

Taiwan Business Forecast Report Q2 2014

<https://marketpublishers.com/r/TA9BE2D0757EN.html>

Date: February 2014

Pages: 49

Price: US\$ 1,195.00 (Single User License)

ID: TA9BE2D0757EN

Abstracts

Includes 3 FREE quarterly updates

Core Views

Taiwan's economy accelerated strongly in Q413, leading the island to record a full-year 2013 real GDP growth of 2.2%, marginally eclipsing our forecast of 2.1%. While we remain constructive on economic momentum in the coming quarter, we remain less upbeat on Taiwan's growth trajectory through 2014. We expect the economy to face key downside risks from a slowing Chinese economy, as well as a possible correction within the local property market. We are happy to remain below consensus with our real GDP growth forecast for 2014 coming in at 3.0%, versus 3.5%.

While the Taiwanese dollar has lost 3.4% of its value since the selloff which began in October 2013 and 1.5% since the start of 2014, it appears to have found some measure of stability in recent trading sessions. We expect the unit to trade between the range with resistance at the TWD30.20/US\$ level and support at the TWD30.70/US\$ level. We are forecasting the currency to average TWD30.50/US\$ in 2014 before ending the year at TWD30.70/US\$. Taiwan's biggest long-term political challenge is managing its deepening economic ties with mainland China, so that it retains its de facto political independence. Beijing appears to be pursuing the absorption of Taiwan by stealth, but this could yet lead to a backlash from Taiwanese voters.

Taiwan's property market appears to be moving in the opposite direction to the broader economy. Despite relatively sluggish economic performance over the past year, Taiwanese real estate continues to boom. We have highlighted before that property boom has not been backed by solid economic fundamentals and the continuing rise in prices merely makes our conviction stronger. With property demand expected to be hit by a weakening economy, while housing supply continues to increase, we believe that a

correction in the sector is only a matter of time.

Key Risks To Outlook

Downside Risks To Growth Forecast: Should we see a re-emergence of a crisis in the eurozone, or a downward spiral in China's economy, we can expect Taiwan to head into a sharp recession.

Contents

Core Views

Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Ratings

Domestic Politics

Cross-Strait Relations: Deepening Political Ties The Next Major Step

Taiwan 's biggest long-term political challenge is managing its deepening economic ties with mainland China, so that it retains its de facto political independence. Beijing appears to be pursuing the absorption of Taiwan by stealth, but this could yet lead to a backlash from Taiwanese voters.

Table: POLITICAL OVERVIEW

Long-Term Political Outlook

Legal Status Quo To Prevail

Taiwan's long-term political prospects are inseparable from its relations with China, and while cross-Strait relations have thawed in recent years, we believe the status quo will largely prevail. While further economic integration is likely between the two Chinas, we exclude meaningful political convergence. Meanwhile, Taiwan extremely unlikely to regain internationally recognised independence. As a result, we believe Taiwan will remain in a political no-man's land – with this being the least worst path for political stability.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Ratings

Economic Activity

Near-Term Optimism To Reverse As 2014 Progresses

Taiwan's economy accelerated strongly in Q413, leading the island to record a full-year 2013 real GDP growth of 2.2%, marginally eclipsing our forecast of 2.1%. While we remain constructive on economic momentum in the coming quarter, we remain less upbeat on

Taiwan's growth trajectory through 2014. We expect the economy to face key downside risks from a slowing Chinese economy, as well as a possible correction within the local property market. We are happy to remain below consensus with our real GDP growth

forecast for 2014 coming in at 3.0%, versus 3.5%.

Table: ECONOMIC ACTIVITY

Fiscal Policy

Share Sales No Panacea Taipei's spending habits have been called into question yet again. In order to fund the 2014 budget deficit, the government will be selling some of the stakes it holds in a number of blue-chip companies and state-owned enterprises. The government has had to turn to such an avenue as public debt inches dangerously close to the statutory 40.6% of GDP level. This further reflects the fact that the government continues to struggle in its efforts to implement wide-ranging fiscal reforms that are sorely needed to prevent a further deterioration in public finances.

Table: FISCAL POLICY

Monetary Policy

Property Correction Merely A Matter Of Time

Taiwan's property market appears to be moving in the opposite direction to the broader economy. Despite relatively sluggish economic performance over the past year, Taiwanese real estate continues to boom. We have highlighted before that property boom has not been backed by solid economic fundamentals and the continuing rise in prices merely makes our conviction stronger. With property demand expected to be hit by a weakening economy, while housing supply continues to increase, we believe that a correction in the sector is only a matter of time.

Currency Forecast

TWD: Weakness In Store, But Downside Capped

While the Taiwanese dollar has lost 3.4% of its value since the sell-off which began in October 2013 and 1.5% since the start of 2014, it appears to have found some measure of stability in recent trading sessions. We expect the unit to trade between the range with resistance at the TWD30.20/US\$ level and support at the TWD30.70/US\$ level. We are forecasting the currency to average TWD30.50/ US\$ in 2014 before ending the year at TWD30.70/US\$.

Table: MONETARY POLICY

Table: CURRENT ACCOUNT

CHAPTER 3: 10-YEAR FORECAST

the Taiwan Economy To 2023

Multiple Headwinds Against Structural Growth

A strong recovery from the global financial crisis by no means suggests that Taiwan's economy will maintain a robust growth trajectory going forward. We believe the lingering presence of the government within the banking sector, an increasingly uncompetitive tech sector, an overly tech-focused economy and the reluctance to speed up Chinese investment, will impede Taiwan's structural growth prospects. Moreover, a rigid labour

market, coupled with fast deteriorating demographics will serve to erode the attractive of Taiwan's business environment. Lastly, we expect the structural shift in China's economy to carry wide-ranging ramifications for Taiwan. We expect real GDP growth to average 3.9% between 2014 and 2023.

Table: Long -Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook

Table: BMI BUSINESS AND OPERATION RISK RATINGS infrastructure

Table: BMI LEGAL FRAMEWORK RATING

Table: LABOUR FORCE QUALITY

Table: ASIA, ANNUAL FDI INFLOWS

Table: TRADE & INVESTMENT RATINGS

Operational Risk

CHAPTER 5: KEY SECTORS

Autos

Table: Auto Sales, 2010-2017

Food & Drink

Table: Auto Production, 2010-2017

Table: Food Consumption Indicators – Historical Data & Forecasts , 2010-2017

Table: Taiwan Alcoholic Drinks , Value /Volume Sales – Historical Data & Forecasts , 2010-2017

Table: Taiwan Retail Indicators – Sales Value by Format – Historical Data & Forecasts , 2010-2017

Table: Taiwan Food & Drink Trade Indicators – Historical Data & Forecasts , 2010-2017

Other Key Sectors

Table: Pharma Sector Key Indicators

Table: Infrastructure Sector Key Indicators

Table: Oil and Gas Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Defence and Security Sector Key Indicators

Table: Freight Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Fairly Benign Prognosis ... With Risks

Table: Global Assumptions

Table: Developed States , Real GDP Growth H, %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH
FORECASTS, %

Table: Emerging Markets , Real GDP Growth , %

I would like to order

Product name: Taiwan Business Forecast Report Q2 2014

Product link: <https://marketpublishers.com/r/TA9BE2D0757EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/TA9BE2D0757EN.html>