

Taiwan Business Indicators in August 2010

Press Release

Council for Economic Planning and Development

September 27, 2010

In August 2010, Taiwan Business Indicators indicated that the economy continued its steady growth. 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 2.6 points, the trend-adjusted coincident index rose by 0.2% from the previous month, and the overall monitoring indicator flashed the "red" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 117.7, down by 0.3% from July. Its annualized six-month rate of change declined by 2.6 points to 4.1%, decreasing for the ninth consecutive month. All seven indicators making up the trend-adjusted index had negative cyclical movements from previous month, which is index of producer's inventory for manufacturing, index of export orders, SEMI book-to-bill ratio, average monthly overtime in industry and services, building permits, real monetary aggregates M1B, and stock price index.
2. **Coincident Indicators:** With revised data, the coincident index stood at 124.2, up by 0.8% from July. Its trend-adjusted index rose by 0.2% to 108.5, increasing for the eighteenth consecutive month. Among the seven indicators making up the trend-adjusted index, the nonagricultural employment, sales index of wholesale, retail, and food services, real customs-cleared exports, and real imports of machineries and electrical equipments, had positive cyclical movements from previous month. The industrial production index, index of producer's shipment for manufacturing, and electric power consumption had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 122.1, up by 2.6% from July. Its trend-adjusted index rose by 2.0% to 106.7, increasing for the eleventh consecutive month. All the six

indicators making up the trend-adjusted index had positive cyclical movements from previous month.

4. The Monitoring Indicators: The total score recorded 38 in August, the same level of previous month. The overall light signal flashed the "red" signal for the second consecutive month. The light signals for all the nine components remained unchanged..

~~ The next release is scheduled for October 27, 2010 ~~

Leading Indicators

Seasonally adjusted

	2010						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Composite Index	117.7	118.4	118.7	118.7	118.4	118.1	117.7
Change from preceding month (%)	0.9	0.6	0.2	0.0	-0.2	-0.3	-0.3
Annualized 6-month rate of change (%)	25.9	22.0	17.8	13.7	9.9	6.7	4.1
Change from preceding month (point)	-3.3	-3.9	-4.2	-4.1	-3.8	-3.2	-2.6
Components							
Index of export orders (2006=100)	138.1	135.4	132.9	137.1	136.3	134.4	137.5
Real monetary aggregates M1B (NT\$ billion)	9,916	10,002	10,022	10,059	10,143	10,258	10,420
Stock price index(1966=100)	7,432	7,775	8,052	7,526	7,383	7,639	7,884
Index of producer's Inventory for manufacturing*(2006=100)	103.3	104.1	102.6	106.8	109.4	111.5	112.6 _p
Average monthly overtime in industry and services (hours/month)	8.6	9.0	9.1	9.0	9.4	9.1	8.8 _p
Building Permits ** (1,000m ²)	2,275	2,614	2,115	2,406	2,284	1,981	2,276
SEMI Book-to-Bill Ratio	1.23	1.21	1.13	1.13	1.18	1.23	1.17

Note : 1. p=Preliminary.

2. * This series is inverted while aggregating composite leading index.

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

Coincident Indicators

Seasonally adjusted

Seasonally adjusted	2010						
	Feb	Mar	Apr	May	Jun	Jul	Aug
Composite Index	116.6	118.4	119.8	121.1	122.2	123.2	124.2
Change from preceding month (%)	1.8	1.5	1.2	1.1	0.9	0.8	0.8
Trend adjusted index	105.6	106.6	107.3	107.8	108.1	108.3	108.5
Change from preceding month (%)	1.2	0.9	0.6	0.5	0.3	0.2	0.2
Components							
Industrial production index(2006=100)	123.9	119.9	120.7	120.8	121.0	120.4	121.3
Electric power consumption (billion kWh)	10.96	11.45	10.93	11.31	10.81	11.32	11.09
Index of producer's shipment for manufacturing (2006=100)	120.4	120.0	121.0	123.1	122.0	121.9	123.4 _p
Sales index of wholesale, retail, and food services (2006=100)	105.3	106.0	105.7	107.5	108.4	109.3	108.9
Nonagricultural employment (1,000)	9,850	9,878	9,890	9,916	9,944	9,972	9,982
Real customs-cleared exports (NT\$ billion)	708.1	733.9	730.3	795.2	753.7	775.7	766.4
Real machineries and electrical equipments imports (NT\$ billion)	261.6	258.5	267.6	274.7	256.7	272.0	278.0

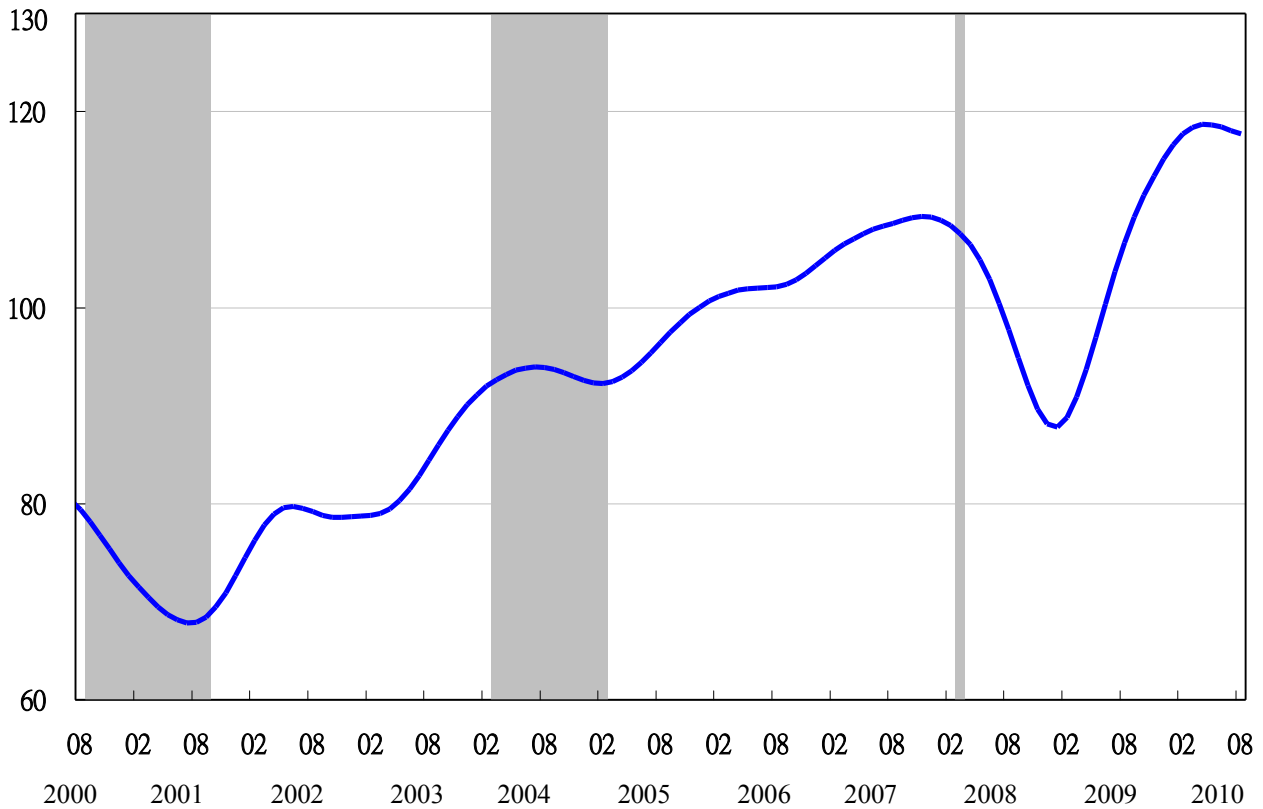
Lagging Indicators

Seasonally adjusted

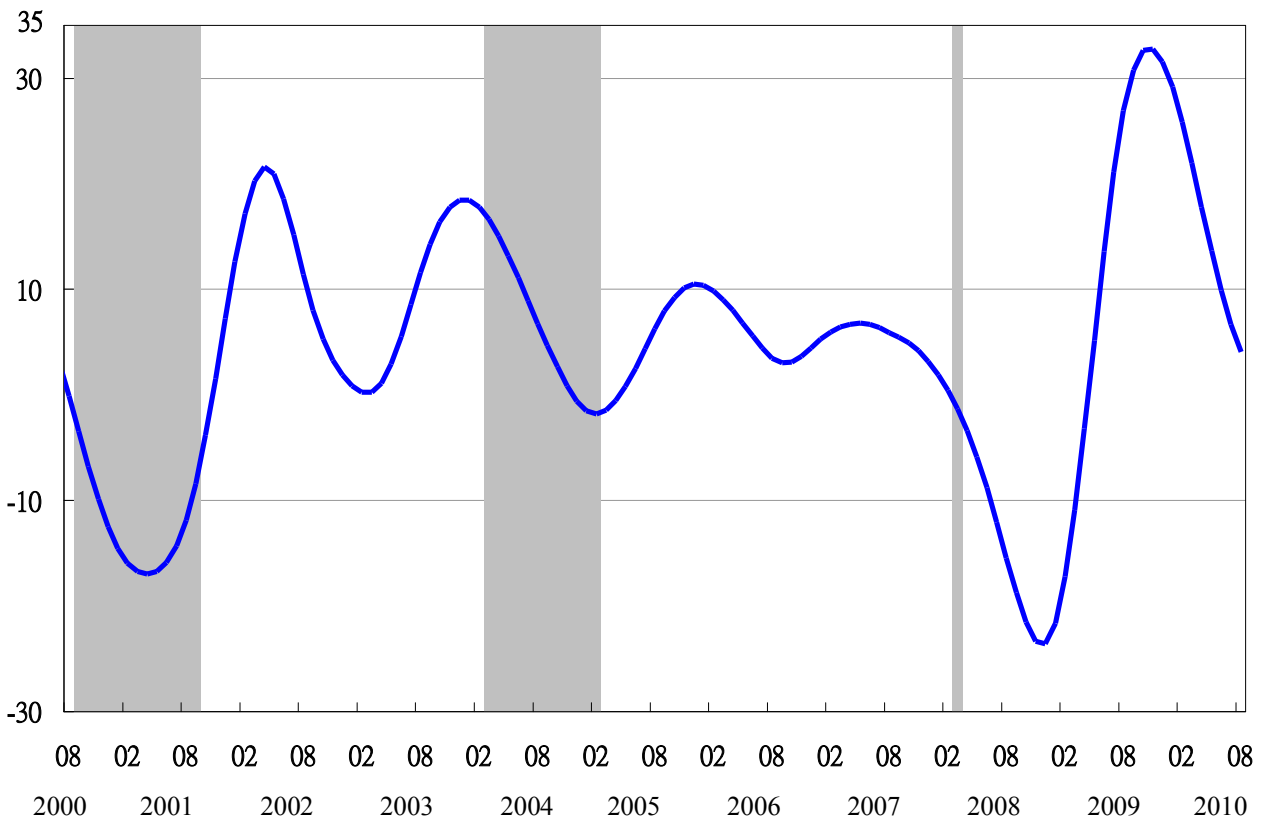
	Feb	Mar	Apr	May	Jun	Jul	Aug
Composite Index	104.6	107.2	110.0	112.9	115.9	119.0	122.1
Change from preceding month (%)	2.3	2.5	2.6	2.7	2.7	2.7	2.6
Trend adjusted index	94.8	96.5	98.4	100.4	102.5	104.6	106.7
Change from preceding month (%)	1.7	1.9	2.0	2.0	2.1	2.0	2.0
Components							
Unemployment rate** (%)	5.65	5.64	5.43	5.22	5.20	5.17	5.11
Regular employees on payrolls in industry & services (Thousand persons)	6,376	6,405	6,424	6,446	6,448	6,475	6,484 _p
The manufacturing unit output labor cost index (index 2006=100)	81.8	82.5	81.0	79.3	81.8	80.7	80.8 _p
Interbank overnight call-loan rate (percent per annum)	0.104	0.130	0.164	0.174	0.183	0.196	0.203
Loans and investments of major financial institutions (NT\$ billion)	21,580	21,530	21,668	21,798	21,900	22,057	22,252
Inventories to sales ratio for manufacturing (%)	56.43	57.32	58.05	59.87	63.06	64.10	65.35 _p

Note : ** This series is inverted while aggregating composite lagging index.

Composite Leading Index

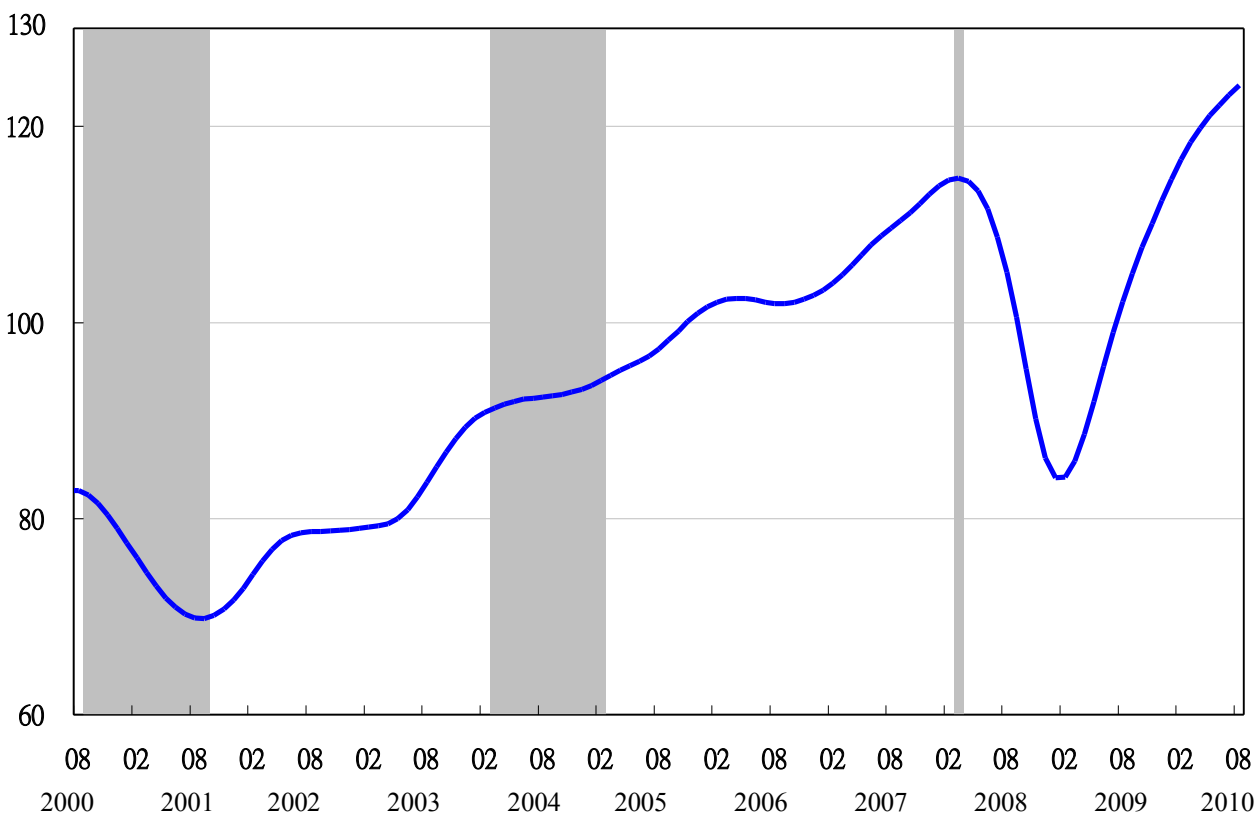


Annualized 6-month rate of change of composite leading index

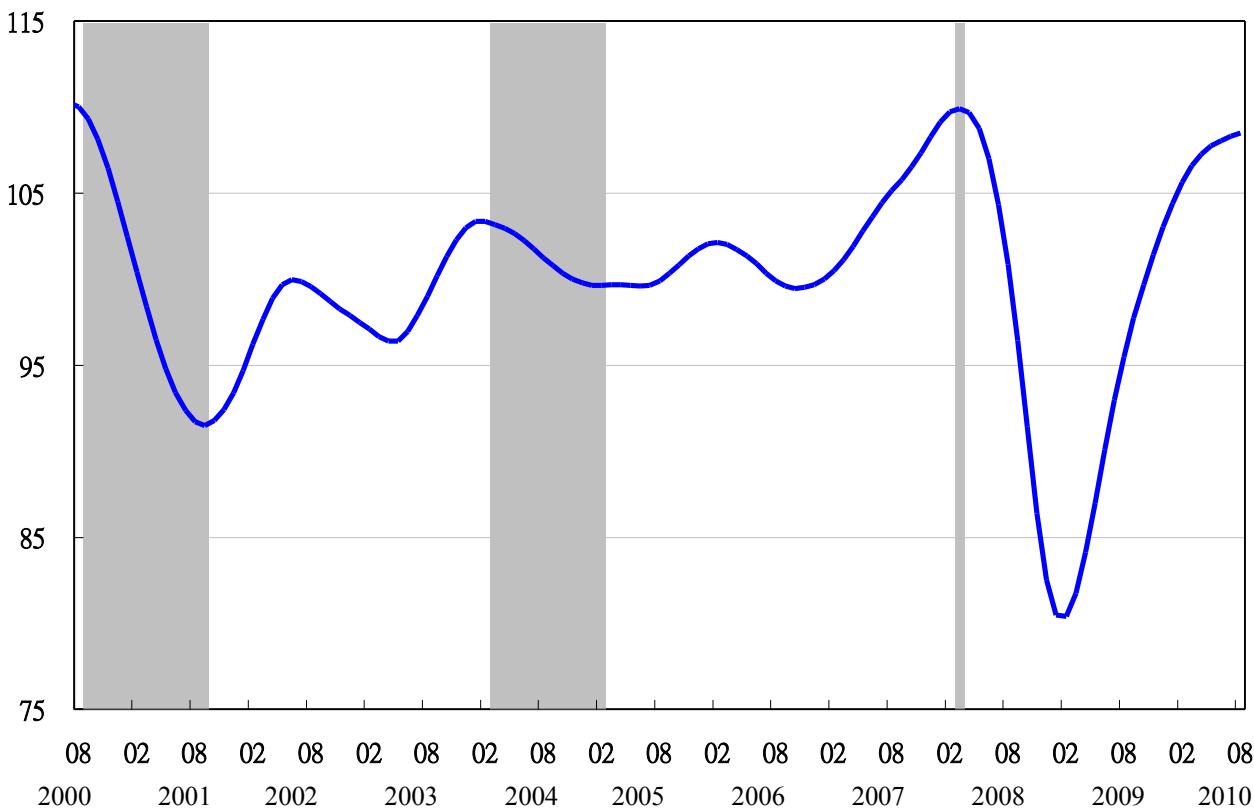


Shaded areas represent recessions.

Composite Coincident Index




























































































































Trend-adjusted composite coincident index



The graph displays the US unemployment rate as a blue line. The y-axis represents the unemployment rate percentage, ranging from 60 to 130. The x-axis shows time from 2000 to 2010, with labels for the first, second, and eighth months of each year. Three shaded gray regions indicate economic recessions: the first from 2000 to 2001, the second from 2003 to 2004, and a third, very narrow period in late 2007. The unemployment rate starts at approximately 7.8% in 2000, peaks at 8.1% in early 2001, and then generally declines to a low of 6.5% in mid-2003. It then rises to 9.8% by early 2004, followed by a period of relative stability around 10% until late 2007. A sharp increase occurs in 2008, peaking at 11.8% in early 2009, before declining to 9.7% by late 2009 and rising again to 12.2% by early 2010.

Monitoring Indicators

		2009					2010							
		8	9	10	11	12	1	2	3	4	5	6	7	8
Total	Light													
	Score	18	20	26	37	37	38	38	39	39	37	37	38	38
Monetary Aggregates M1B														12.2
Direct and Indirect Finance														4.2
Stock Price Index														15.0
Industrial Production Index														21.8
Nonagricultural Employment														2.9
Exports														24.3
Imports of Machinery and Electrical Equipment														45.1
Manufacturing Sales														22.0 _p
Wholesale, Retail and Food Services Sales														3.9

 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.