

Taiwan's Economic Situation

Summary

In July 2013, Taiwan's exports expanded by 1.6% from the same month in 2012, and the annual growth rates of the industrial production index and export orders both swung from negative to positive, due mainly to the improving global economy. Consumer prices (the CPI) increased by 0.08%, their lowest level of increase since August 2010. The unemployment rate rose slightly to 4.25% as a wave of new graduates entered the job market. On the financial side, the month's M2 monetary aggregate grew by 5.42%, while the stock price index averaged 8,102 points. The July Taiwan Business Indicators showed the economic recovery remaining on a slower track. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the trend-adjusted leading index decreased by 0.13% and the trend-adjusted coincident index increased by 0.01% from the previous month, while the overall monitoring indicator flashed the "yellow-blue" signal.

The improving global economy is a positive factor for Taiwan's export sector, but the persisting high uncertainties may still weigh on export growth. In the internal sector, businesses and consumers are showing signs of rising confidence according to many domestic sentiment surveys. However, the stagnation of real wages and the reduced public budget may subdue private consumption. Overall, Taiwan's economy is expected to get better in 2013, but will still face several challenges.

In order to ease the impact of weakness in the global economy, the government will actively promote export to emerging markets. For the internal sector, the government will accelerate the implementation of the project to strengthen promotion of investment in Taiwan by overseas Taiwanese businesses and the development of Free Economic Pilot Zones. In addition, the "Economic Power-Up Plan" will address internal issues such as imbalance in the industrial structure, mismatch between labor supply and demand, and declining exports. These initiatives should ensure that sound progress is kept up toward endowing Taiwan with a vigorous and sustainable new economy.

% change on previous year	Historical Data				Current Data (2013)			
	2009	2010	2011	2012	May.	Jun.	Jul.	Jan.-Jul.
GDP	-1.81	10.72	4.03	1.26	-	2.3	-	-
CPI	-0.87	0.96	1.42	1.93	0.74	0.60	0.08	1.13
Unemployment rate	5.85	5.21	4.39	4.24	4.06	4.14	4.25	4.15
Exports	-20.3	34.8	12.3	-2.3	0.7	8.7	1.6	2.3
Imports	-27.5	44.2	12.1	-3.8	-8.0	6.8	-7.6	-0.9
Export orders	-8.3	20.6	7.2	1.1	-0.4	-3.5	0.5	-1.4
Industrial production	-8.1	26.9	4.6	-0.1	-0.1	-0.4	2.1	0.6
Monetary aggregate (M2)	7.2	4.6	5.8	4.17	4.32	4.82	5.42	4.08
Stock market**	6,460	7,950	8,155	7,468	8,272	7,989	8,102	7,984

Note: * The DGBAS has provisionally estimated that Taiwan's real GDP grew 2.31% in 2013.

** Stock index (monthly average) .

Sources: The Central Bank of China (CBC) and the Directorate-General of Budget, Accounting and Statistics (DGBAS).