock Price Index															-45.9
Industrial Production Index															-31.8
Nonagricultural Employment															-0.3
Exports															-39.9
Imports of Machinery and Electrical Equipment															-36.2
Manufacturing Sales															-38.7 _p
Wholesale, Retail and Food Services Sales															-11.1

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.