

# Taiwan's Economic Situation

## Summary

In August 2012, under the effects of the global economic slowdown, Taiwan's exports and imports decreased by 4.2% and 7.6% respectively from the same month in 2011. Industrial production increased by 1.9% year on year for two consecutive months of positive growth. Consumer prices (the CPI) climbed by 3.42%, and the unemployment rate rose slightly to 4.40% as a wave of new graduates entered the job market. On the financial side, August's M2 monetary aggregate growth declined to 3.69%, and the stock price index average climbed to 7,410 points. August's Taiwan Business Indicators showed the economic situation still faced many challenges. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of the leading index decreased by 0.8 points, the trend-adjusted coincident index decreased by 0.2% from the previous month, and the overall monitoring indicator flashed the "blue" signal for the 10th consecutive month.

To respond to changes in the international economic situation after the 2008 financial tsunami, the Executive Yuan on February 6 this year (2012) set up the International Economic Climate Response Committee under the convenership of a minister without portfolio, and charged the CEPD with completing the compilation of the Project to Push up the Economy's Kinetic Energy. Attaching due balance of weight to short-term and mid-term economic development, the project has the aims of improving the constitution of industry and uplifting the driving forces of economic growth, to create heightened capacity for responding to economic conditions. At the same time, the government will closely monitor prices and take active price stabilization measures to avoid price fluctuation influenced by gasoline and electricity price adjustments.

Furthermore, the government will carry out the next wave of measures for reshaping Taiwan's economic structure, including strengthening technological innovation, bolstering cultural & creative enterprise, enhancing R&D and innovation, promoting the revitalization of traditional industries, and emphasizing the development of service industries, especially those that export services. At the same time, the government will promote the expansion of exports to emerging markets and diversification of export products. 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 (2012)				
	2008	2009	2010	2011	May.	June	July	August	Jan.-Aug.
GDP	0.12	-1.81	10.72	4.03	-	-0.16	-	-	-
CPI	3.53	-0.87	0.96	1.42	1.74	1.77	2.46	3.42	1.84
Unemployment rate	4.14	5.85	5.21	4.39	4.12	4.21	4.31	4.40	
Exports	3.6	-20.3	34.8	12.3	-6.3	-3.2	-11.6	-4.2	-5.6
Imports	9.7	-27.5	44.2	12.1	-10.5	-8.4	-3.2	-7.6	-5.7
Export orders	1.7	-8.3	20.6	7.2	-3.0	-2.6	-4.4	-1.5	-1.4
Industrial production	-1.8	-8.1	26.9	4.6	-0.2	-2.4	-0.02	1.9	-2.0
Monetary aggregate (M2)	2.7	7.2	4.6	5.8	4.4	4.2	3.80	3.69	4.50
Stock market**	7,024	6,460	7,950	8,155	7,357	7,143	7,187	7,410	7,483

Note: \* The DGBAS has estimated that Taiwan's real GDP will grow 1.66% in 2012.

\*\* Stock index (monthly average).

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