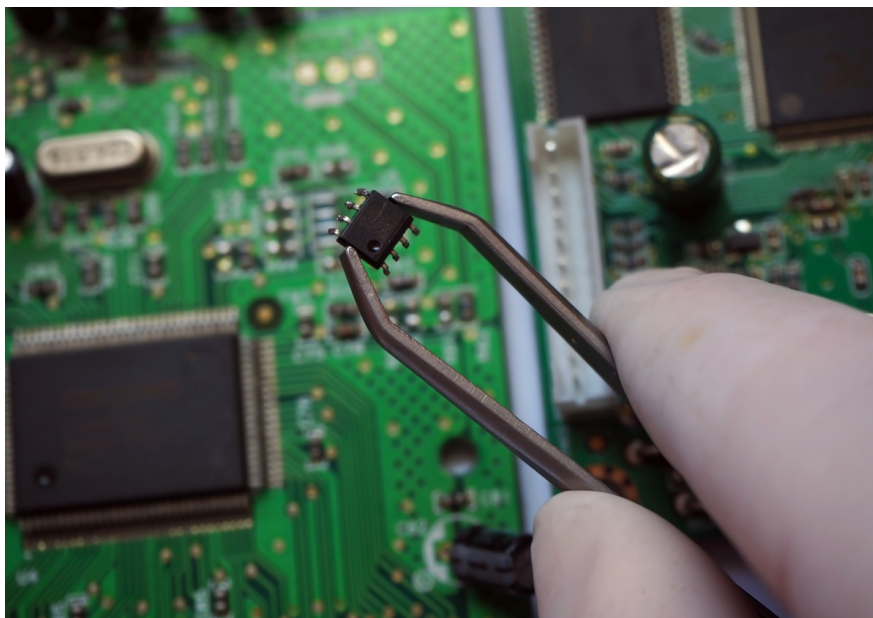


## Taiwan's industrial production continued rapid growth in May

Taiwan's industrial production beat expectations with 22.6% YoY growth and an upward revision to April's data, boosted by a surge in computer and semiconductor production



**22.6% YoY** Taiwan's industrial production growth

Higher than expected

### Industrial production continues to beat forecasts

Taiwan's industrial production growth was 22.6% YoY in May, beating forecasts for yet another month.

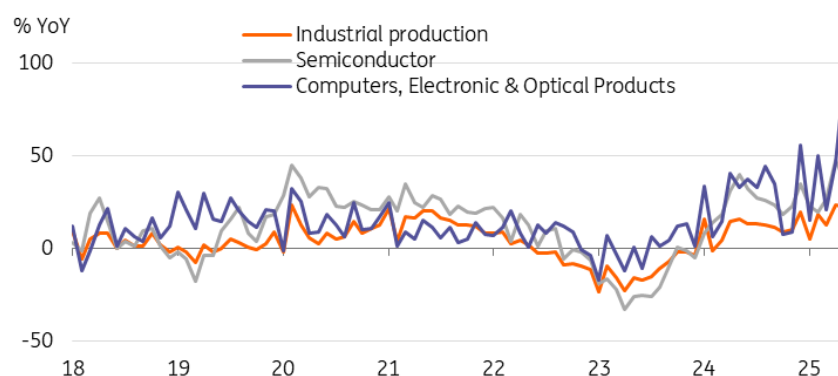
Looking at the subcategories, we can see that growth is increasingly uneven. The broad category of information & electronics was by far and away the biggest contributor to industrial production

growth, at 42.3% YoY growth. Within this category, Computers, Electronic & Optical Products production was particularly impressive, with a 89.3% YoY surge in May. The closely watched semiconductor production moderated in May, but maintained a very respectable 38.1% YoY growth rate nonetheless.

On the negative side, many of Taiwan's smaller categories have been in year-on-year contraction. Auto production fell to -16.3% YoY, and pharmaceutical products also saw a steep contraction of -12.4% YoY.

Overall, the strength in Taiwan's main industries was more than enough to offset any weakness in other sectors.

## Computers and semiconductors continue to drive overall industrial production



Sources: CEIC, ING

## Monthly activity data continues to impress

Taiwan's monthly economic data continues to impress this year, with industrial production and exports all holding up well so far despite the tariff uncertainty. While cooling PMI data from the last several months may give some reason for caution, this hasn't translated to the hard activity data yet. Even if we do see some moderation, inflation has cooled below target levels as well, which potentially opens up room for monetary policy easing later in the year if needed.

With May data mostly in the books, the second quarter does not appear to be showing any notable signs of deceleration after first-quarter GDP growth came in much stronger than most forecasts.

We last revised our 2025 growth forecasts up to 3.2% YoY in April, and with a few more months of data in place, risks to the forecast currently look balanced to the upside. We'll be watching the results of the 9 July reciprocal tariff deadlines to see how this may proceed, as exports to the US have been an important factor in Taiwan's recent growth story.

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