

Summary

of Taiwan's Economic Situation

Owing to the moderate growth of exports and private consumption, the annual growth rate of real GDP was 3.04% in 2014Q1. Moreover, the year-on-year growth rates of the industrial production index and export orders both remained positive in March, and the unemployment rate decreased from 4.09% to 4.03% during the period February-March. However, the consumer price Index (CPI) in March rose 1.61% compared with the same month of last year. On the financial side, in March, the yearly growth of monetary aggregate M2 was 5.89%, while the stock price index averaged 8,687 points. The March Taiwan Business Indicators showed that the economy was gradually stabilizing, but some risks remained. Among the indicators compiled by the National Development Council (NDC), the overall monitoring indicator was “green” for two months in the row.

With recent leading indicators in major countries maintaining an upward trend, and most Purchasing Managers' Indexes (PMIs) in expanding territory (above 50 points), the global economy seems set for a moderate pace of recovery. However, concerns about issues such as the economic slowdown in Mainland China, Quantitative Easing (QE) tapering, geopolitical risks of the situation in Ukraine, and Japan's sales-tax increase may weigh on global economic trends, and may even influence Taiwan's exports.

In order to ease the impact of the weakness of the global economy, the government will accelerate the development of Free Economic Pilot Zones (FEPZs) and speed up the pre-participation in the Trans-Pacific Partnership Agreement (TPP) and Regional Comprehensive Economic Partnership (RCEP). Furthermore, to create a sound business and investment environment, the government will move forward with the implementation of market liberalization and deregulation. These and other government initiatives should ensure that sound progress is maintained toward endowing Taiwan with a vigorous and sustainable new economy.

	Historical Data				Current Data (2014 ^a)			
	2010	2011	2012	2013	Jan.	Feb.	Mar.	Jan.-Mar.
% change on previous year								
GDP	10.76	4.19	1.48	2.11	-	-	-	3.04 ^b
CPI	0.96	1.42	1.93	0.79	0.82	-0.05	1.61	0.79
Exports	34.8	12.3	-2.3	1.4	-5.4	7.9	2.0	1.0
Imports	44.1	12.0	-3.9	-0.2	-15.2	4.9	7.5	-1.6
Export orders	26.1	7.2	1.1	0.4	-2.8	5.7	5.9	2.7
Industrial production index	24.2	4.4	-0.3	0.7	-1.8	6.8	3.1	2.4
Monetary aggregate(M2 ^c)	4.53	5.84	4.18	4.78	5.97	5.61	5.89	5.82
Unemployment rate(%)	5.21	4.39	4.24	4.18	4.02	4.09	4.03	4.05
TWSE Stock Index ^d	7,950	8,156	7,481	8,093	8,567	8,496	8,687	8,591

Note : ^a The DGBAS estimated that Taiwan's real GDP will grow 2.82% in 2014.

^b Advance Estimate.

^c Daily Average.

^d Monthly Average TAIEX.

Sources : The Central Bank of China(CBC), Financial Supervisory Commission(FSC), Directorate-General of Budget, Accounting and Statistic(DGBAS).