

Taiwan Business Indicators in December 2010

Press Release

Council for Economic Planning and Development

January 27, 2011

In December 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 0.4 points, the trend-adjusted coincident index increased by 0.6% 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 121.8, up by 0.3% from November. Its annualized six-month rate of change declined by 0.4 points to 2.2%. Among the seven indicators making up the trend-adjusted index, SEMI book-to-bill ratio, index of producer's inventory for manufacturing, average monthly overtime in industry and services, real monetary aggregates M1B, and index of export orders had negative cyclical movements from previous month. Stock price index and building permits had positive cyclical movement from previous month.
2. **Coincident Indicators:** With revised data, the coincident index stood at 130.6, up by 1.5% from November. Its trend-adjusted index increased by 0.6% to 106.8. Among the seven indicators making up the trend-adjusted index, the industrial production index, electric power consumption, nonagricultural employment, index of producer's shipment for manufacturing and sales index of wholesale, retail and food services had positive cyclical movements from previous month. The real customs-cleared exports, real imports of machineries and electrical equipments had negative cyclical movements from previous month.
3. **Lagging Indicators:** With revised data, the lagging index stood at 128.8, up by 1.4% from November. Its trend-adjusted index rose by 0.5% to 105.4, increasing for the fifteenth consecutive month. Except

for the inventories to sales ratio for manufacturing and manufacturing unit output labor cost index, other indicators making up the trend-adjusted index had positive cyclical movements from previous month.

4. The Monitoring Indicators: The total score in December increased 1 point to 33. The overall light signal flashed the "yellow-red" signal for the fourth consecutive month. Among the nine components, stock price and imports of machineries, electrical equipments each gained one point and changed their individual light signals from "green" to "yellow-red". Manufacturing sales lost one point and changed its individual light signal from "red" to "yellow-red". The light signals for the rest of six components remained unchanged.

~~ The next release is scheduled for March 1, 2011 ~~

Leading Indicators

Seasonally adjusted

	2010						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	121.2	121.1	121.1	121.1	121.3	121.5	121.8
Change from preceding month (%)	-0.0	-0.1	-0.0	0.0	0.1	0.2	0.3
Annualized 6-month rate of change (%)	12.0	8.8	6.4	4.6	3.4	2.6	2.2
Change from preceding month (point)	-3.7	-3.2	-2.5	-1.8	-1.2	-0.7	-0.4
Components							
Index of export orders (2006=100)	136.4	133.9	137.3	136.2	135.5	139.6	141.0
Real monetary aggregates M1B (NT\$ billion)	10,158	10,280	10,421	10,530	10,586	10,707	10,806
Stock price index(1966=100)	7,383	7,639	7,884	8,040	8,210	8,350	8,777
Index of producer's Inventory for manufacturing*(2006=100)	109.3	111.5	113.0	112.3	112.6	114.3	115.1 _p
Average monthly overtime in industry and services (hours/month)	9.3	9.0	8.9	8.7	8.8	8.8	8.7 _p
Building Permits ** (1,000m2)	2,284	1,995	2,234	2,276	2,264	2,232	2,538
SEMI Book-to-Bill Ratio	1.18	1.23	1.17	1.03	0.98	0.97	0.90

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						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	122.2	123.2	124.2	125.5	127.0	128.7	130.6
Change from preceding month (%)	0.8	0.8	0.9	1.0	1.2	1.4	1.5
Trend adjusted index	105.2	105.1	105.2	105.3	105.6	106.2	106.8
Change from preceding month (%)	-0.0	-0.0	0.0	0.1	0.3	0.5	0.6
Components							
Industrial production index(2006=100)	121.0	120.4	121.6	118.1	123.0	131.0	136.0
Electric power consumption (billion kWh)	10.82	11.30	11.07	11.28	11.22	11.21	11.76
Index of producer's shipment for manufacturing (2006=100)	121.7	122.0	124.3	121.6	126.3	129.6	129.3 _p
Sales index of wholesale, retail, and food services (2006=100)	108.2	109.4	109.3	109.5	110.7	110.6	110.9
Nonagricultural employment (1,000)	9,944	9,971	9,981	9,989	10,004	10,018	10,040
Real customs-cleared exports (NT\$ billion)	745.8	767.8	759.0	743.2	749.3	751.7	762.0
Real machineries and electrical equipments imports (NT\$ billion)	256.6	270.8	276.6	281.2	278.2	281.8	290.6

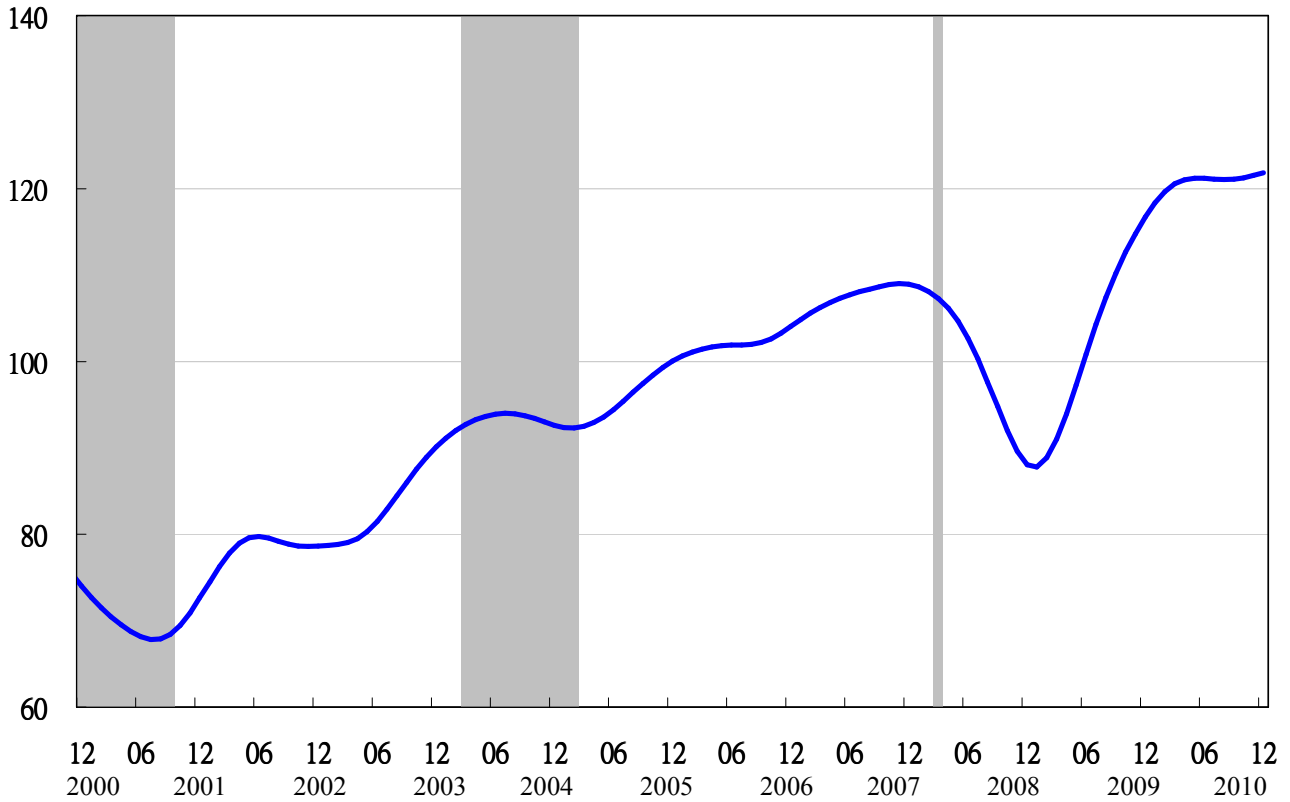
Lagging Indicators

Seasonally adjusted

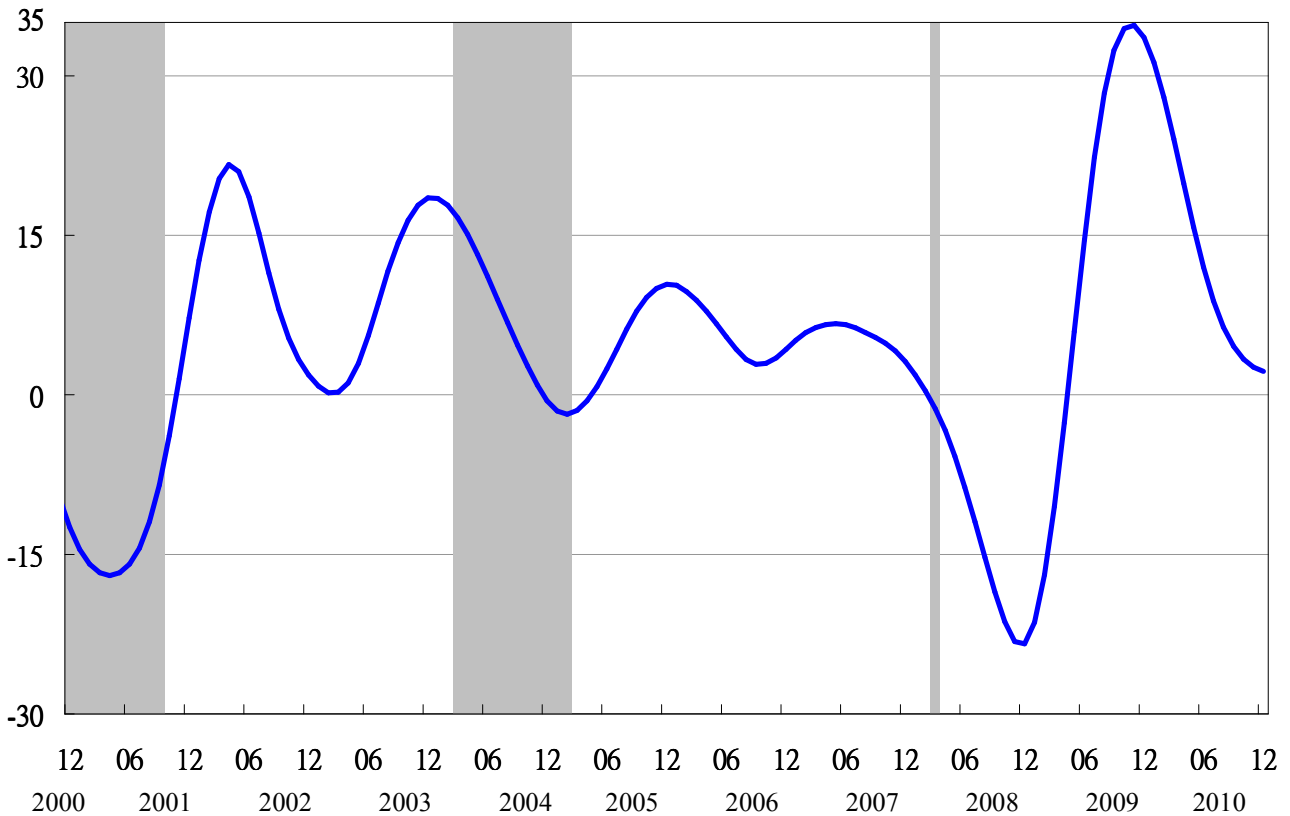
	2010						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Composite Index	116.4	118.9	121.3	123.3	125.2	127.0	128.8
Change from preceding month (%)	2.4	2.2	2.0	1.7	1.5	1.4	1.4
Trend adjusted index	100.2	101.5	102.6	103.5	104.2	104.8	105.4
Change from preceding month (%)	1.6	1.4	1.1	0.9	0.7	0.6	0.5
Components							
Unemployment rate** (%)	5.20	5.17	5.11	5.08	4.96	4.79	4.73
Regular employees on payrolls in industry & services (Thousand persons)	6,449	6,476	6,487	6,506	6,525	6,544	6,566 _p
The manufacturing unit output labor cost index (index 2006=100)	82.2	80.8	80.4	82.2	78.6	78.3	77.1 _p
Interbank overnight call-loan rate (percent per annum)	0.183	0.196	0.203	0.210	0.226	0.231	0.239
Loans and investments of major financial institutions (NT\$ billion)	21,907	22,046	22,266	22,198	22,404	22,578	22,721
Inventories to sales ratio for manufacturing (%)	62.08	62.71	61.31	60.50	59.47	56.43	56.38 _p

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

Composite Leading Index

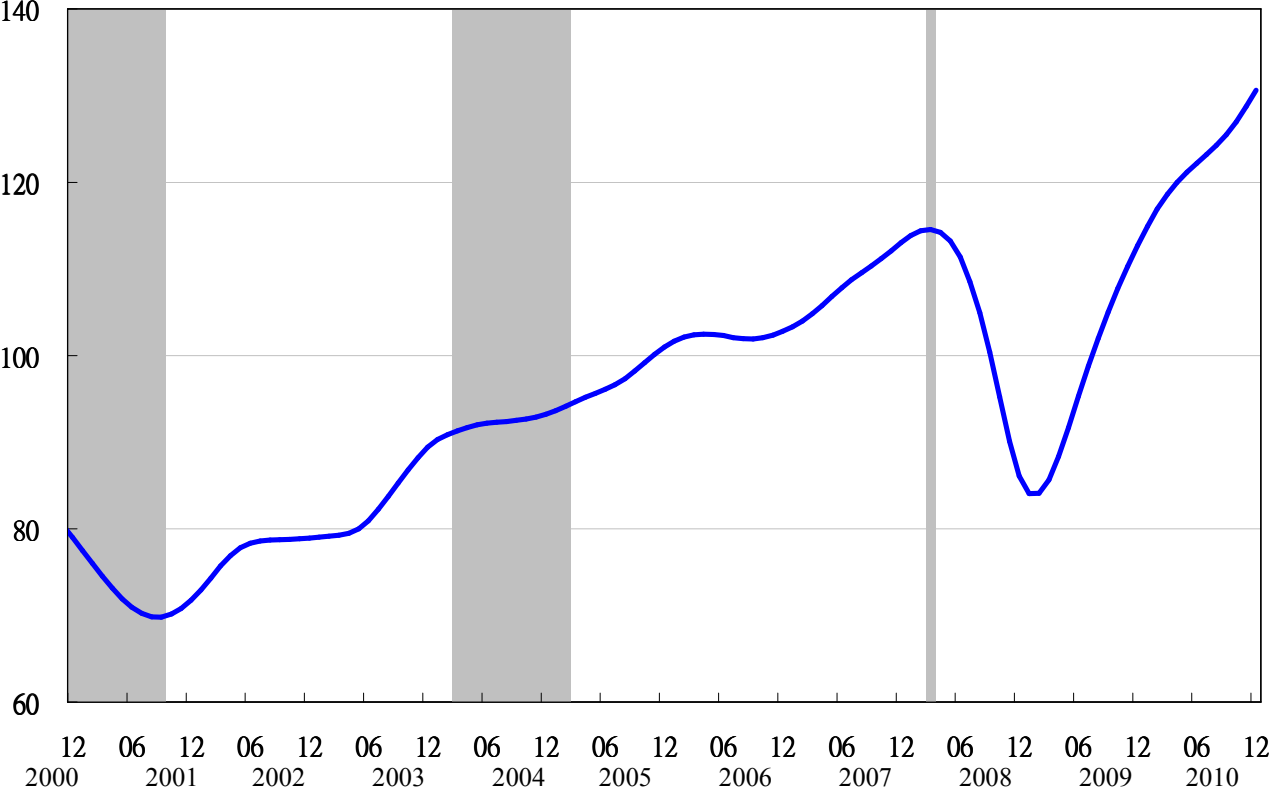


Annualized 6-month rate of change of composite leading index

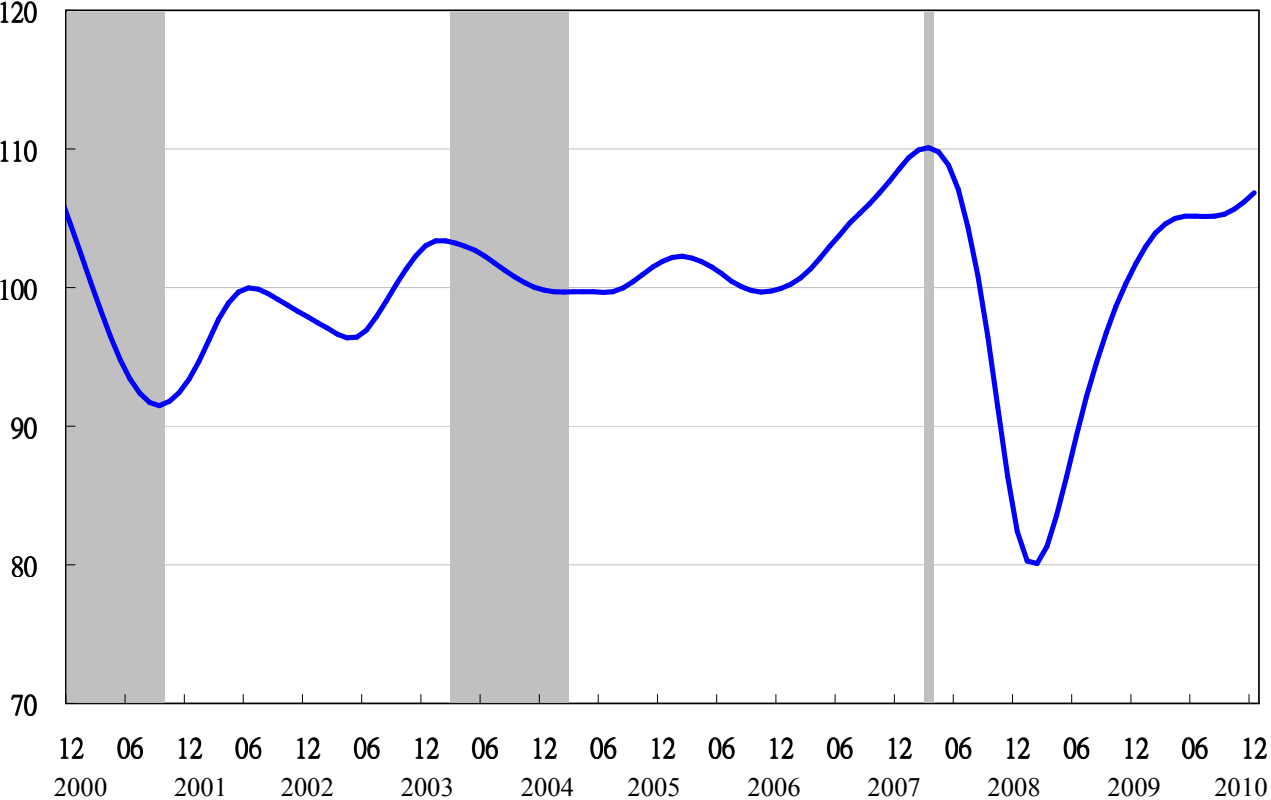


Shaded areas represent recessions.

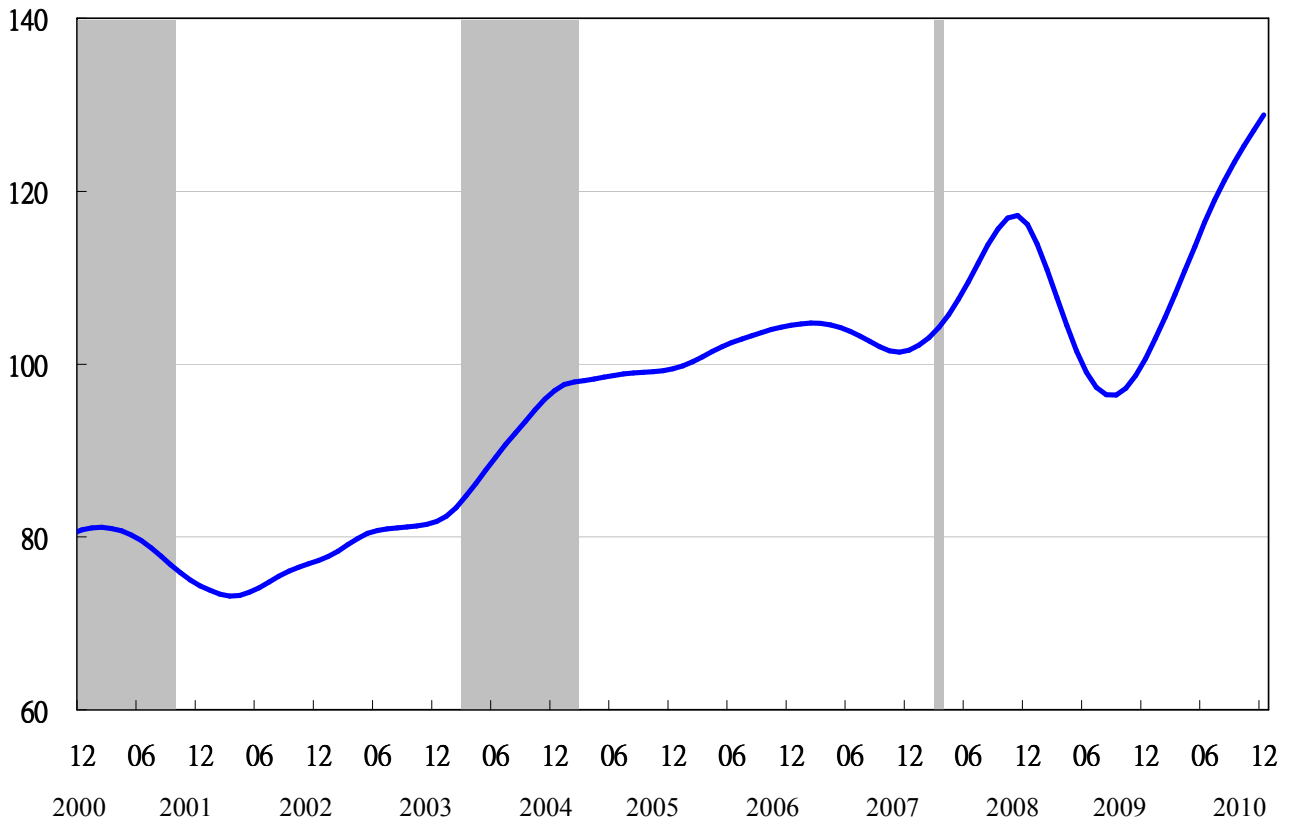
Composite Coincident Index



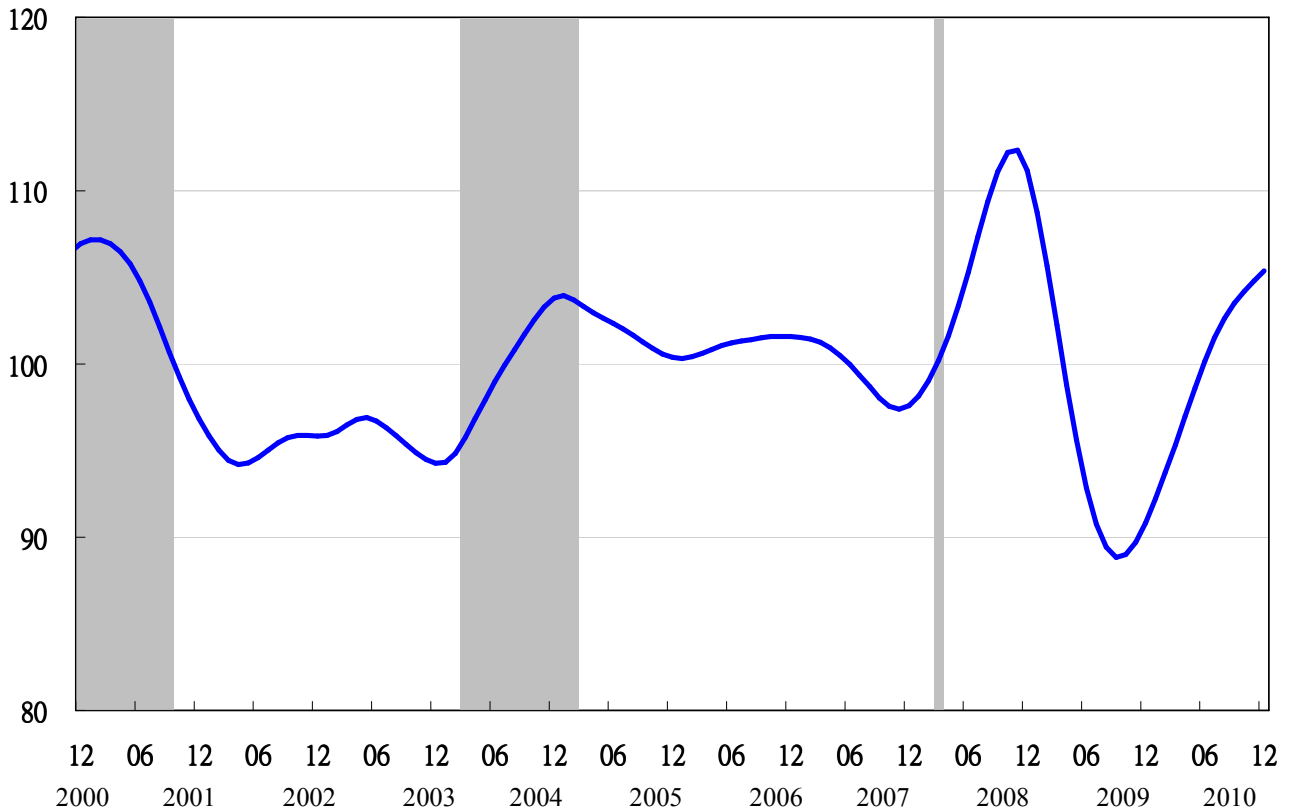
Trend-adjusted composite coincident index



Composite Lagging Index



Trend-adjusted composite lagging index



Monitoring Indicators

	2009	2010													
		12	1	2	3	4	5	6	7	8	9	10	11		12
Total	Light														
	Score	37	38	38	39	39	37	37	38	38	37	34	32	33	
Monetary Aggregates M1B															8.7
Direct and Indirect Finance															4.6
Stock Price Index															12.0
Industrial Production Index															16.1
Nonagricultural Employment															2.35
Exports															12.1
Imports of Machinery and Electrical Equipment															18.1
Manufacturing Sales															10.8 _p
Wholesale, Retail and Food Services Sales															3.1

● 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.