

Taiwan's Economic Situation

Summary

In October 2013, Taiwan's exports and imports decreased by 1.5% and 2.8% respectively from the same month in 2012, while the annual growth rate of the industrial production index and export orders increased by 0.78% and 3.2% year on year. The consumer price index (the CPI) went up 0.64%, and the unemployment rate remained at 4.24%. On the financial side, the month's M2 monetary aggregate grew by 5.99%, while the stock price index averaged 8,366 points. The October Taiwan Business Indicators showed the economic recovery remaining on a slower track. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the trend-adjusted leading index increased by 0.34%, the trend-adjusted coincident index increased by 0.01% from the previous month, and the overall monitoring indicator flashed the "yellow-blue" signal.

Weakened external demand curtailed the growth of goods and services exports in Q3 2013. With domestic demand also slack, the quarter's year-on-year growth rate of Taiwan's unadjusted GDP was a modest 1.66%. Looking forward, we can expect Taiwan's exports to face further pressure from intensifying global market competition, slowing growth of the external sector in this year's last quarter. Internationally, despite the continuation of various uncertainties, there are good prospects of the global economy gradually picking up momentum in 2014. However, competitive pressure from overseas manufacturers will make it hard for Taiwan to achieve strong export growth. Under these conditions, the DGBAS projects that Taiwan's GDP will grow 1.74% in 2013 and 2.59% in 2014.

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 (FEPZs). These and other government initiatives should ensure that Taiwan's economy gradually improves.

% change on previous year	Historical Data				Current Data (2013)			
	2009	2010	2011	2012	Aug.	Sep.	Oct.	Jan.-Oct.
GDP	-1.81	10.76	4.19	1.48	-	1.66	-	-
CPI	-0.86	0.96	1.42	1.93	-0.78	0.84	0.64	0.84
Unemployment rate	5.85	5.21	4.39	4.24	4.33	4.24	4.24	4.19
Exports	-20.3	34.8	12.3	-2.3	3.6	-7.0	-1.5	1.0
Imports	-27.5	44.1	12.0	-3.9	-1.2	-0.7	-2.8	-1.1
Export orders	-8.3	26.1	7.2	1.1	0.5	2.0	3.2	-0.4
Industrial production	-7.9	24.2	4.4	-0.3	-0.6	0.6	0.8	0.5
Monetary aggregate (M2)	7.45	4.53	5.83	4.17	5.41	5.54	5.99	4.55
Stock market**	6,460	7,950	8,156	7,481	7,932	8,193	8,366	8,041

Note: * The DGBAS has provisionally estimated that Taiwan's real GDP grew 1.74% in 2013.

** Stock index (monthly average).

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