

Taiwan's Economic Situation

Summary

In March 2013, Taiwan's exports expanded by 3.3% year-on-year, to reach their highest level since August 2010. However, the annual growth rates of the industrial production index and export orders both swung from positive to negative, due mainly to the uncertain prospects of the global economy. Consumer prices (the CPI) increased by 1.39%, and the unemployment rate decreased to 4.17% from 4.24% in February. On the financial side, the month's M2 monetary aggregate grew by 3.78%, while the stock price index averaged 7,907 points. The March Taiwan Business Indicators showed that the domestic economy still faced many challenges, but the overall light signal of the monitoring indicators improved to green after flashing yellow-blue for seven consecutive months.

The improving global economy is a positive factor for Taiwan's export sector, but the persisting high uncertainties may still weigh on export growth. For 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 strengthen the country's responses to external influences like the European debt crisis and to improve prospects for long-term growth, Premier Sean Chen announced the "Economic Power-Up Plan" in mid-September 2012. The 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	Jan.	Feb.	Mar.	Jan.-Mar.
GDP	-1.81	10.72	4.03	1.26	-	-	1.54	-
CPI	-0.87	0.96	1.42	1.93	1.13	2.97	1.39	1.81
Unemployment rate	5.85	5.21	4.39	4.24	4.16	4.24	4.17	4.19
Exports	-20.3	34.8	12.3	-2.3	21.6	-15.8	3.3	2.4
Imports	-27.5	44.2	12.1	-3.8	22.4	-8.5	0.2	4.4
Export orders	-8.3	20.6	7.2	1.1	18.0	-14.5	-6.6	-1.7
Industrial production	-8.1	26.9	4.6	-0.1	19.1	-11.5	-3.3	0.8
Monetary aggregate (M2)	7.2	4.6	5.8	4.17	2.99	3.53	3.78	3.43
Stock market**	6,460	7,950	8,155	7,468	7,759	7,933	7,907	7,824

Note: *Stock index (monthly average).

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