

# Taiwan's Economic Situation

## Summary

In the first two months of 2013, Taiwan's exports and imports expanded by 2.0% and 7.0% year-on-year, due mainly to the positive prospects of the global economy. Consumer prices (the CPI) increased by 2.05%, and the unemployment rate rose from 4.16% in January to 4.24% in February. On the financial side, February's M2 monetary aggregate grew by 3.53%, while the stock price index averaged 7,933 points. In February, the Taiwan Business Indicators pointed to the gradual stabilization of the domestic economy, with the overall light signal of the monitoring indicators improving to green after flashing yellow-blue for six 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.	Jan.-Feb.
GDP	-1.81	10.72	4.03	1.26	-	-	-
CPI	-0.87	0.96	1.42	1.93	1.13	2.97	2.05
Unemployment rate	5.85	5.21	4.39	4.24	4.16	4.24	4.20
Exports	-20.3	34.8	12.3	-2.3	21.6	-15.8	2.0
Imports	-27.5	44.2	12.1	-3.8	22.4	-8.5	7.0
Export orders	-8.3	20.6	7.2	1.1	18.0	-14.5	1.1
Industrial production	-8.1	26.9	4.6	-0.1	19.1	-11.5	3.2
Monetary aggregate (M2)	7.2	4.6	5.8	4.17	2.99	3.53	3.26
Stock market**	6,460	7,950	8,155	7,468	7,759	7,933	7,824

Note: \* The DGBAS estimated that Taiwan's real GDP will grow 3.59% in 2013.

\*\* Stock index (monthly average).

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