

# Taiwan's Economic Situation

## Summary

In May 2013, Taiwan's exports increased by 0.9% from the same month in 2012, while industrial production fell 0.1% and export orders were down 0.4% year on year, due mainly to the uncertain prospects of the global economy. Consumer prices (the CPI) increased by 0.74%, and the unemployment rate decreased to 4.06% from 4.07% in April. On the financial side, the month's M2 monetary aggregate grew by 4.32%, while the stock price index averaged 8,272 points. The May Taiwan Business Indicators showed that the domestic economy still faced many challenges, with the overall light signal of the monitoring indicators staying at yellow-blue for the ninth consecutive month.

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	Mar.	Apr.	May.	Jan.-May.
GDP	-1.81	10.72	4.03	1.26	1.67	-	-	-
CPI	-0.87	0.96	1.42	1.93	1.37	1.04	0.74	1.45
Unemployment rate	5.85	5.21	4.39	4.24	4.17	4.07	4.06	4.14
Exports	-20.3	34.8	12.3	-2.3	3.3	-1.9	0.9	1.2
Imports	-27.5	44.2	12.1	-3.8	0.2	-8.2	-8.0	-0.9
Export orders	-8.3	20.6	7.2	1.1	-6.6	-1.1	-0.4	-1.3
Industrial production	-8.1	26.9	4.6	-0.1	-3.0	-0.9	-0.1	0.5
Monetary aggregate (M2)	7.2	4.6	5.8	4.17	3.78	3.71	4.32	3.67
Stock market**	6,460	7,950	8,155	7,468	7,907	7,893	8,272	7,956

Note: \* The DGBAS has provisionally estimated that Taiwan's real GDP grew 2.40% in 2013.

\*\* Stock index (monthly average).

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