

Taiwan Business Indicators in January 2009

Press Release

Council for Economic Planning and Development

February 27, 2009

In January 2009, Taiwan's business cyclical indicators showed a serious 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 5.0 point, the trend-adjusted coincident index decreased 7.4% from the previous month and the overall monitoring indicator flashed the "blue" signal for the fifth consecutive month.

1. **Leading Indicators:** The composite leading index stood at 84.4, down by 4.9% from December 2008. Its annualized six-month rate of change decreased by 5.0 point to -27.6%, with sliding for the fifteen consecutive month. The decreasing leading index largely came from the negative cyclical movements in SEMI book-to-bill ratio, index of export orders, and average monthly overtime in industry & services, hours. Monetary aggregates M1B* showed improvement.

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

2. **Coincident Indicators:** The coincident index stood at 76.4, down by 7.3% from December. Its trend-adjusted index decreased by 7.4 % to 72.1, with sliding for the eleventh consecutive month. All coincident indicators contributed negatively to the index, led by large decline in electric power consumption, real customs-cleared exports* and industrial production index.
3. **The Monitoring Indicators:** The total score recorded 9 in January, remaining at the same level of December 2008. The overall light signal was flashing the "blue" signal for the fifth consecutive month. The light signals for all the nine components remained unchanged.

~~ **The next release is scheduled for March 27, 2009** ~~

Leading Indicators

	Seasonally adjusted						
	2008						2009
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	101.7	99.7	97.0	95.5	92.5	88.8	84.4
Change from preceding month (%)	-1.5	-1.9	-2.8	-1.5	-3.1	-4.1	-4.9
Annualized 6-month rate of change (%)	-7.1	-9.9	-13.6	-14.8	-18.2	-22.6	-27.6
Change from preceding month (point)	-2.2	-2.8	-3.7	-1.2	-3.4	-4.4	-5.0
Components							
Index of export orders (2006=100)	113.5	116.9	114.7	109.2	93.8	88.2	84.2
Real monetary aggregates M1B (NT\$ billion)	7,452	7,490	7,512	7,587	7,647	7,668	7,774
Stock price (1966=100)	7,128	7,071	6,204	5,043	4,510	4,496	4,475
Index of producer's Inventory (2006=100)	111.0	119.1	120.8	119.9	120.0	114.5	120.5 _p
Average monthly overtime in industry and services (hours/month)	8.9	8.9	8.3	7.8	6.2	4.7	4.7 _p
Building Permits * (1000m2)	1,466	2,026	1,696	1,600	1,557	1,289	1,302
SEMI Book-to-Bill Ratio	0.83	0.81	0.70	0.96	0.97	0.86	0.48

Note : 1.p=Preliminary.

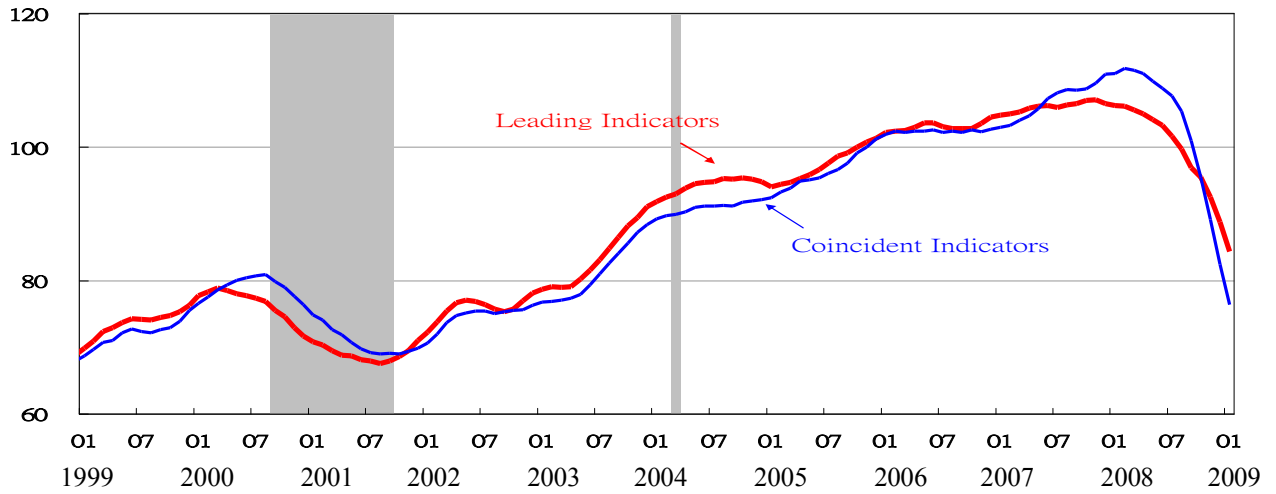
2.* Including only housing, mercantile, business and service, industry warehousing.

Coincident Indicators

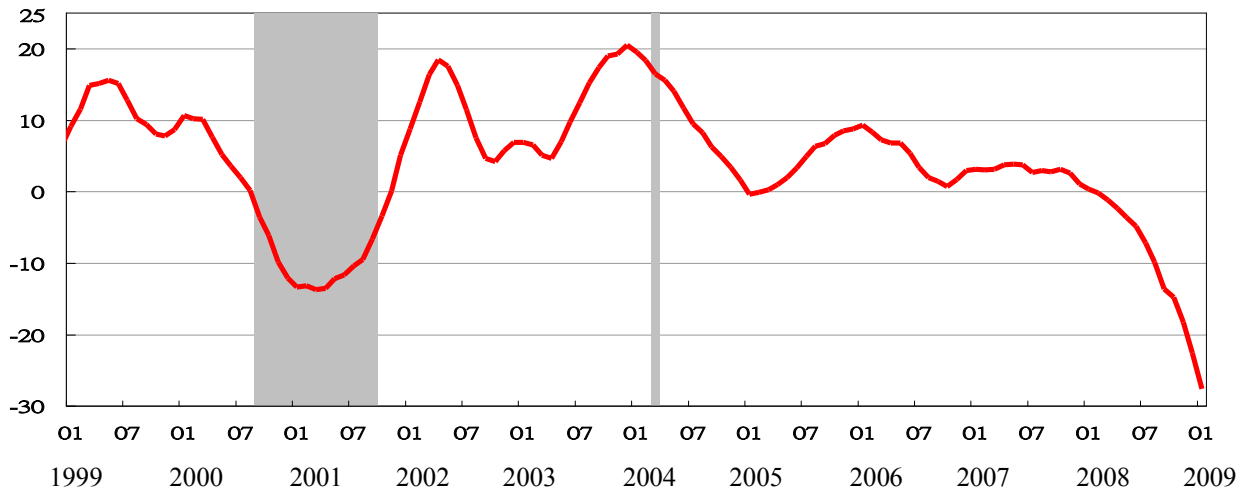
	Seasonally adjusted						
	2008						2009
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Composite Index	107.7	105.4	101.0	95.6	89.2	82.4	76.4
Change from preceding month (%)	-1.1	-2.1	-4.2	-5.4	-6.6	-7.6	-7.3
Trend adjusted index	102.5	100.2	95.8	90.5	84.4	77.9	72.1
Change from preceding month (%)	-1.2	-2.2	-4.3	-5.5	-6.8	-7.7	-7.4
Components							
Industrial production (2006=100)	110.0	110.3	104.9	96.6	84.5	77.8	75.6
Electric power consumption (billion KWH)	11.17	10.52	11.73	10.24	8.94	9.37	7.87
Real manufacturing sales (NT\$ billion)	780.1	762.6	723.6	676.3	597.2	583.5	612.8 _p
Sales index of wholesale, retail, and food services (2001=100)	120.4	120.0	119.3	119.0	114.1	112.0	112.7
Nonagricultural employment (1,000)	9,887	9,896	9,884	9,881	9,857	9,797	9,765
Real customs-cleared exports (NT\$ billion)	669.5	734.3	656.8	636.3	532.7	462.3	494.5
Real machineries and electrical equipments imports (NT\$ billion)	212.3	213.9	210.5	192.3	174.6	147.6	158.7

Note : p: Preliminary.

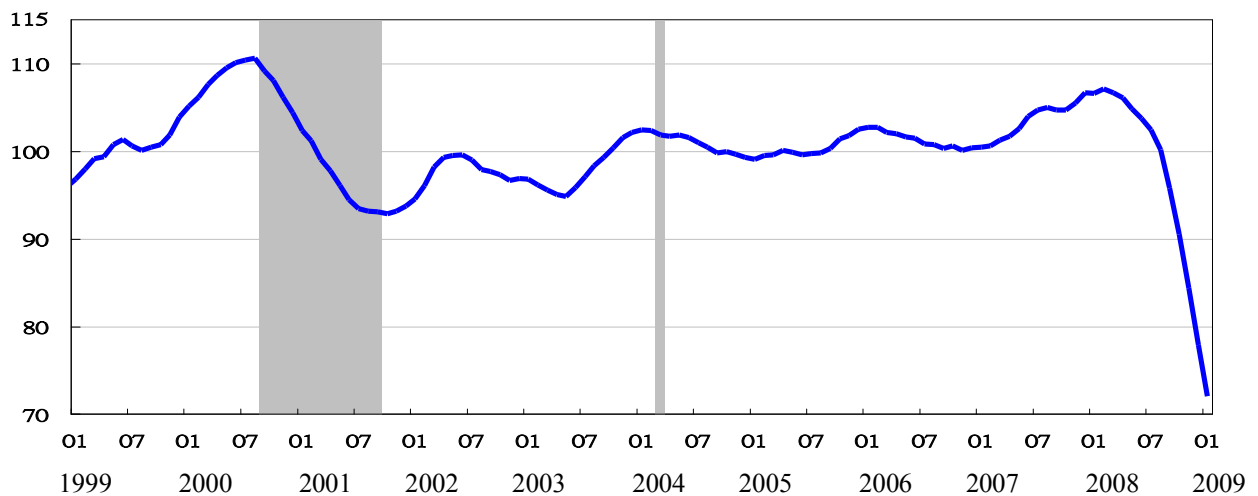
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

Monitoring Indications

		2008												2009
		1	2	3	4	5	6	7	8	9	10	11	12	1
Total	Light													
	Score	29	27	26	27	22	20	16	18	12	12	11	9	9
Monetary Aggregates M1B														0.01
Direct and Indirect Finance														2.3
Stock Price Index														-43.5
Industrial Production Index														-34.6
Nonagricultural Employment														-0.7
Exports														-33.1
Imports of Machinery and Electrical Equipment														-34.6
Manufacturing Sales														-34.7 _p
Wholesale, Retail and Food Services Sales														-10.6

● 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.