

Taiwan's Economic Situation

Summary

In June 2013, Taiwan's exports and imports expanded by 8.6% and 6.8% from the same month in 2012, while industrial production fell 0.4% and export orders were down 3.5% year on year, due mainly to the uncertain prospects of the global economy. Consumer prices (the CPI) increased by 0.60%, and the unemployment rate rose slightly to 4.14% as a wave of new graduates entered the job market. On the financial side, the month's M2 monetary aggregate grew by 4.82%, while the stock price index averaged 7,989 points. The June Taiwan Business Indicators showed that the economic recovery remains on a slower track, though the overall light signal of the monitoring indicators improved to green after continuously flashing blue since last September.

The improving global economy is a positive factor for Taiwan's export sector, but the persisting high uncertainties may still weigh on export growth. In 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 ease the impact of weakness in the global economy, the government will actively promote export to emerging markets. For the internal sector, the government will accelerate the implementation of the project to strengthen promotion of investment in Taiwan by overseas Taiwanese businesses and the development of Free Economic Pilot Zones. In addition, the "Economic Power-Up 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	Apr.	May.	Jun.	Jan.-Jun.
GDP	-1.81	10.72	4.03	1.26	-	-	2.3	-
CPI	-0.87	0.96	1.42	1.93	1.05	0.74	0.60	1.31
Unemployment rate	5.85	5.21	4.39	4.24	4.07	4.06	4.14	4.14
Exports	-20.3	34.8	12.3	-2.3	-1.9	0.9	8.6	2.4
Imports	-27.5	44.2	12.1	-3.8	-8.2	-8.0	6.8	0.3
Export orders	-8.3	20.6	7.2	1.1	-1.1	-0.4	-3.5	-1.7
Industrial production	-8.1	26.9	4.6	-0.1	-0.9	-0.1	-0.4	0.3
Monetary aggregate (M2)	7.2	4.6	5.8	4.17	3.71	4.32	4.82	3.86
Stock market**	6,460	7,950	8,155	7,468	7,893	8,272	7,989	7,962

Note: * The DGBAS has projected that Taiwan's real GDP will grow 2.40% in 2013.

** The TAIEX stock index (monthly average).

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