

Taiwan Business Indicators in September 2010

Press Release

Council for Economic Planning and Development

October 27, 2010

In September 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 2.3 points, the trend-adjusted coincident index decreased by 0.1% from the previous month, and the overall monitoring indicator flashed the "yellow-red" signal.

1. **Leading Indicators:** With revised data, the composite leading index stood at 117.6, down by 0.4% from August. Its annualized six-month rate of change declined by 2.3 points to 1.8%, decreasing for the tenth consecutive month. Among the seven indicators making up the trend-adjusted index, index of producer's inventory for manufacturing, SEMI book-to-bill ratio, average monthly overtime in industry and services, index of export orders, building permits had negative cyclical movements from previous month. Real monetary aggregates M1B and stock price index had positive cyclical movements from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 124.4, up by 0.6% from August. Its trend-adjusted index decreased by 0.1% to 107.2. Among the seven indicators making up the trend-adjusted index, the industrial production index, real customs-cleared exports, and index of producer's shipment for manufacturing had negative cyclical movements from previous month. The nonagricultural employment, sales index of wholesale, retail, and food services, real imports of machineries and electrical equipments, and electric power consumption had positive cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 124.1, up by 2.3% from August. Its trend-adjusted index rose by 1.7%

to 106.9, increasing for the twelfth 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 in September was down by 1 point to 37, changing the overall light signal from "red" to "yellow-red". Among the nine components, stock price index lost one point and changed its individual light signal from "yellow-red" to "green". The light signals for the rest of eight components remained unchanged.

~~ The next release is scheduled for November 26, 2010 ~~

Leading Indicators

Seasonally adjusted

	2010						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	118.8	119.1	119.1	118.9	118.5	118.1	117.6
Change from preceding month (%)	0.6	0.3	0.0	-0.2	-0.3	-0.4	-0.4
Annualized 6-month rate of change (%)	22.4	18.1	14.0	10.2	6.8	4.1	1.8
Change from preceding month (point)	-3.9	-4.2	-4.1	-3.8	-3.3	-2.8	-2.3
Components							
Index of export orders (2006=100)	135.4	132.9	137.1	136.4	134.4	137.7	137.2
Real monetary aggregates M1B (NT\$ billion)	10,002	10,022	10,059	10,143	10,258	10,421	10,547
Stock price index(1966=100)	7,775	8,052	7,526	7,383	7,639	7,884	8,040
Index of producer's Inventory for manufacturing*(2006=100)	104.2	102.7	107.0	109.4	111.6	113.0	112.7 _p
Average monthly overtime in industry and services (hours/month)	9.0	9.1	9.1	9.4	9.1	8.9	8.5 _p
Building Permits ** (1,000m2)	2,600	2,096	2,397	2,284	1,991	2,221	2,267
SEMI Book-to-Bill Ratio	1.21	1.13	1.13	1.18	1.23	1.17	1.03

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						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	118.3	119.8	121.0	122.0	122.9	123.7	124.4
Change from preceding month (%)	1.5	1.2	1.0	0.8	0.7	0.6	0.6
Trend adjusted index	106.1	106.7	107.1	107.3	107.3	107.3	107.2
Change from preceding month (%)	0.9	0.6	0.4	0.2	0.1	-0.02	-0.1
Components							
Industrial production index(2006=100)	119.9	120.7	120.8	121.0	120.4	121.6	118.1
Electric power consumption (billion kWh)	11.47	10.93	11.32	10.82	11.32	11.08	11.28
Index of producer's shipment for manufacturing (2006=100)	120.1	121.0	123.2	122.2	122.1	124.2	124.1 _p
Sales index of wholesale, retail, and food services (2006=100)	106.0	105.7	107.5	108.4	109.3	109.2	109.2
Nonagricultural employment (1,000)	9,879	9,891	9,916	9,944	9,972	9,979	9,988
Real customs-cleared exports (NT\$ billion)	732.2	729.4	793.2	748.2	771.8	763.5	747.4
Real machineries and electrical equipments imports (NT\$ billion)	258.4	267.8	274.9	256.5	272.7	278.9	283.6

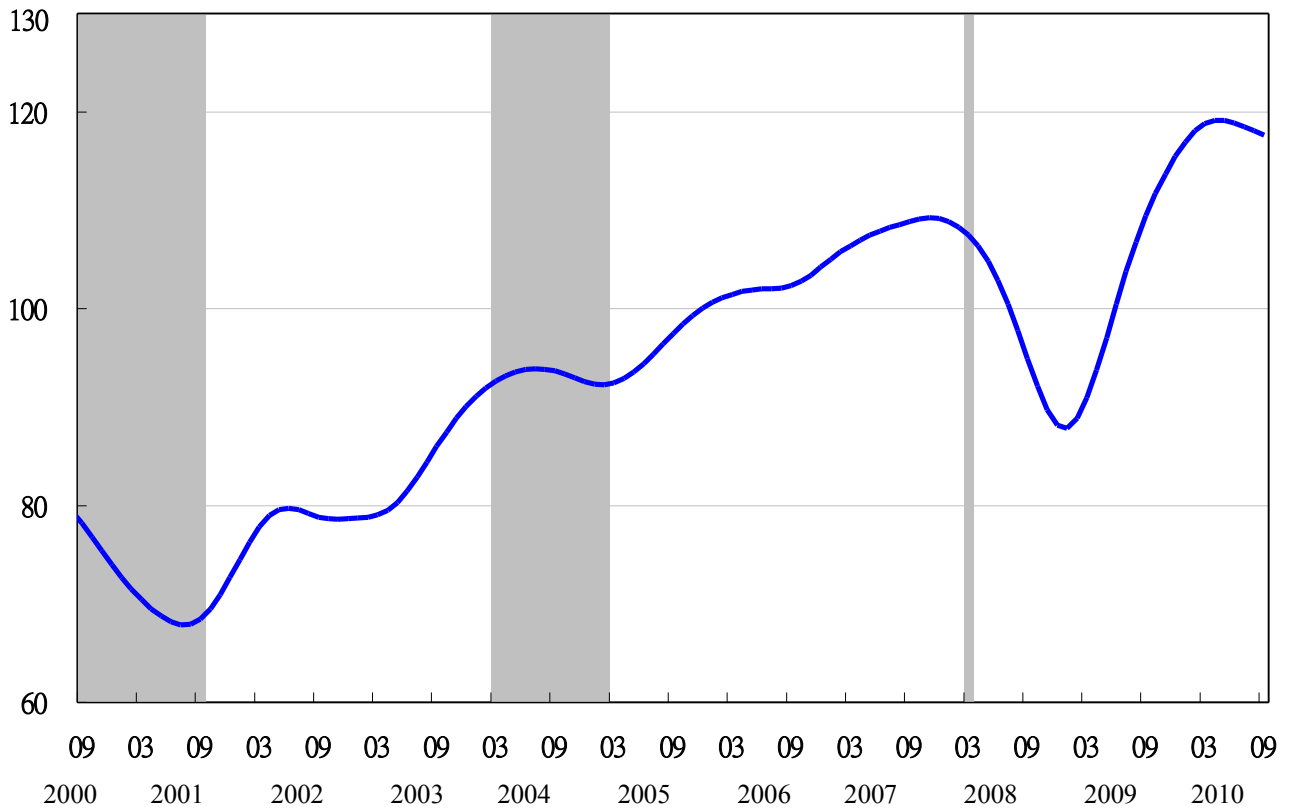
Lagging Indicators

Seasonally adjusted

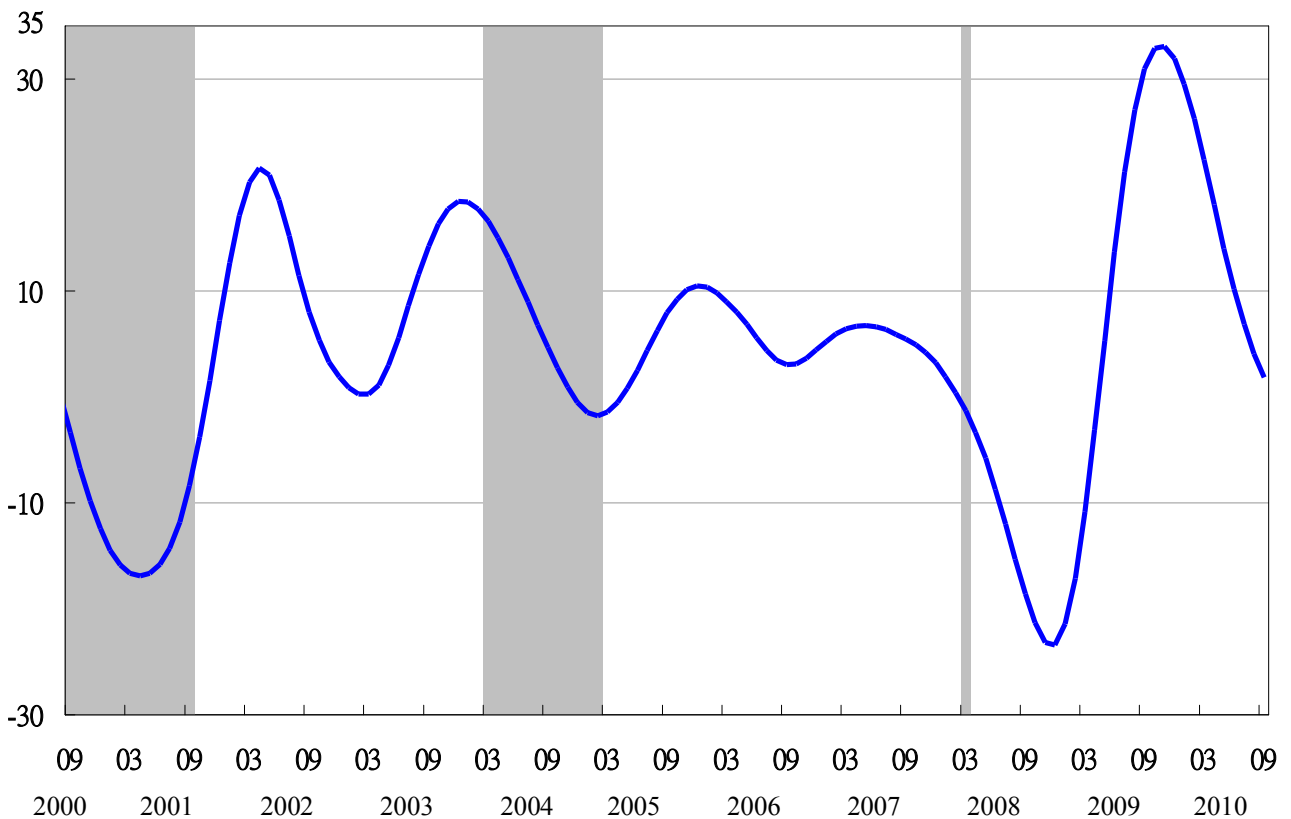
	2010						
	Mar	Apr	May	Jun	Jul	Aug	Sep
Composite Index	107.2	109.9	112.7	115.6	118.4	121.2	124.1
Change from preceding month (%)	2.4	2.5	2.6	2.5	2.5	2.4	2.3
Trend adjusted index	96.1	97.9	99.7	101.6	103.4	105.2	106.9
Change from preceding month (%)	1.8	1.9	1.9	1.9	1.8	1.7	1.7
Components							
Unemployment rate** (%)	5.64	5.43	5.22	5.20	5.17	5.11	5.08
Regular employees on payrolls in industry & services (Thousand persons)	6,404	6,423	6,445	6,449	6,475	6,483	6,493 _p
The manufacturing unit output labor cost index (index 2006=100)	82.6	81.1	79.3	82.1	80.8	80.3	82.9 _p
Interbank overnight call-loan rate (percent per annum)	0.130	0.164	0.174	0.183	0.196	0.203	0.210
Loans and investments of major financial institutions (NT\$ billion)	21,530	21,668	21,798	21,900	22,057	22,249	22,183
Inventories to sales ratio for manufacturing (%)	57.25	57.89	59.59	62.57	63.49	62.40	62.24 _p

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

Composite Leading Index

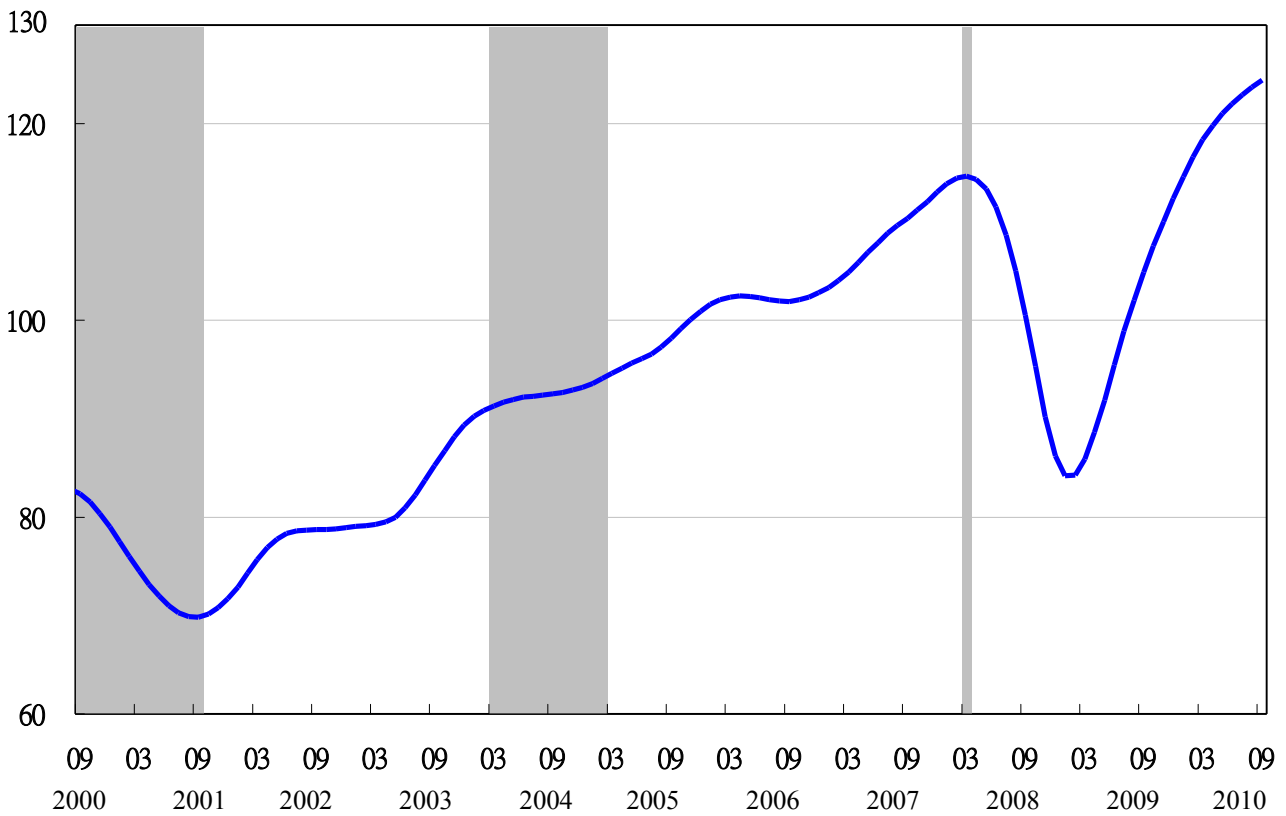


Annualized 6-month rate of change of composite leading index

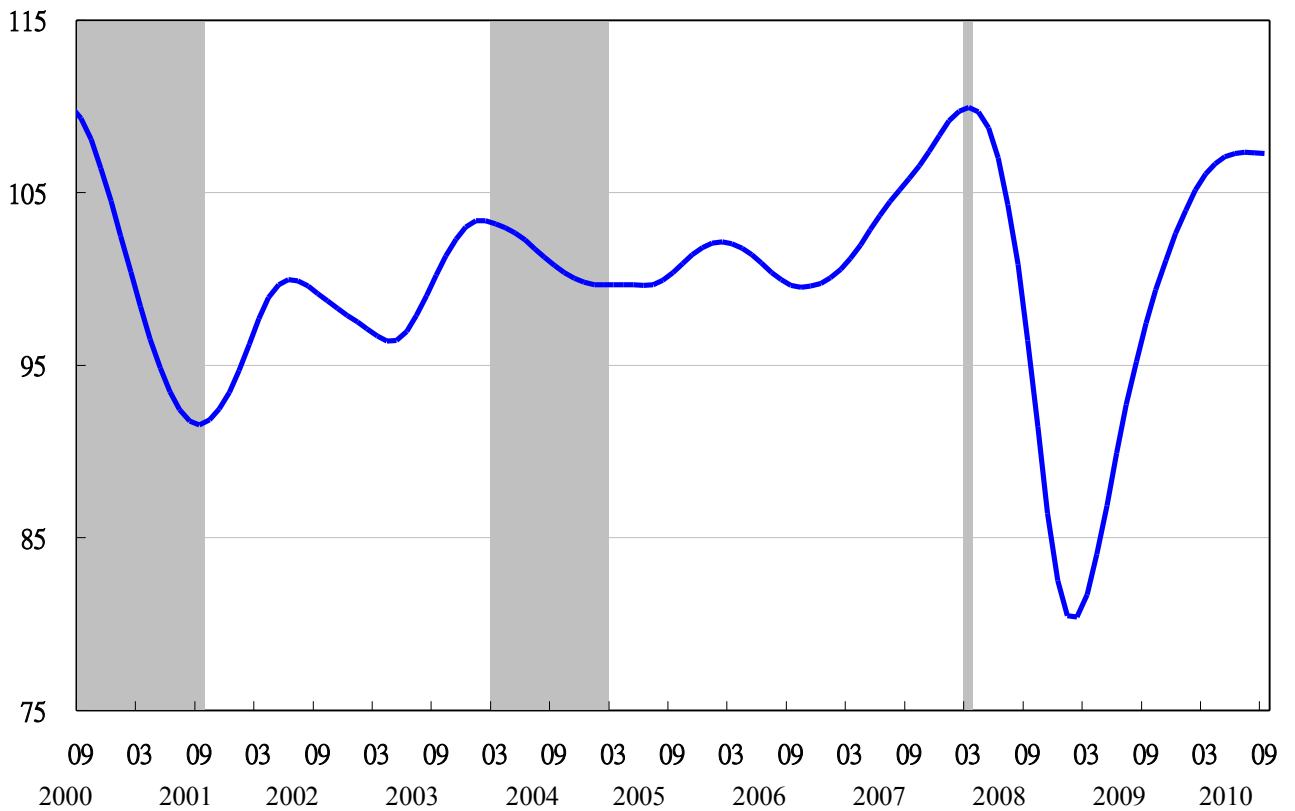


Shaded areas represent recessions.

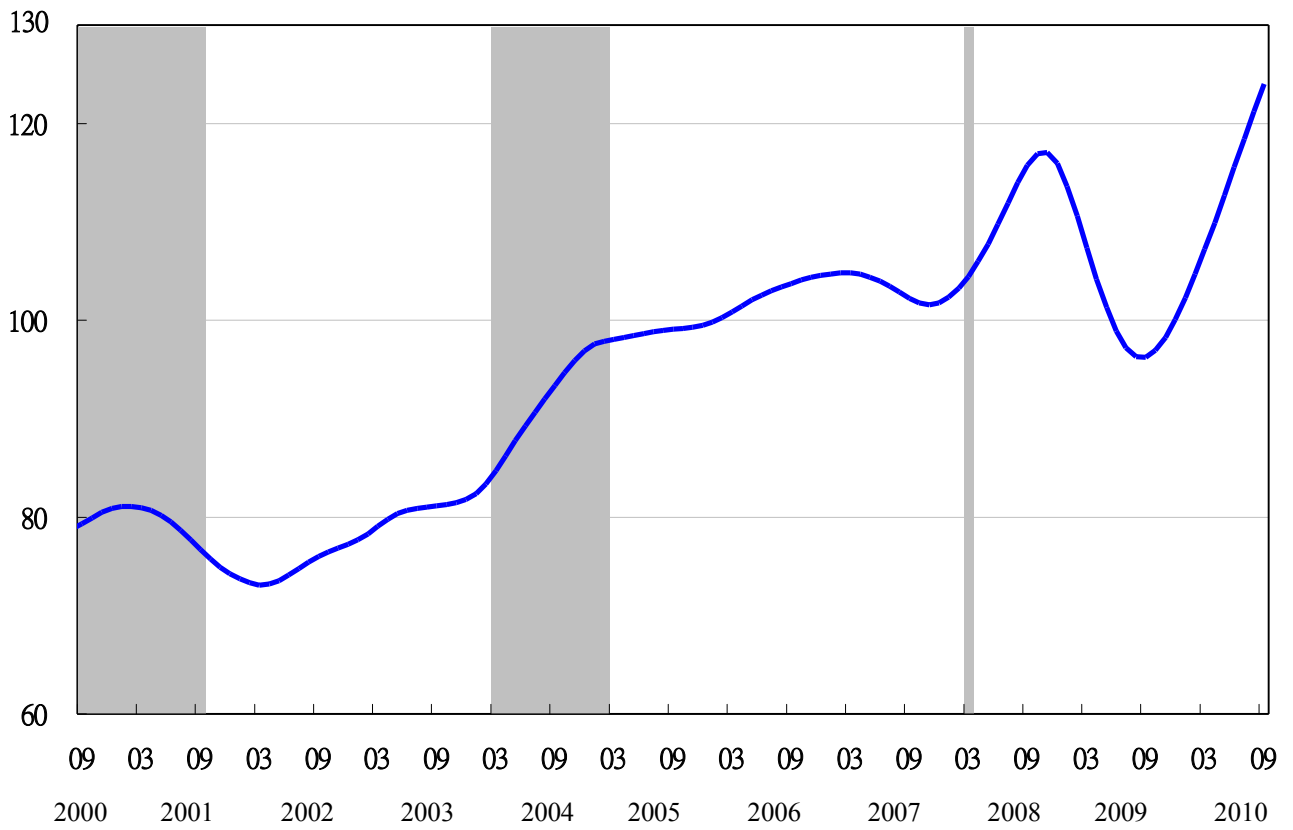
Composite Coincident Index



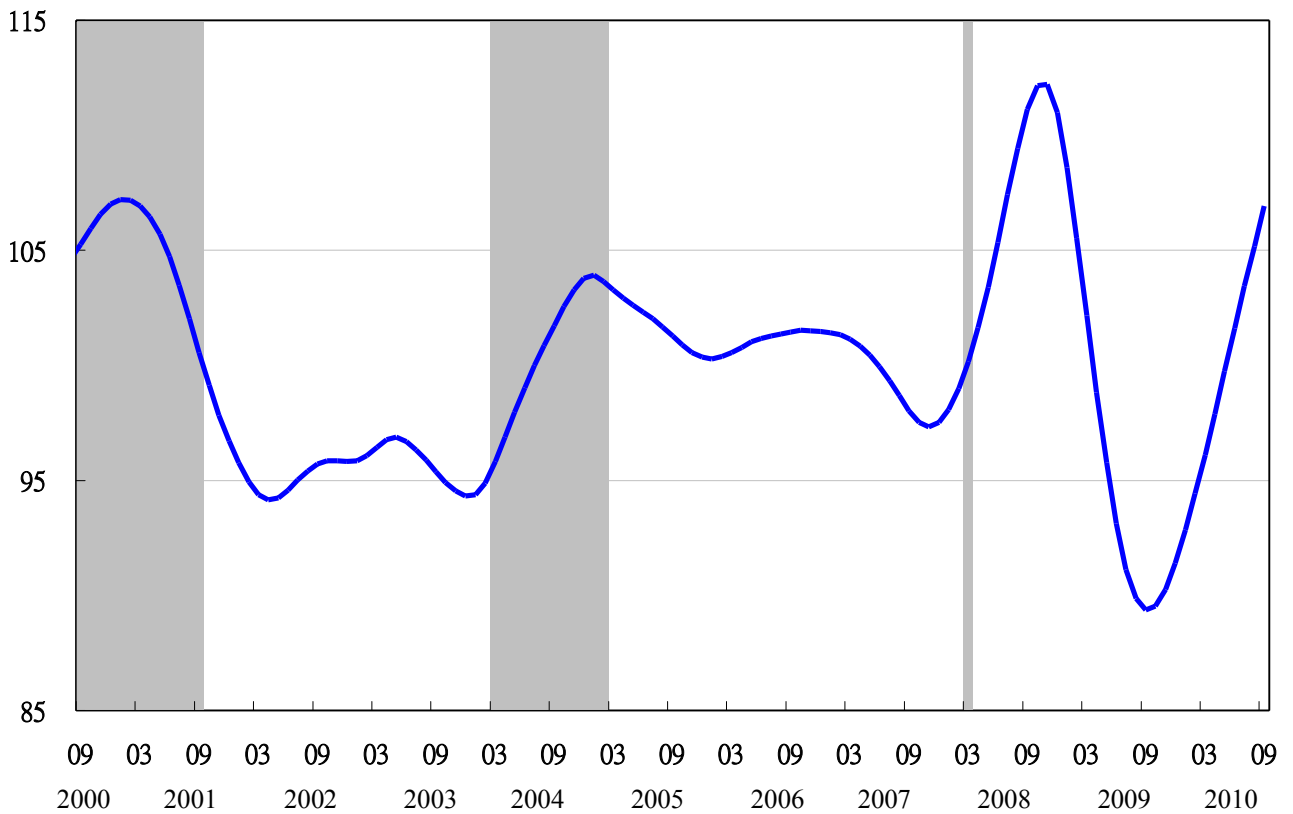
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2009				2010									
	9	10	11	12	1	2	3	4	5	6	7	8	9	
Total	Light Score													
		20	26	37	37	38	38	39	39	37	37	38	38	37
Monetary Aggregates M1B														12.1
Direct and Indirect Finance														4.1
Stock Price Index														9.8
Industrial Production Index														10.8
Nonagricultural Employment														2.6
Exports														16.3
Imports of Machinery and Electrical Equipment														36.8
Manufacturing Sales														18.0 ₂
Wholesale, Retail and Food Services Sales														2.6

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.