

# Taiwan's Economic Situation

## Summary

With the weak demand and sliding price of LCD panels due to inventory adjustment in mainland China, the impact of annual repairs on the exports of mineral products, plus the gradual localization of supply chains in some industries in mainland China, Taiwan's goods exports are increased by only 1.4% in 2013. While imports decreased by 0.1%. The annual growth rate of the industrial production index increased by 0.8%. Export orders hit a record high, climbing by 0.4%. The unemployment rate averaged 4.18%, and the consumer price index (CPI) rose moderately by 0.79%. On the financial side, the monetary aggregate, M2, grew by 4.78%, while the average stock price index stood at 8,093 points. In December 2013, the Taiwan Business Indicators showed that the economic recovery was quite obvious, and the economic situation turned to stable. Among the indicators compiled by the National Development Council (NDC), the trend-adjusted leading index increased by 0.39%, the trend-adjusted coincident index increased by 0.51% from the previous month, and the overall monitoring indicator flashed the "green" signal.

With recent leading indicators in main countries maintaining an upward trend, and most Purchasing Managers' Indexes (PMIs) in expanding territory (above 50 points), the global economy seems set on a moderate pace of recovery. However, sizeable short- and long-term downside risks still remain, such as QE tapering and turmoil in emerging markets, which may threaten the fragile recovery of the global economy, and represent a negative factor for Taiwan's exports.

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 (FEPZs). These and other government initiatives should ensure that Taiwan's economy gradually improves.

% change on previous year	Historical Data				Current Data (2013)			
	2009	2010	2011	2012	Oct.	Nov.	Dec.	Jan.-Dec.
GDP	-1.81	10.76	4.19	1.48	-	-	2.92	2.19
CPI	-0.86	0.96	1.42	1.93	0.64	0.67	0.33	0.79
Unemployment rate	5.85	5.21	4.39	4.24	4.24	4.16	4.08	4.18
Exports	-20.3	34.8	12.3	-2.3	0.7	3.4	1.2	1.4
Imports	-27.5	44.1	12.0	-3.9	-2.9	-0.5	10.1	-0.1
Export orders	-8.3	26.1	7.2	1.1	3.2	0.8	7.4	0.4
Industrial production	-7.9	24.2	4.4	-0.3	0.6	-0.5	5.1	0.8
Monetary aggregate (M2)	7.45	4.53	5.83	4.17	5.99	6.05	5.75	4.78
Stock market**	6,460	7,950	8,156	7,481	8,366	8,237	8,431	8,093

Note: \* The DGBAS has provisionally estimated that Taiwan's real GDP grew 2.19% in 2013.

\*\* Stock index (monthly average) .

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