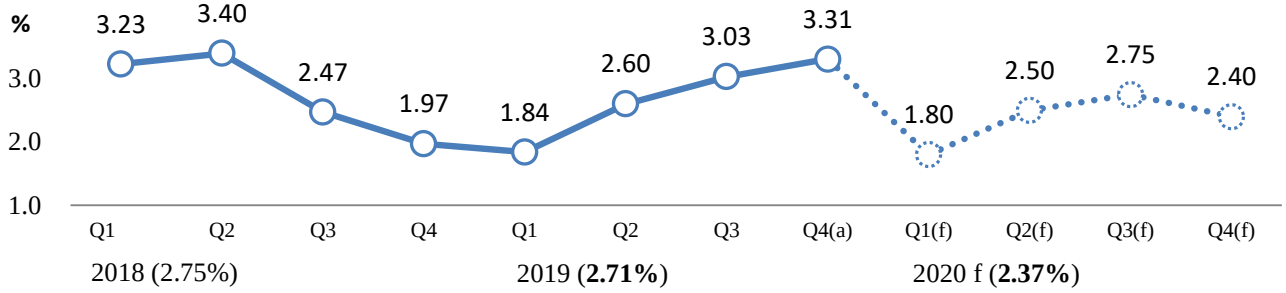
Taiwan Economy in a Snapshot

2020.4.10

Taiwan's Economic Situation and Outlook

- The spread of the COVID-19 pandemic has disrupted global supply chains and weakened the growth momentum for international trade and consumption demand. The coronavirus is projected to drag down the global economy in 2020.
- On the domestic side, according to the latest forecast from DGBAS, real GDP is projected to grow by 2.37% in 2020, downward revised by 0.35 percentage points from the previous forecast.
- To mitigate COVID-19 impact, the Cabinet has approved a second-phase COVID-19 relief plan that will increase total funding for Taiwan's relief and stimulus measures to NT$1.05 trillion (US$34.6 billion), of which NT$210 billion (US$6.9 billion) will be funded with a special budget.

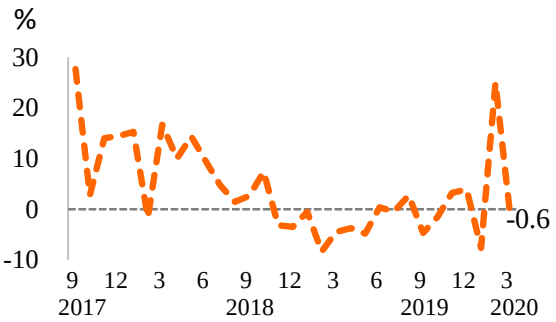
Quarterly GDP Growth Rate (yoy)



Source: DGBAS.

Main economic indicators

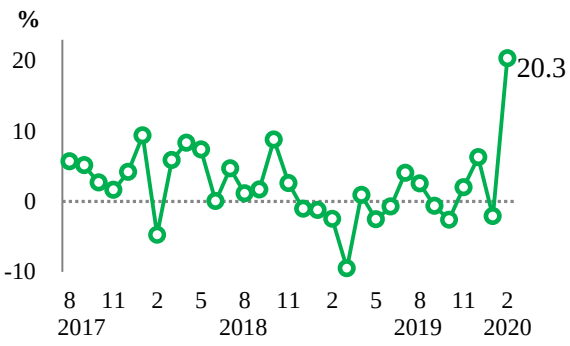
- **Exports**



Exports down in March

- In March 2020, total exports declined 0.6% year on year due to the impact of the COVID-19 on global supply chains and demand.
- For the first three months of this year, total exports grew 3.7%. The product of the parts of electronic product grew by 20.0%, benefited from work-from-home technologies , 5G deployment, and more overseas Taiwanese businesses returning home.

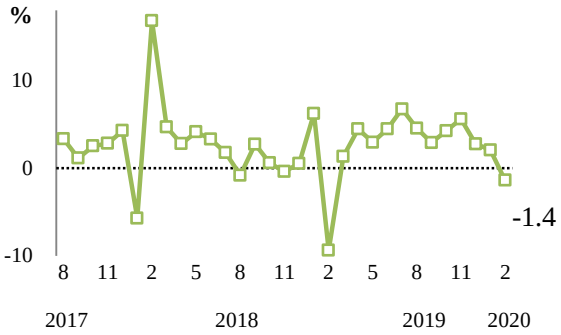
- **Industrial Production**



Industrial Production Increase

- Industrial production index surged 20.3% year on year in February 2020, due to a low base as Lunar New Year holiday fell in February last year.
- Combing the first two months of this year, Industrial production index grew 7.9% on average. The sector of the electronic parts & components increased 24.4%, mainly due to the deployment of 5G infrastructure.

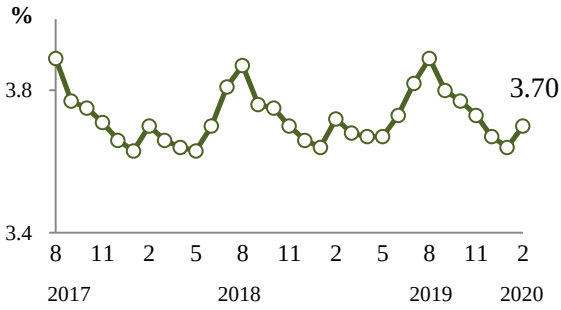
- **Retail Sales**



Retail Sales Fall

- Retail sales decreased 1.4% year-on-year in February 2020, affected by the difference in timing of the Lunar New Year and COVID-19 outbreak.
- Combing the first two months of this year, retail sales grew 0.5%. The sector of general merchandise stores grew 1.7%, and motor vehicles, motorcycles and related parts increased 5.5%.

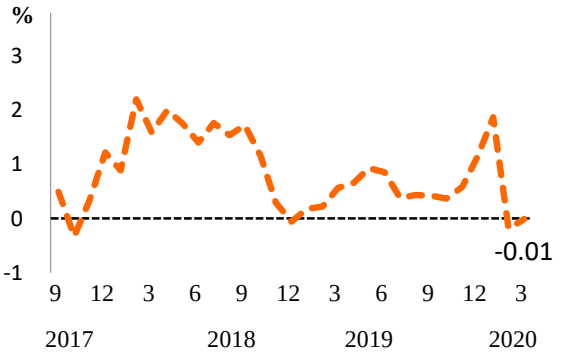
- **Unemployment Rate**



Labor Market Remains Relatively Stable

- The unemployment rate rose by 0.06 percentage points from a month earlier to 3.7% in February 2020.
- The real regular earnings of all employees was NT$41,003 in January 2020, decreased by 0.29% than the same month of the last year.

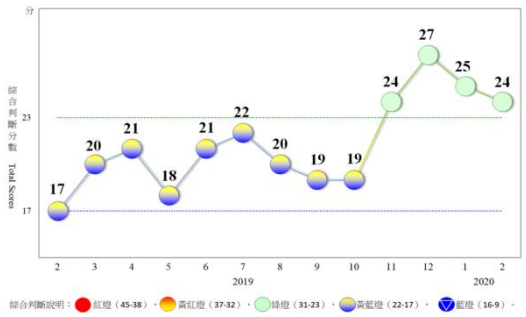
- **Inflation**



Inflation Stable

- The CPI in March 2020, compared with the same month of 2019, fell 0.01%, largely reflected a dive in crude prices. While the core CPI increased 0.34%, remaining in positive territory.
- Prices of eggs, vegetables, communication fees, as well as entertainment expenses also fell 13.51%, 6.07%, 5.71%, and 1.01%, respectively.

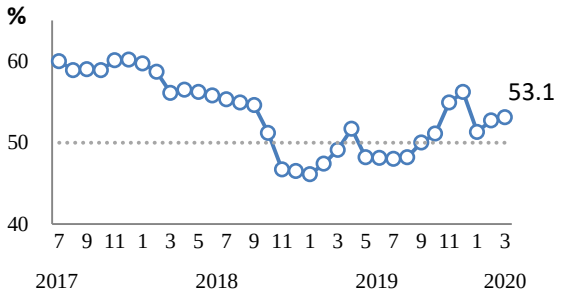
- **Business Indicators**



The Monitoring Indicator Flashes Green Signal

- In February 2020, the overall monitoring indicator continued to flash the “green” signal, as the total score decreased one point to 24.
- The trend-adjusted leading index decreased by 0.16%, falling for four consecutive months, while the coincident index increased by 0.21%.

- **Manufacturing PMI**



Manufacturing PMI Remains in Expansion Territory

- The seasonally adjusted Taiwan Manufacturing PMI inched up to 53.1 percent in March 2020.
- The slowing Supplier Deliveries Index , negatively resulted from the COVID-19 outbreak and coronavirus-related transportation restrictions, is one of the main reasons for the higher PMI reading.