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[\[Economics\] Academia Sinica's 《2011 Taiwan Economic Forecast》 : Continuity in Prosperity after Record Growth](#)[\[Economics\] Academia Sinica's 《2011 Taiwan Economic Forecast》 : Continuity in Prosperity after Record Growth \(Chinese Version\)](#)

Academia Sinica Newsletter (2010/12/23) Asia emerging economies not only lead the global recovery but also have great contribution to the strong growth of Taiwan GDP increased by 13.21% during the first half of 2010 against the deep recession of -1.93% in 2009. This is reflected by the nation's economic monitoring indicators, which became a "yellow-red" light in October. At the same time, the imports rose at an annual rate of 36.6% and the exports also increased at an annual rate of 46.9% between January and November. Benefitting from the rapid economic recovery in Asia-Pacific, the export and import value also has exceeded the same period of pre-crisis in 2008. Besides, the industrial production index grew at an annual rate of 14.39% in October with the launch of consumer electronic products and high demand in emerging markets. Moreover, the turnover of the wholesale, retail and catering industry hit new record in October, indicating that the service industry has continued to recovery. Hence, the fourth quarter of GDP is projected up by 5.9%, and the annual GDP will increase by 10.31% in 2010.

Private consumption continues to rise by a rebound of the domestic economy and stock market, accompanying with the innovation of consumer electronics products. At the same time, the effective employment programs of government significantly stimulated the growth of consumption, and let the unemployment rate fall to 4.92%, 4.96% after seasonally adjusted in October. As a result, private consumption will be estimated at an annual rate of 3.54% in 2011. Similarly, private investment is expected to maintain the steady growth in 2011, and pushed by the momentum of recoveries of emerging Asia and the urban renewal projects, reaching to the growth rate of 1.57% because of a higher comparison base with last year. The Asian Development Bank expected that economic growth of emerging East Asia will remain 7.3% in 2011. Thus Taiwan's annual export and import of goods and services is expected to grow 7.71% and 5.07% separately in 2011 by the help of the proceeding of ECFA next year.

Although the raw materials and crude oil prices continue to rise, inflationary pressures in Taiwan are not expected too high next year considering that economies such as China gradually control monetary policy and NT dollar appreciates against U.S. dollar. Therefore, annual wholesale price index is estimated at an annual rate of 2.42%, and the CPI will moderately grow 1.87%. As to money supply, on account of strong domestic economic performance and sufficient domestic funds, the money supply is expected to increase stably in 2011. The money supply of M1B annualized will be 9.66% and that of M2 will be 5.43% in 2011.

In conclusion, Taiwan will moderately grow and should remain GDP at an annual rate of 4.71% in 2011 due to the uncertain of international economic situation and the impact of a higher comparison base with last year. Furthermore, it is worth noting that the debt problems of Europe, the monetary policy of China, and the NT dollar appreciation against U.S. dollar will have significant impacts on Taiwan's future economy. Hence, considering the prediction error and uncertainty factors, the interval prediction of GDP at 50% level is 3.03% -6.56%.

Related website: <http://www.econ.sinica.edu.tw/reports.php?searchYear=&searchStyle=&parentClassID=0&foreLang=en&parentMenuID=50&titleMenuID=109>

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Reference:

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