

## Taiwan production dives amid power failure

Growth in industrial production was much weaker than expected in March, mainly due to an electricity failure. This weakness may well continue as Covid cases jumped in April, which will hurt the supply of semiconductors



The global semiconductor shortage is an opportunity for Taiwan's electronic manufacturing

### Industrial production growth alert

Industrial production growth was only 2.15% year-on-year in March, much lower than the consensus estimate of 7% and last month's 10% YoY. The main reason was a power failure incident which affected one-third of Taiwan's power supply.

Integrated circuits were responsible for most of the weakness, growing only 2.37% YoY in March from 20% YoY in February.

This has put more pressure on the semiconductor supply chain.

### Expect more weakness, this time from Covid

Covid cases are mounting in Taiwan and the government has chosen to shorten the isolation period for infected people to lower the risk to the economy. However, this could increase the number of infections and could affect the number of people at work.

We expect industrial production growth to weaken further in April.