

Taiwan

Advance estimates of Taiwan GDP backs PMI signal of faster expansion in Q4

- GDP rises by a stronger-than-expected 3.28% in Q4
- 2017 growth at 2.84%, highest since 2014
- Exports remain key driver of economic activity

Official data showed the Taiwanese economy growing faster than expected in the final quarter of 2017. However, the better performance had been signalled well in advance by PMI survey data.

The advance estimate of fourth-quarter GDP growth came in at an annual rate of 3.28%, which far exceeded market expectations of 2.5%, but was in line with the PMI survey data.

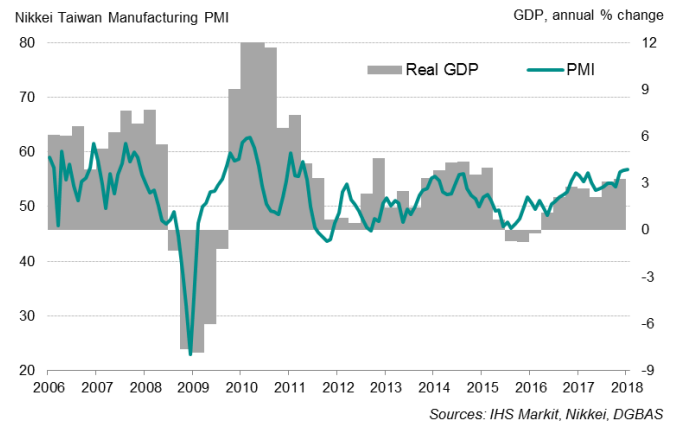
The **Nikkei Taiwan Manufacturing PMI™**, compiled by IHS Markit, averaged 55.5 in the three months to December, up from 54.0 in the third quarter, representing the best quarterly expansion since 2014.

Exports have been a key driver of improved economic performance. The PMI's gauge of export orders signalled the strongest upturn for over three years in the fourth quarter, a message soon followed by the official data which indicated greater export strength than forecast. Exports contributed three percentage points to GDP in the fourth quarter. [Data from the Ministry of Economic Affairs](#) showed exports rising 17.5% in December, up from 11.6% in November, representing the strongest annual rate of increase since February, corroborating with PMI surveys.

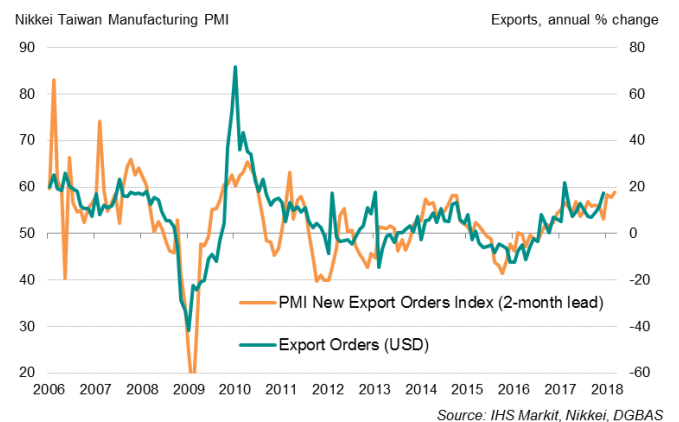
However, signs of weaker growth in private investment drew some concerns that the tech boom that has also been helping drive business activity higher in Taiwan could be losing momentum.

With the Taiwanese economy ending 2017 on a stronger footing, attention now shifts to whether the robust growth momentum can be sustained through 2018. Taiwan's manufacturing sector looks well placed to continue its current strong run of growth after a solid start to the year, according to [January survey data](#).

Taiwan PMI and economic growth



Taiwan PMI and export orders



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