

Taiwan's Economic Situation

Summary

In November 2012, Taiwan's exports and imports increased slightly by 0.9% and 0.1% respectively from the same month in 2011, affected by the weakness of the global economic recovery. However, industrial production increased by 5.9% year on year for a fifth consecutive month of positive growth. Export orders hit a record high, climbing by 11.1%. Consumer prices (the CPI) declined by 1.59%, and the unemployment rate decreased to 4.27%. On the financial side, November's M2 monetary aggregate growth decreased to 3.26%, and the stock price index average went down to 7,246 points. While the Taiwan Business Indicators showed the domestic economy to be perking up from its slowdown, economic activity was still weak, with the overall light signal of the monitoring indicators staying at yellow-blue in November.

The highly uncertain outlook for the global economy may have an impact on Taiwan's export sector in the near future. In addition, the stagnation of real wages and the shrinking trading volume in equity markets may subdue private consumption. Nevertheless, Taiwan's economy seems to be over the worst of its slowdown, with patches of economic data shifting to positive territory, though growth momentum is still weak. Taiwan's real GDP is provisionally estimated to have grown by 1.13% in 2012 and is projected to grow 3.15% in 2013.

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. 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 (2012)				
	2008	2009	2010	2011	Aug.	Sep.	Oct.	Nov.	Jan.-Nov.
GDP	0.12	-1.81	10.72	4.03	-	-	0.98	-	-
CPI	3.53	-0.87	0.96	1.42	3.42	2.96	2.36	1.59	1.96
Unemployment rate	4.14	5.85	5.21	4.39	4.40	4.32	4.33	4.27	4.24
Exports	3.6	-20.3	34.8	12.3	-4.2	10.4	-1.9	0.9	-3.3
Imports	9.7	-27.5	44.2	12.1	-7.6	1.3	-1.8	0.1	-4.3
Export orders	1.7	-8.3	20.6	7.2	-1.5	1.9	3.2	11.1	0.4
Industrial production	-1.8	-8.1	26.9	4.6	1.4	3.0	4.6	5.9	-0.3
Monetary aggregate (M2)	2.7	7.2	4.6	5.8	3.69	3.96	3.29	3.26	4.23
Stock market**	7,024	6,460	7,950	8,155	7,410	7,610	7,438	7,246	7,468

Note: * The DGBAS has provisionally estimated that Taiwan's real GDP grew 1.13% in 2012.

** Stock index (monthly average).

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