

## Taiwan Business Indicators in September 2007

Press Release

Council for Economic Planning and Development

October 26, 2007

In September 2007, Taiwan's business cyclical indicators displayed mixed signs of economic condition. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the leading index decreased 0.1% from the previous month, while the coincident index increased 0.1%. The monitoring indicators signaled "green" for the fourth consecutive month. Though the recent subprime market turmoil has had very limited direct impact on Taiwan's financial markets, the tightening effect on the global economy dampens the prospects for the overall economy.

1. **Leading Indicators:** The composite leading index stood at 146.7, slightly down by 0.1% from August. Its annualized six-month rate of change shows a downward trend since June. Among the seven indicators making up the composite index, only the index of export orders made positive contribution. Six that made negative contributions were index of producer's inventory, monetary aggregates M1B\*, building permits, stock prices, SEMI book-to-bill ratio, and average monthly overtime hours in industry and services.

(Note: components marked with an asterisk in real terms.)

2. **Coincident Indicators:** The coincident index stood at 150.7, up by 0.1% from August. Its trend-adjusted series fell for the first time since February. Among the seven indicators making up the composite index, three that made positive contributions were industrial production, customs-cleared exports\*, and manufacturing sales\*. Four that made negative contributions were electric power consumption, machineries and electrical equipments imports\*, sales

index of wholesale, retail and food services, and nonagricultural employment.

3. The Monitoring Indicators: September's total score increased one point to 31, flashing the "green" signal for the fourth consecutive month. Among the components, customs exports lost one point and saw its light changing from "yellow-red" to "green," while manufacturing sales and wholesale, retail and food services sales each gained one point, with both individual light signals turning from "green" to "yellow-red."

**~~ The next release is scheduled for November 27, 2007 ~~**

## Leading Indicators

Seasonally adjusted

	2007						
	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Composite Index</b>	144.7	145.6	146.1	146.6	146.6	146.9	146.7
Change from preceding month (%)	0.4	0.6	0.3	0.3	0.0	0.2	-0.1
Annualized 6-month rate of change (%)	4.0	4.6	4.8	4.9	4.3	4.1	3.1
<b>Components</b>							
Index of export orders (2001=100)	233.1	231.7	234.5	242.5	253.7	248.9	253.6 <sub>p</sub>
Real monetary aggregates M1B (NT\$ billion)	7,817	7,932	7,969	7,982	8,041	8,021	7,903
Stock prices (1966=100)	7,689	7,992	8,087	8,580	9,358	8,757	9,069
Index of producer's Inventory (2001=100)	106.0	105.9	105.8	107.6	107.8	110.1	110.4 <sub>p</sub>
Average monthly overtime in industry and services (hours/month)	9.2	8.9	9.1	9.1	9.3	9.3	9.3 <sub>p</sub>
Building Permits * (1000m2)	2,311	2,375	2,525	2,346	2,384	2,367	2,031 <sub>p</sub>
SEMI Book-to-Bill Ratio	0.99	0.98	0.98	0.91	0.83	0.82	0.81 <sub>p</sub>

Note : 1.p=Preliminary.

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

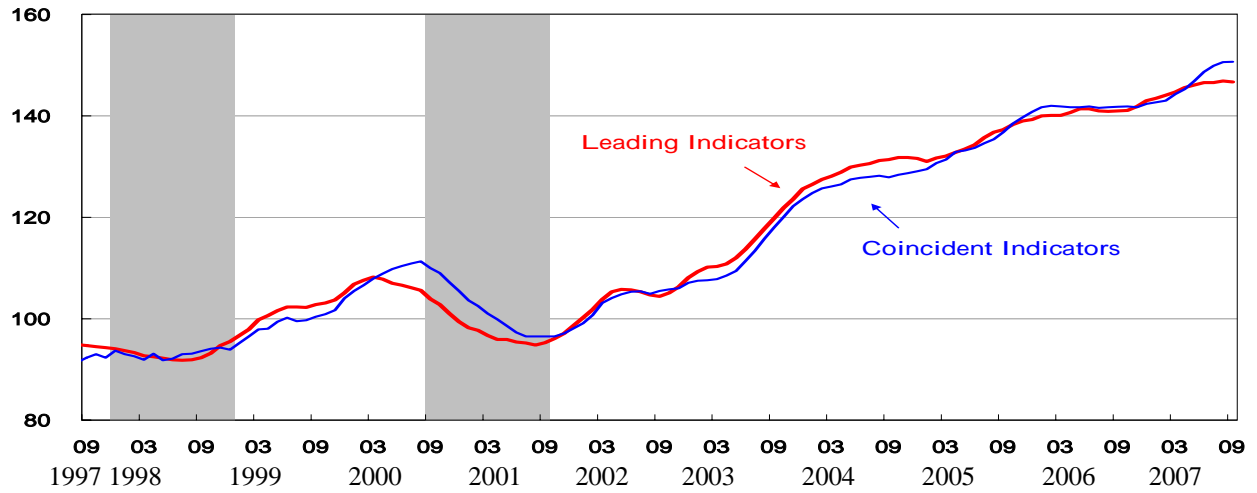
## Coincident Indicators

Seasonally adjusted

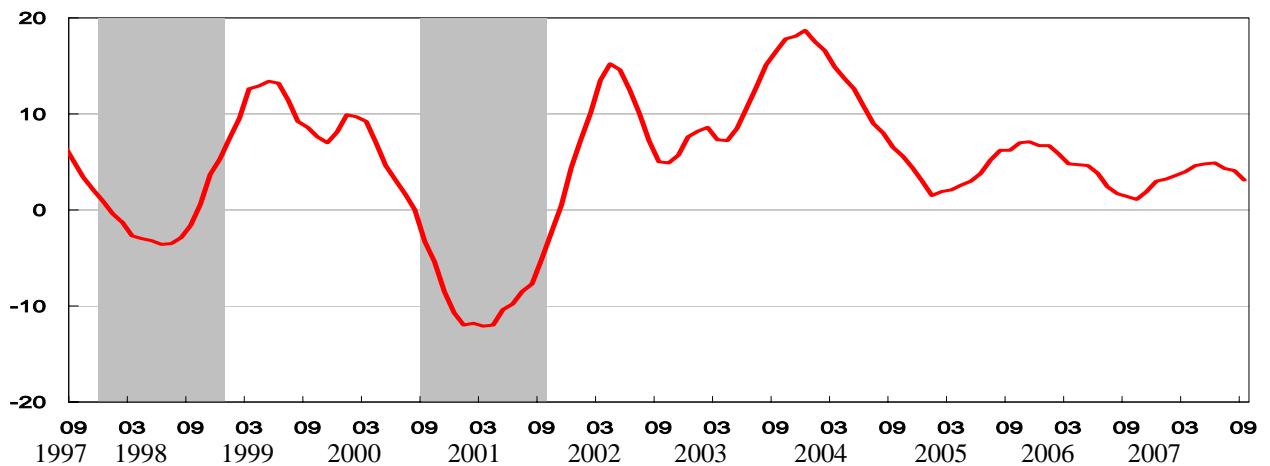
	2007						
	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Composite Index</b>	144.3	145.3	146.9	148.7	149.9	150.6	150.7
Change from preceding month (%)	0.9	0.7	1.1	1.2	0.8	0.5	0.1
Trend adjusted index	98.9	99.2	99.9	100.8	101.2	101.3	100.9
<b>Components</b>							
Industrial production (2001=100)	141.2	143.7	148.2	150.1	156.6	153.7	153.9 <sub>p</sub>
Electric power consumption (billion KWH)	10.50	10.44	11.10	10.44	10.81	10.76	10.53
Real manufacturing sales (NT\$ billion)	773.0	775.9	796.2	780.1	817.8	802.9	792.4 <sub>p</sub>
Sales index of wholesale, retail, and food services (2001=100)	122.0	122.1	123.7	122.6	127.7	126.3 <sub>p</sub>	128.1 <sub>p</sub>
Nonagricultural employment (1,000)	9,741	9,719	9,735	9,743	9,765	9,783	9,784
Real customs-cleared exports (NT\$ billion)	600.5	596.8	595.5	634.6	640.7	652.8	655.0 <sub>p</sub>
Real machineries and electrical equipments imports (NT\$ billion)	251.0	259.5	264.9	266.9	276.9	278.2	263.7 <sub>p</sub>

Note : p: Preliminary.

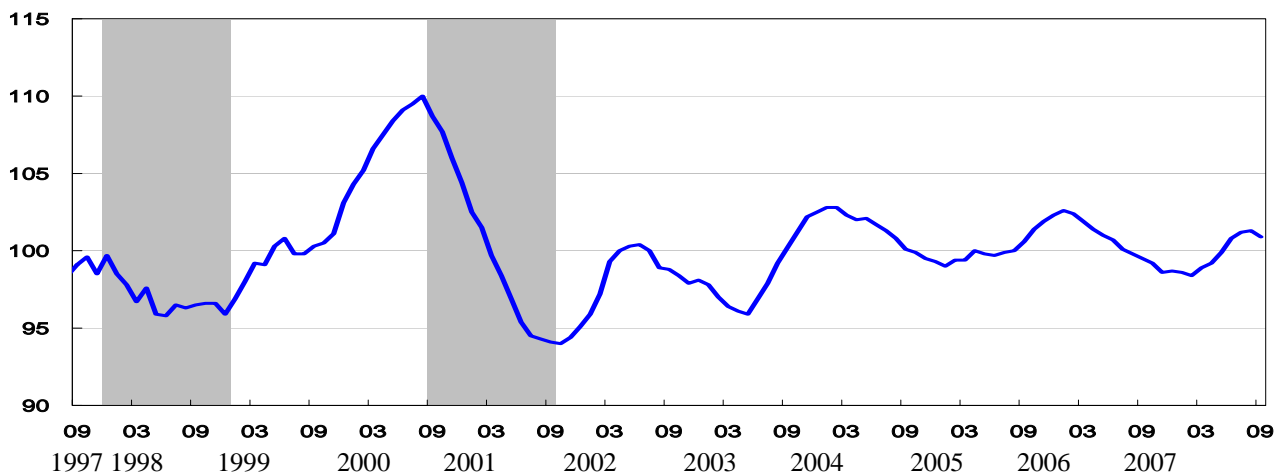
## Composite Indices of Cyclical Indicators



## Annualized 6-month rate of change of composite leading index



## Cycle of composite coincide index



Shaded areas represent recessions.

# Monitoring Indications

	Month	2006					2007													
		8	9	10	11	12	1	2	3	4	5	6	New Series beginning in July 2007*							
Total	Light																			
	Score	22	22	20	21	16	18	19	23	18	20	25						30	30	31
Monetary Aggregates M1B, yoy %																Monetary Aggregates M1B				6.4
Direct and Indirect Finance, yoy %																Direct and Indirect Finance				3.8
Bank Clearings and Remittance, yoy %																Stock Price Index				33.7
Stock Price Index, 1966=100, yoy%																Industrial Production Index				9.7
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %																Nonagricultural Employment				1.7
Exports, 2001\$, yoy %															Exports				10.6	
Industrial Production Index, 2001=100, yoy %															Imports of Machinery and Electrical Equipment				-0.9	
Manufacturing Inventory-to-Sales ratio, %															Manufacturing Sales				8.6 <sub>1</sub>	
Nonagricultural Employment, yoy %															Wholesale, Retail and Food Services Sales				5.6 <sub>2</sub>	

● Overheating   
 ● Transition in need of watching   
 ● Steadily moving forward   
 ● Transition in need of watching   
 ● Transition in need of watching

\*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted. The coverage of "direct and indirect finance" has been adjusted by the Central Bank and is used in the new series.