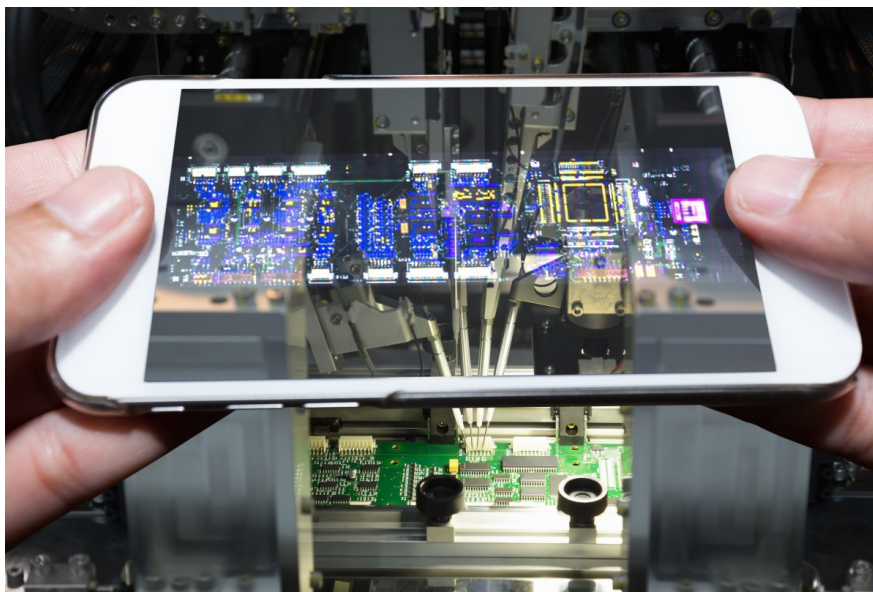


Taiwan's electronic exports power ahead

Export growth slowed on a yearly basis, and fell from a month ago. But electronics exports continued to buck the trend



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Covid can't stop Taiwan's sole engine

Taiwan's importance as a global semiconductor provider is confirmed by the export data for June. Most export items experienced a contraction in June from the previous month amid rising Covid-19 infections both in Taiwan and abroad. But electronics exports still increased.

Headline exports slowed to 35.1% year-on-year in June from 38.6% in May and fell 2% month-on-month. Electronic exports bucked the trend, however, gaining 9% MoM.

This shows us:

1. Taiwan is important to the world in terms of semiconductor supply;
2. Taiwan has only one pillar for economic growth: semiconductors.

GDP growth goes hand in hand with exports

With exports continuing to enjoy strong growth (even at slightly slower rate), GDP growth should follow suit.

We expect 2Q GDP to grow by 6.1% YoY. While this is slower than the 8.92% YoY rate seen in 1Q, it is still strong compared to some other economies in Asia.

We would like to highlight that this strong growth should fade in the second half of the year. This is because of the high base effect from last year, and with factories already running at full capacity, a further increase in semiconductor output and exports should be limited. Since June, we have revised downward GDP growth for 2H21 to 0.8% YoY from 2.8% YoY.

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