

## Taiwan close to manufacturing peak

Taiwan's manufacturing activity may be reaching its peak but August data was actually better than expected



Source: istock

**3.25%** August Manufacturing Activity YoY

ING forecast: 2.3% ; prior- 2.3%

Better than expected

Disappointing export orders, especially from information and communication products will have a direct negative impact on production in coming months. The economy has relied a lot on manufacturing electronic parts and computer electronic & optical equipment. A slowdown of growth in these two items, which has been reflected in slower export orders growth, would hold back overall manufacturing growth.

However, better than expected industrial production data gives more room for CBC to stay put. We think monetary policy will not change in 2017. But even if the CBC did cut, monetary policy could only support the economy temporarily, bearing in mind policy interest rates are already low at 1.375%.

