

*Developments in  
the Real Economy*



# I. Developments in the Real Economy

## 1. Overview

Taiwan's economy expanded faster in 2024 at a pace of 4.59% in real terms because strong demand for emerging technology applications (e.g., AI, cloud computing, high-performance computing, etc.) spurred growth in ICT (information and communication technology) exports and drove a steady increase in private investment while private consumption also gained momentum from continuous wage growth. The balance of payments was healthy, recording a continued current account surplus and a net asset increase in the financial account. In respect of prices, with international commodity prices softening and domestic services inflation easing, the annual growth rate of the CPI registered 2.18% in 2024 and that of the core CPI (excluding fruit, vegetables, and energy) was 1.88%, both slower than the previous year. In the labor market, a pickup in economic growth drove the unemployment rate down from the previous year to an yearly average of 3.38% in 2024, the lowest since 2001. Nonfarm payroll real monthly earnings per worker posted a new record increase since 2019, rising by 2.16% to NT\$56,566.

### Pickup in Economic Growth

In the first quarter of 2024, domestic economic growth recorded the fastest pace of the year at 6.64%, driven by upturns in exports and private consumption and a lower base effect. Thereafter, emerging technology applications continued thriving, bolstering exports and private investment, while private consumption enjoyed mild growth as the steady economic expansion buttressed labor demand and spurred corporate wage increases, along with a strengthening in consumer confidence. However, the momentum was somewhat eroded by a higher base effect, causing economic growth to decelerate quarter by quarter to 2.90% in the fourth quarter. For 2024 as a whole, the economic growth rate stood at 4.59%, rising by 3.47 percentage points from 1.12% in 2023.

By expenditure component, the 4.59% rate of economic growth was the combined result of robust exports, the ensuring steady increase in private investment, and rising private consumption amidst continued wage growth. By contribution, domestic demand accounted for 4.76 percentage points of that growth, whereas net external demand contributed -0.16 percentage points as robust exports and investment also led to an increase in import-derived demand.

Private investment gained traction because Taiwan's semiconductor firms, boasting a leading edge in related technologies, continued to increase capital expenditure and expand advanced production capacity, while firms across industries stepped up equipment investment aimed

at facilitating low-carbon emissions. As a result, the domestic investment rate (gross domestic investment to GDP) rose to 26.47% in 2024 from 24.51% in 2023. The national saving rate (gross national saving to gross national income) also went higher from 37.56% to 40.71% as national income increased amid rising economic growth. Overall, with the increase in gross national saving exceeding that in gross national investment, the difference between saving and investment as a percentage of GDP rose from 14.31% in 2023 to 15.68% in 2024.

## Healthy BOP Surplus

In 2024, Taiwan continued to record a healthy balance of payments. The current account posted a surplus of US\$113,834 million, the financial account had a net asset increase of US\$94,391 million, and the Bank's reserve assets showed an increase of US\$10,880 million.

On the current account, goods imports and exports both expanded in 2024 compared to 2023. As the increase in exports exceeded that in imports, the goods trade surplus widened from US\$95,617 million in 2023 to a record-high of US\$100,699 million in 2024, remaining the largest contributor to the current account surplus.

The services account deficit widened from US\$10,090 million to US\$12,412 million mainly owing to an increase in travel expenditures. The primary income surplus widened from US\$25,295 million to US\$30,327 million, a historical high mainly because receipts rose while payments dropped. The secondary income deficit shrank from US\$4,973 million to US\$4,780 million mainly as the increase in receipts exceeded that in payments. For the year 2024 as a whole, the current account surplus amounted to US\$113,834 million, the second highest on record, with its ratio to nominal GDP reaching 14.3%.

On the financial account, portfolio investment recorded a net asset increase of US\$83,684 million. Among the components, residents' portfolio investment abroad posted a net increase of US\$66,327 million, mainly because of increases in foreign securities holdings via banks' nondiscretionary money trust business and domestic investment and trust funds. Nonresidents' inward portfolio investment posted a net decrease of US\$17,357 million, mainly because foreign investors dialed down holdings of Taiwanese stocks. Direct investment posted a record-high net increase of US\$21,053 million, of which direct investment abroad by residents and nonresidents' inward direct investment increased by net amounts of US\$31,979 million and US\$10,926 million, respectively. The account of other investment posted a net asset decrease of US\$11,269 million.

## Continued Slowdown in Inflation

In 2024, the global economy experienced mild expansion and global inflation eased, while

international raw material prices were soft. However, with the NTD/USD exchange rate weaker than the previous year, the import price index in NTD terms edged up by 0.27% year on year. Meanwhile, the producer price index (PPI) rose by 1.36% from the previous year, mainly reflecting a 2.17% increase in export prices and a mere 0.99% increase in prices for domestic sales excluding imports.

In regard to consumer prices in 2024, with international commodities such as crude oil and grains posting price downtrends and domestic entertainment services prices rising at a slower pace, domestic commodity inflation eased from 2.11% in 2023 to 1.89%, and services inflation also dropped from 2.87% to 2.45%. The annual growth rate of the CPI decreased to 2.18% from 2.49% the previous year, and that of the core CPI (excluding fruit, vegetables, and energy) also fell to 1.88% from 2.58%.

### **Record Low Unemployment Rate Since 2001; Higher Wage Growth**

In 2024, labor market conditions were stable, helped by steady economic growth. The unemployment rate only recorded uptrends in February owing to a wave of job transitions commonly seen after the Lunar New Year and in June to August owing to a surge of job-seeking graduates, both seasonal factors. In the other months, the unemployment rate showed a broad downtrend to 3.32% in December 2024 and averaged 3.38% for the year as a whole, the lowest since 2001. The average labor participation rate was 59.28%, up by 0.06 percentage points from the previous year.

The average number of employed persons in 2024 was 11,595 thousand, an increase of 67 thousand or 0.59%. Services employment increased the most by 77 thousand persons or 1.09%, followed by the industrial sector with an increase of seven thousand persons or 0.16%. Meanwhile, the agricultural sector employed 15 thousand less persons, representing a decrease of 3.00%.

In respect of wage growth, the average nonfarm (industrial and services sectors) monthly earnings per employee increased by 4.39% from the previous year to NT\$60,984 in 2024, the largest increase since 2011. Adjusted for inflation, the real earnings registered an increase of 2.16%, rising at the fastest pace since 2019 to reach NT\$56,566. With growth in production outpacing that in total hours worked, the labor productivity indices of the industrial sector and the manufacturing sector went up by 10.16% and 10.94%, respectively. Meanwhile, unit labor costs in the industrial and the manufacturing sectors decreased by 6.70% and 7.34%, respectively, reflecting smaller gains in total earnings than in production output.

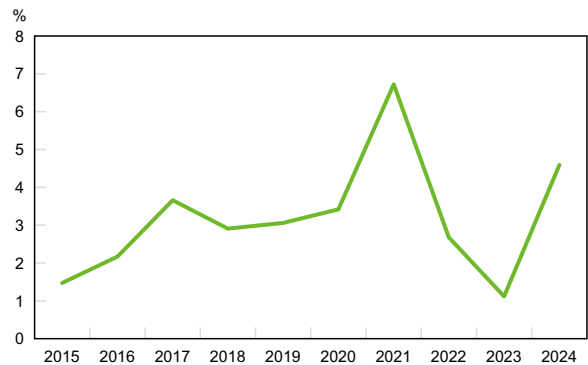
## 2. National Output and Income

In 2024, Taiwan's economy grew at an annual rate of 4.59%. Domestic demand, driven by steady increases in private consumption and fixed capital formation, contributed 4.76 percentage points to real GDP growth. In terms of external demand, both export- and investment-derived demand caused import growth to outweigh the growth of exports, and thus, net exports contributed -0.16 percentage points to real GDP growth. In the meantime, nominal GNI (gross national income, in US dollars) rose by 5.27%, and GNI per capita increased from US\$33,525 to US\$35,188 over the year 2024.

In the first quarter, real GDP expanded by 6.46%. Private consumption showed robust growth driven by active spending on transportation, dining, accommodation, and entertainment services, while private investment growth was held back by wary business sentiment amid global economic uncertainties. Exports grew significantly owing to higher demand for products related to information and communication technology (ICT). In the second quarter, real GDP grew by 4.89%. Export growth was fueled by improved global end-market demand and the expansion of emerging technology applications. Meanwhile, private consumption remained stable because of improvement in consumer confidence and steady employment, and private investment grew as firms increased production capacity in response to better economic conditions.

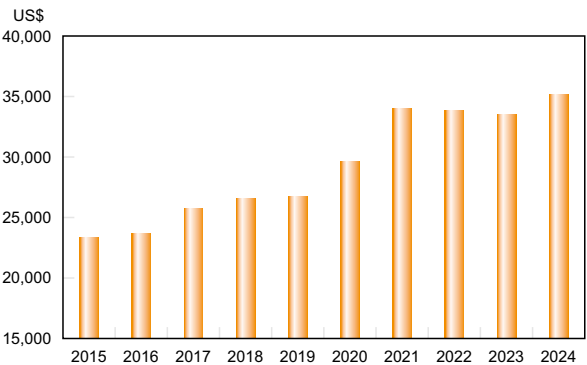
In the third quarter, real GDP growth rose to 4.21%. Exports gained further growth momentum owing to strong demand for ICT products. Against this backdrop, ICT-related supply chains increased capital expenditures, which in turn stimulated growth in private investment. Private consumption growth remained solid, supported by higher consumer confidence and wage hikes in the corporate sector. In the fourth quarter, real GDP expanded by 2.90%. Exports continued to thrive, fueled by robust growth in

Real Growth Rate of GDP



Source: Statistical Abstract of National Income, DGBAS, Executive Yuan, February 2025.

Per Capita GNI



Source: Statistical Abstract of National Income, DGBAS, Executive Yuan, February 2025.

advanced integrated circuits (ICs), servers, and related supply chain goods. Furthermore, in response to the booming demand for emerging technology applications, firms increased domestic production capacity, leading to a significant rise in private investment. Private consumption, on the other hand, saw moderate growth, driven by a continued increase in real wages.

### Expenditure Components of GDP

Of all expenditure components of GDP, exports of goods and services were the primary source of economic growth and contributed 5.37 percentage points to real GDP growth for 2024. Private consumption, on the other hand, contributed 1.37 percentage points to real GDP growth. Gross fixed capital formation and government consumption contributed 1.36 percentage points and 0.34 percentage points to real GDP growth, respectively. With respect to shares of GDP, exports of goods and services continued to account for the largest share of GDP at 63.47%, followed by private consumption at 47.07% and gross fixed capital formation at 25.44%.

### GDP by Expenditure

Unit: %

	2024			2023		
	Share	Real Growth Rate	Contribution to Real Growth Rate of GDP*	Share	Real Growth Rate	Contribution to Real Growth Rate of GDP*
Private Consumption	47.07	2.81	1.37	48.66	7.90	3.62
Government Consumption	13.29	2.46	0.34	13.70	0.42	0.06
Gross Fixed Capital Formation	25.44	5.30	1.36	25.63	-7.76	-2.18
Change in Inventory	1.02	--	1.69	-1.12	--	-0.66
Exports of Goods and Services	63.47	8.71	5.37	61.61	-4.08	-2.75
(Less: Imports of Goods and Services)	50.30	11.41	5.53	48.47	-5.49	-3.03
Expenditure on GDP	100.00	4.59	4.59	100.00	1.12	1.12

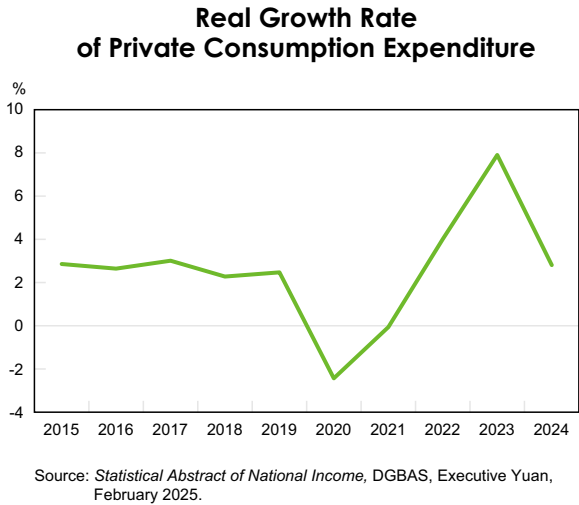
Note: \* Percentage point.

Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2025.

#### (1) Moderate Growth in Private Consumption

The domestic economy showed signs of improvement in 2024. Increases in the minimum wage and basic living expenses per person, as well as upward salary adjustments by companies, boosted disposable income. The labor market remained stable, and consumers' willingness to spend stayed strong. As a result, private consumption grew at an annual rate of 2.81% and contributed 1.37 percentage points to real GDP growth in 2024.

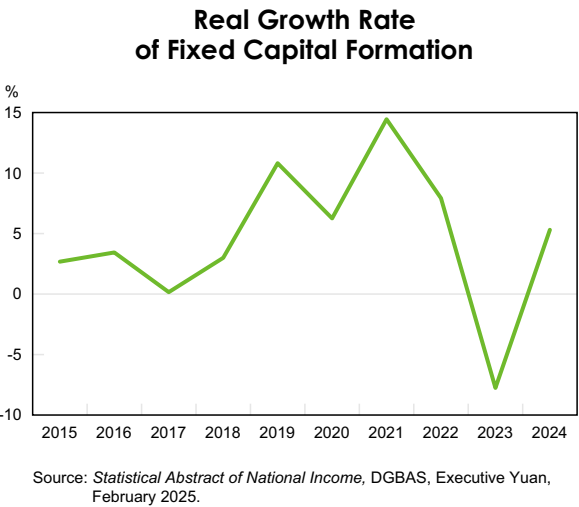
In the first quarter of 2024, rising consumer confidence spurred an increase in spending, leading to a 4.04% growth in private consumption. The second quarter saw continued economic recovery, with a buoyant stock market driving up securities transaction fees. Meanwhile, strong demand for travel and vibrant spending on dining, accommodation, and entertainment services pushed the private consumption growth rate to 2.94%. During the summer vacation period in the third quarter, both domestic consumption and outbound travel surged, contributing to a 1.84% increase in private consumption. By the fourth quarter, continued growth in real wages supported domestic spending, while sustained enthusiasm for outbound travel helped maintain a solid 2.49% growth rate in private consumption.



(2) Robust Growth in Gross Fixed Capital Formation

The expansion of advanced IC production capacity and a rise in research and development expenditures in the semiconductor industry, along with ongoing growth in green energy-related investments, resulted in a 5.30% growth rate in gross fixed capital formation, contributing 1.36 percentage points to real GDP growth in 2024.

Machinery and equipment investment fell in the first quarter owing to the weak global economic recovery, caused by persistent inflation and high interest rates. In the second quarter, both machinery and equipment investment and construction investment regained growth momentum as market demand picked up. The gross fixed capital formation growth rates for the first two quarters of the year were -3.73% and 6.90%, respectively. A favorable investment outlook for technology businesses further accelerated machinery and equipment investment growth in the second half of the year, while construction investment remained stable. As a result, gross fixed capital formation grew by 7.13% and 11.00% in the last two quarters of the year, respectively.



In terms of the type of fixed capital formation, both machinery and equipment investment and construction investment benefited from the expansion of production capacity in the semiconductor industry, increasing by 9.45% and 4.38%, respectively, in 2024. In contrast, transportation investment contracted by 4.18% owing to a higher base effect. Lastly, investment in intellectual property remained relatively stable, growing by 3.60% for the entire year.

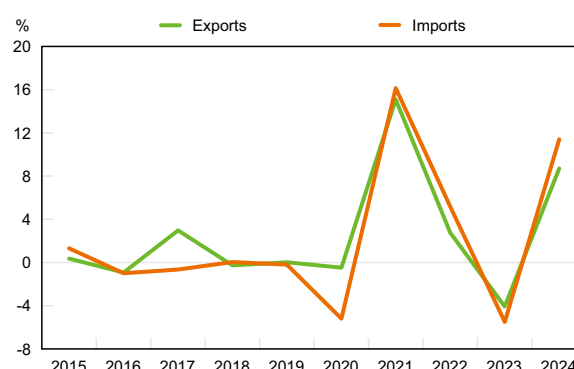
### (3) Significant Increase in Real Exports

Stronger-than-expected demand for emerging technology applications led to a significant surge in exports of goods and services, which grew by 8.71%, contributing 5.37 percentage points to real GDP growth in 2024.

The pace of recovery varied across industries throughout 2024. Exports of ICT products outperformed those of traditional manufacturing goods amid strong demand for emerging technology applications. This sustained demand helped maintain export growth throughout the year. As a result, Taiwan's exports of goods and services grew by 9.44%, 7.65%, 8.88%, and 8.90% in the first through fourth quarters, respectively.

As for imports, higher export- and investment-derived demand resulted in a notable 11.41% increase in imports for the year.

**Real Growth Rates of Exports and Imports**

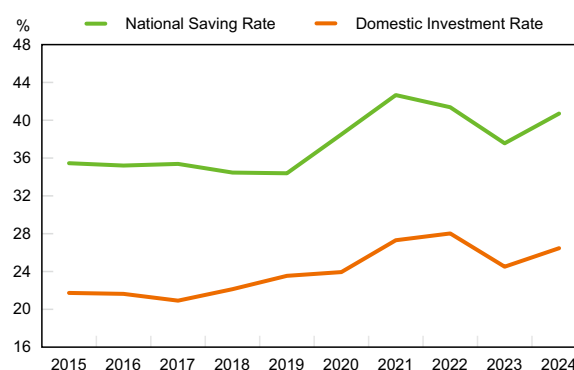


Source: Statistical Abstract of National Income, DGBAS, Executive Yuan, February 2025.

### Substantial Gains in National Saving Rate and Domestic Investment Rate

The national saving rate (the ratio of national savings to GNI measured at current prices) rose from 37.56% in 2023 to 40.71% in 2024, reflecting higher national income amid economic expansion. Meanwhile, an upward adjustment in capital expenditures by the semiconductor industry caused the domestic investment rate (the ratio of domestic investment to GDP measured at current prices) to climb from 24.51% in 2023 to 26.47% in 2024.

**National Saving Rate and Domestic Investment Rate**



Source: Statistical Abstract of National Income, DGBAS, Executive Yuan, February 2025.



### 3. Balance of Payments

In 2024, Taiwan's current account registered a surplus of US\$113,834 million, which accounted for 14.3% of nominal GDP. The financial account posted a net asset increase of US\$94,391 million. Reserve assets increased by US\$10,880 million.

#### Balance of Payments

Unit: US\$million

	(1) 2024	(2) 2023	(1)-(2)
A. Current account	113,834	105,849	7,985
Goods: credit (exports)	417,462	383,880	33,582
Goods: debit (imports)	316,763	288,263	28,500
Balance on goods	100,699	95,617	5,082
Services: credit (exports)	58,750	53,916	4,834
Services: debit (imports)	71,162	64,006	7,156
Balance on services	-12,412	-10,090	-2,322
Primary income: credit	64,633	59,860	4,773
Primary income: debit	34,306	34,565	-259
Balance on primary income	30,327	25,295	5,032
Secondary income: credit	8,972	8,674	298
Secondary income: debit	13,752	13,647	105
Balance on secondary income	-4,780	-4,973	193
B. Capital account	-2	-38	36
C. Financial account	94,391	85,369	9,022
Direct investment: assets	31,979	24,750	7,229
Equity and investment fund shares	31,545	24,980	6,565
Debt instruments	434	-230	664
Direct investment: liabilities	10,926	6,419	4,507
Equity and investment fund shares	2,875	4,785	-1,910
Debt instruments	8,051	1,634	6,417
Portfolio investment: assets	66,327	71,920	-5,593
Equity and investment fund shares	26,983	16,656	10,327
Debt securities	39,344	55,264	-15,920
Portfolio investment: liabilities	-17,357	5,233	-22,590
Equity and investment fund shares	-18,893	5,073	-23,966
Debt securities	1,536	160	1,376
Financial derivatives: assets	-27,799	-20,215	-7,584
Financial derivatives: liabilities	-28,722	-21,265	-7,457
Other investment: assets	-2,907	-7,541	4,634
Other investment: liabilities	8,362	-6,842	15,204
D. Net errors and omissions	-8,561	-6,100	-2,461
E. Reserves and related items*	10,880	14,342	-3,462

Note: \* Excluding valuation changes in exchange rates.

Source: *Balance of Payments Quarterly, Republic of China (Taiwan)*, CBC, February 2025.

## Wider Current Account Surplus

The current account consists of four major items, namely goods, services, primary income, and secondary income.

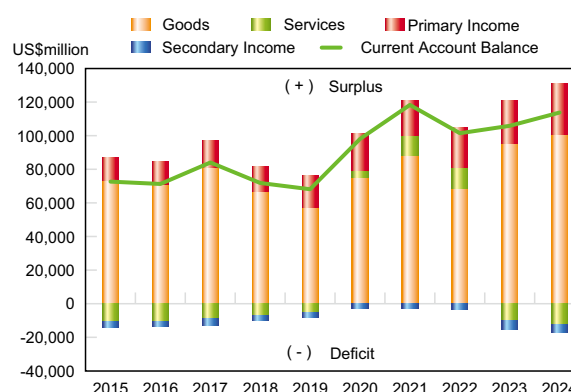
### (1) Goods

Because of emerging technologies such as high-performance computing and AI applications, Taiwan's external merchandise trade grew in 2024, with the value of exports (on a BOP basis) increasing by 8.7% from 2023 to US\$417,462 million. Among its components, net exports of goods under merchanting increased by 17.7% to US\$15,739 million. The value of imports increased by 9.9% to US\$316,763 million. Overall, as the increase in exports exceeded that in imports, the trade surplus widened from US\$95,617 million to US\$100,699 million. The top five trading partners of Taiwan in 2024 were Mainland China including Hong Kong (hereafter in this chapter referred to as Mainland China), the US, ASEAN<sup>1</sup>, Europe, and Japan.

In terms of Taiwan's trade with Mainland China, the value of exports amounted to US\$150,620 million in 2024, 1.1% lower than the previous year. Among major export products, electronic parts and components contributed the most to the decrease in Taiwan's exports to Mainland China, causing Mainland China's share of total exports to drop to 31.7%, the lowest level in 23 years but still ranking first among Taiwan's trading partners. Imports from Mainland China grew 12.4% to US\$80,623 million in 2024. The increase mainly came from base metals and articles thereof, electronic parts and components, and information and communication technology and audio-video (ICT/AV) products. The share of total imports from Mainland China remained unchanged from the previous year at 20.4%. As exports decreased and imports increased, the trade surplus with Mainland China narrowed to US\$66,997 million in 2024, still constituting the largest source of Taiwan's trade surplus.

In 2024, Taiwan's exports to the US grew 46.1% to US\$111,369 million, and its share of total exports rose to its highest level in 25 years, reaching 23.4%. The increase mainly came from growing demand for AI applications, leading to higher ICT/AV exports to the US. As for imports from the US, the amount increased by 13.7% to US\$46,488 million, with its share in total imports slightly increasing to 11.8%. The trade surplus with the US expanded to US\$64,881 million for the year, ranking second among Taiwan's surplus sources.

## Current Account



Source: Balance of Payments Quarterly, Republic of China (Taiwan), CBC, February 2025.

<sup>1</sup> Association of Southeast Asian Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Myanmar, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

Exports to the ASEAN economies increased by 15.1% to US\$87,785 million in 2024, with its share of total exports rising to 18.5%. The increase mainly came from ICT/AV products. Imports from the ASEAN economies increased by 20.1% to US\$49,271 million, accounting for a slightly greater share of 12.5% of total imports as imports of electronic parts and components and ICT/AV products increased. Overall, the trade surplus with the ASEAN economies rose to US\$38,514 million. Singapore, Vietnam, and Thailand were the third, fourth, and fifth largest sources of Taiwan's trade surplus, respectively.

Exports to Europe decreased by 8.6% to US\$38,643 million, with its share of total exports falling to 8.1%. The major export declines were in electronic parts and components and ICT/AV products. Imports from Europe decreased by 1.8% to US\$45,786 million and the share of total imports shrank to 11.6%, with machinery being the main source of this decrease. In all, the decrease in exports to Europe exceeded that in imports, expanding the trade deficit to US\$7,143 million.

Exports to Japan decreased by 17.8% to US\$25,842 million and its share in Taiwan's total exports decreased to 5.4%. Of all major products exported to Japan, electronic parts and components contributed the most to this decline. Imports from Japan increased by 4.8% to US\$46,452 million, with electronic parts and components being the main source of this increase; Japan's share of total imports declined further to 11.8%, though. With exports decreasing and imports increasing, the trade deficit with Japan expanded to US\$20.61 billion. However, Japan was surpassed by South Korea, becoming the second largest source of Taiwan's trade deficit.

### Trade in Goods by Country

Unit: %

	2024			2023		
	Amount (US\$million)	Share	Annual Change	Amount (US\$million)	Share	Annual Change
Exports						
Mainland China (including Hong Kong)	150,620	31.7	-1.1	152,239	35.2	-18.1
US	111,369	23.4	46.1	76,234	17.6	1.6
ASEAN	87,785	18.5	15.1	76,275	17.6	-5.4
Europe	38,643	8.1	-8.6	42,283	9.8	2.9
Japan	25,842	5.4	-17.8	31,435	7.3	-6.5
Rest of the World	60,810	12.8	12.7	53,954	12.5	-14.6
Total	475,069	100.0	9.9	432,420	100.0	-9.8
Imports						
Mainland China (including Hong Kong)	80,623	20.4	12.4	71,718	20.4	-16.1
ASEAN	49,271	12.5	20.1	41,031	11.7	-23.9
US	46,488	11.8	13.7	40,882	11.6	-10.5
Japan	46,452	11.8	4.8	44,344	12.6	-18.8
Europe	45,786	11.6	-1.8	46,606	13.3	-8.7
Rest of the World	125,824	31.9	17.5	107,050	30.4	-22.0
Total	394,444	100.0	12.2	351,632	100.0	-17.9

Source: *Monthly Statistics of Exports and Imports*, Ministry of Finance, R.O.C. (Taiwan).

## (2) Services

In 2024, the services deficit increased to US\$12,412 million mainly because of an increase in travel payments.

Of the various components of the services account, receipts of manufacturing services on physical inputs owned by others<sup>2</sup> increased by US\$1,319 million to US\$5,312 million in 2024. On the debit side, payments for manufacturing services rose by US\$55 million to US\$1,668 million. In total, net manufacturing receipts increased from US\$2,380 million to US\$3,644 million.

In terms of maintenance and repair services n.i.e. (not included elsewhere), which covers maintenance and repair work by residents on goods that are owned by nonresidents (and vice versa), the receipts declined by US\$317 million to US\$1,188 million owing mainly to decreased receipts from aircraft repair. On the other hand, the payments rose by US\$142 million to US\$1,612 million, owing mainly to increased payments for aircraft repair. In all, the account of maintenance and repair services n.i.e. turned from a surplus to a deficit of US\$424 million.

Transport receipts increased by US\$1,290 million to US\$12,103 million, reflecting increases in international freight proceeds. Transport payments rose by US\$697 million to US\$13,739 million as a result of an increase in passenger fares paid to foreign airlines. Overall, the transport services deficit narrowed from US\$2,229 million to US\$1,636 million.

Travel receipts increased by US\$1,004 million to US\$9,662 million. Meanwhile, travel payments increased by US\$4,544 million to US\$20,063 million. The increases in both receipts and payment were mainly due to the growth in the number of cross-border tourists. In all, the deficit on the travel account widened to a record high of US\$10,401 million.

In terms of "other services," the receipts grew by US\$1,538 million to US\$30,485 million, mainly attributable to increases in receipts from computer and information services. The payments grew by US\$1,718 million to US\$34,080 million, owing to increases in payments for construction. Overall, the deficit on the "other services" account increased to US\$3,595 million.

## (3) Primary Income

Primary income consists of compensation of employees, investment income, and other primary income. In 2024, primary income receipts increased by US\$4,773 million to US\$64,633 million, mainly because of increases in residents' income from direct investment abroad. Meanwhile, primary income payments decreased by US\$259 million from the previous year to US\$34,306 million, mainly

<sup>2</sup> Manufacturing services on physical inputs owned by others include the processing, assembly, labeling, and packing undertaken by a service provider that does not own the goods, namely a resident's payment to a nonresident for providing these services for the resident who is also the owner of the goods concerned.

attributable to decreases in direct investment income paid to nonresidents. Consequently, the surplus on the primary income account increased to US\$30,327 million.

#### (4) Secondary Income

For the year of 2024, secondary income receipts amounted to US\$8,972 million, reflecting increases in receipts in gifts and samples and in inward work remittances and family support allowances. Secondary income payments amounted to US\$13,752 million, mainly owing to increased payments in gifts and samples. As a whole, the deficit on the secondary income account narrowed to US\$4,780 million.

### Capital Account Deficit

The capital account includes capital transfers and the acquisition and disposal of non-produced, non-financial assets. In 2024, the capital account deficit decreased to US\$2 million.

### Net Asset Increase in Financial Account

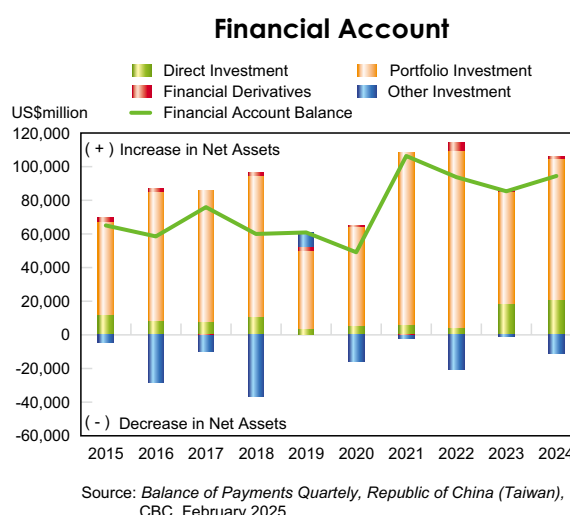
In 2024, the financial account showed an increase of US\$94,391 million in net assets. In terms of sub-categories, direct investment, portfolio investment and financial derivatives exhibited increases of US\$21,053 million, US\$83,684 million and US\$923 million in net assets, respectively. The account of other investment exhibited a decrease of US\$11,269 million in net assets.

#### (1) Direct Investment

Direct investment abroad by residents exhibited an increase of US\$31,979 million. Direct investment in Taiwan by nonresidents showed an increase of US\$10,926 million.

#### (2) Portfolio Investment

In 2024, portfolio investment abroad by residents increased by US\$66,327 million. Equity and investment fund shares grew by US\$26,983 million mainly because banks' non-discretionary money trust, onshore funds and pension funds increased holdings of foreign equity securities. Debt securities rose by US\$39,344 million mainly because onshore funds, banks and banks' non-discretionary money trusts increased holdings of foreign debt securities.



On the other hand, local portfolio investment by nonresidents decreased by US\$17,357 million. Equity and investment fund shares declined by US\$18,893 million as foreign investors decreased holdings of Taiwanese stocks, and debt securities rose by US\$1,536 million mainly because nonresidents invested in overseas corporate bonds issued by domestic enterprises.

### (3) Financial Derivatives

Assets in financial derivatives decreased by US\$27,799 million, principally because of gains on transactions of financial derivatives received by other financial corporations.

Liabilities in financial derivatives decreased by US\$28,722 million, mainly because of losses on transactions of financial derivatives paid by other financial corporations.

### (4) Other Investment

In 2024, other investment abroad by residents decreased by US\$2,907 million. Of the components, currency and deposits decreased by US\$14,813 million as banks withdrew deposits from overseas branches; loans decreased by US\$4,325 million because of declines in overseas interbank loans; trade credit grew by US\$2,834 million owing to an increase in trade credit extended by corporations; other accounts receivable increased by US\$13,389 million.

Other inward investment by nonresidents increased by US\$8,362 million. Of the components, currency and deposits rose by US\$7,430 million because of increased deposits from overseas branches and nonresidents; loans rose by US\$3,542 million as banks increased overseas interbank borrowings; trade credit declined by US\$3,800 million, owing to a decrease in trade credit received by corporations; other accounts payable increased by US\$1,190 million.

## **Increase in Foreign Exchange Reserves**

The foreign exchange reserve assets held by the Bank increased by US\$10,880 million in 2024, mainly owing to returns from foreign exchange reserves management.

## 4. Prices

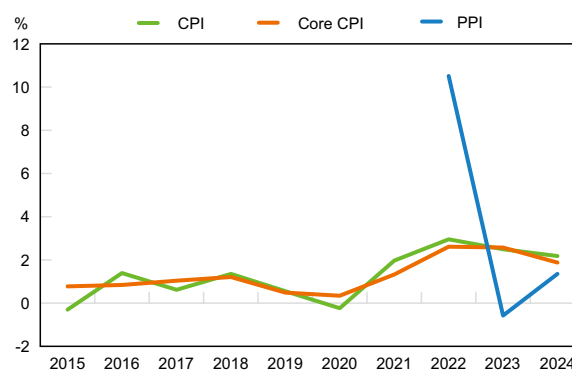
In 2024, Taiwan's producer price index (PPI) grew by 1.36% over the previous year, mainly reflecting an increase of 2.17% in export prices and a modest rise of 0.99% in prices of domestic sales excluding imports. Headline inflation, measured by the CPI, edged down to 2.18% in 2024 from 2.49% a year earlier. The CPI increase was primarily driven by rising food prices, higher residential rent, as well as price increases in personal effects, medical care services, and durable consumer goods. Excluding fruit, vegetables, and energy, the core CPI averaged 1.88%, moderating from a 2.58% increase in 2023.

### Slight Increase in Producer Prices

For the year 2024, the downtrend in international raw material prices amid mild global economic expansion and easing inflation helped alleviate import cost pressures for domestic firms. Taiwan's import price index in US dollar terms declined by 2.75% for the year. Nevertheless, as the NT dollar experienced a depreciation against the US dollar compared to 2023, the import price index in NT dollar terms shifted from a 3.60% decrease in the previous year to a modest gain of 0.27%, while overall price levels remained broadly stable.

The PPI rose by 1.36% in 2024, reversing a 0.57% decline in 2023. In terms of monthly movements, from the beginning of the year, prices of the following three categories continued to rise: (1) electronic parts and components, (2) computers, electronic and optical products, and (3) chemical material, other chemical products, and pharmaceuticals. In addition, the electricity tariff hike implemented in April further contributed to upward price pressures. As a result, the annual PPI inflation rate went up month by month and reached 3.66% in July.

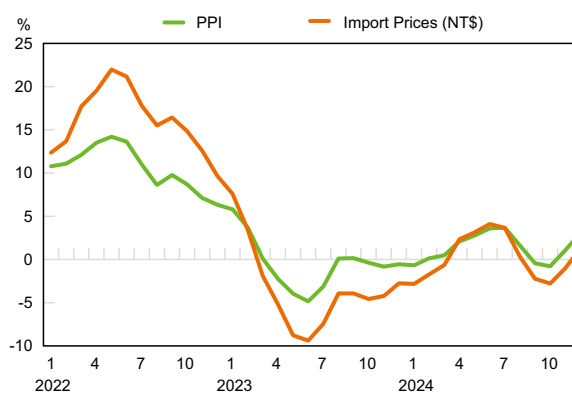
**Inflation Rates**



Note: As the PPI was first compiled in January 2021, the annual PPI growth rate was calculated from January 2022.

Source: Price Statistics Monthly (January 2025), DGBAS, Executive Yuan.

**Annual Growth of Import Prices and PPI**



Source: Price Statistics Monthly (January 2025), DGBAS, Executive Yuan.

Afterwards, as prices of food products and prepared animal feeds, petroleum and coal products, and electronic parts and components came down, the annual PPI inflation rate receded, registering a decrease of 0.80% in October. From November, the annual PPI inflation rate moved back up and stood at 3.07% in December on account of another electricity tariff hike in October and rising prices of agricultural products such as vegetables and fruit.

Among the components of the basic groups, prices of manufacturing products rose by 1.35%, contributing 1.22 percentage points to the PPI increase, mainly attributable to price rises in electrical equipment and in computers, electronic and optical products. Prices of agriculture, forestry, fishing, and animal husbandry products, prices of quarrying and mining products, and prices of water, electricity, and gas supply went up by 3.20%, 2.75%, and 0.59%, respectively.

Broken down by the two major components of the PPI, prices of domestic sales excluding imports and prices of exports increased by 0.99% and 2.17% year on year, respectively.

Although the NT dollar saw a depreciation against the US dollar in 2024 compared to the previous year, declines in prices of crude oil, grains, and other commodities helped relieve import cost pressures for domestic firms, leading to a modest 0.99% year-on-year increase in prices of domestic sales excluding imports.

In terms of prices of domestic sales excluding imports by basic group, prices of manufacturing products slightly grew by 0.83% with a contribution of 0.66 percentage points. This increase was primarily driven by higher prices in electrical equipment and in computers, electronic and optical products, as well as in chemical material, other chemical products, and pharmaceuticals. Prices of agriculture, forestry, fishing, and animal husbandry products, prices of quarrying and mining products, and prices of water, electricity, and gas supply rose by 3.48%, 2.75%, and 0.60%, respectively.

Export prices decreased by 0.89% in US dollar terms in 2024. Nevertheless, as the NT dollar depreciated against the US dollar compared with 2023, export prices in NT dollar terms turned to an annual increase of 2.17%.

Among the components of export prices in NT dollar terms, prices of raw materials went up by 1.92% with a contribution of 1.57 percentage points to the annual change in export prices. The rise primarily reflected price increases in the following categories: (1) optical, measuring, medical instruments, musical instruments, and parts thereof; (2) machinery, electrical equipment, TV Image, and parts; (3) plastics, rubber, and articles thereof. Prices of capital goods and consumer goods also increased by 2.12% and 4.60%, respectively.

### **Further Easing in Consumer Prices**

The CPI rose by 2.18% in 2024, lower than 2.49% in 2023. In the first two months of the year, the

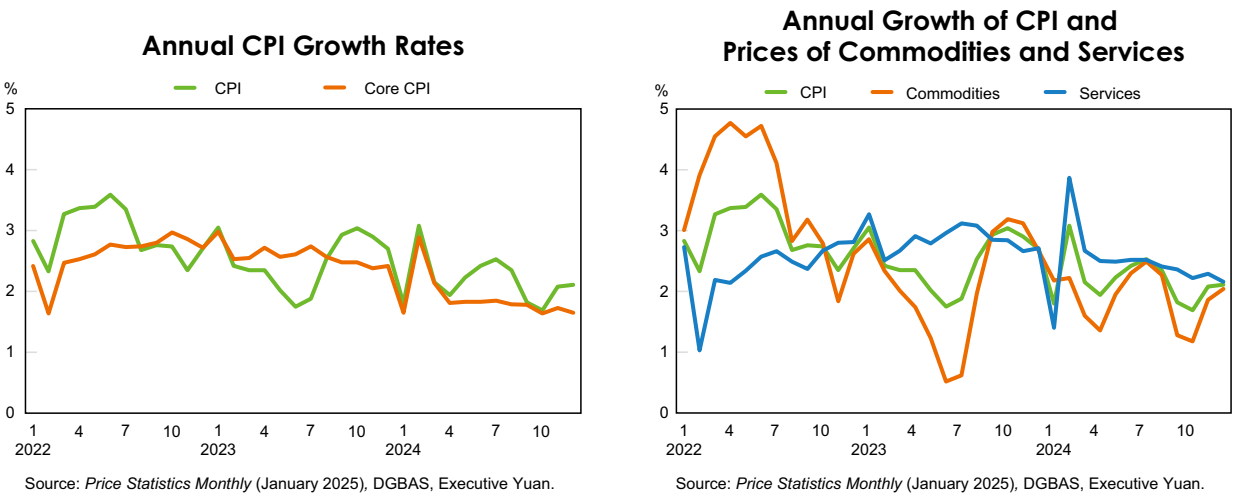


annual CPI inflation rate experienced greater fluctuations on account of the seasonal factor of the Lunar New Year holidays. From March onwards, the annual CPI inflation rate edged down because of slower increases in prices of food and entertainment services, and dropped to 1.94% in April.

Then, weather-induced surges in the prices of fruit and vegetables led to a brief upswing in the annual CPI inflation rate and reached 2.53% in July. Afterwards, the rate trended down and posted 1.69% in October, the lowest since April 2021, mainly owing to falling fuel and lubricant fees and slower growth in food and entertainment services prices. Starting in November, as prices of vegetables and fruit soared following typhoons and heavy rainfall, the CPI annual growth rate rebounded and rose to 2.11% in December.

The core CPI grew at an average pace of 1.88% year on year in 2024, down from 2.58% of the previous year. In terms of monthly movements, from the beginning of the year, as prices of entertainment services rose at a slower pace, the annual core CPI inflation rate maintained a gradual downtrend, staying below 2.00% from April onwards and recording 1.65% in December.

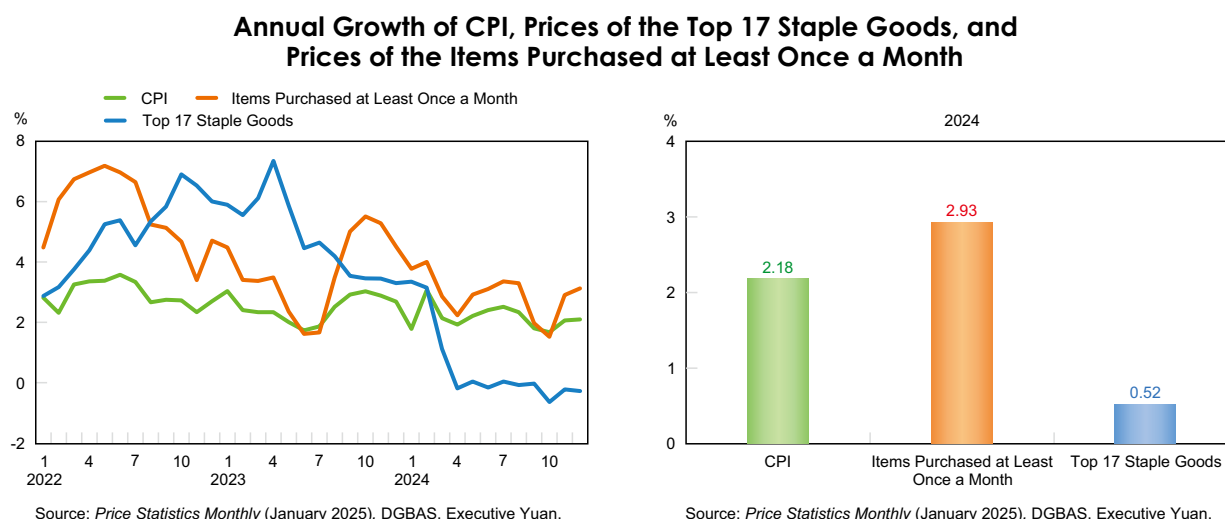
By type of items, the annual growth rate of commodity prices eased further from 2.11% in 2023 to 1.89% in 2024 as prices of international crude oil and other raw materials softened, bringing down related import prices for Taiwan. Domestic services prices came down to 2.45%, lower than 2.87% of the previous year, reflecting slower growth in prices of food away from home and entertainment services.



By frequency of purchase, the top 17 staple goods and the items purchased at least once a month both recorded slower price rises in 2024 compared to 2023.

In 2024, the annual growth rate of prices of the top 17 staple goods slipped significantly to 0.52%, down from 4.80% in 2023 and notably lower than the overall CPI inflation of 2.18%. This was mainly attributable to smaller price increases in meats, milk powder, and bread, as well as price declines in eggs, fresh milk, and household paper products such as toilet paper, facial tissue, and paper towels.

Meanwhile, the annual growth rate of prices of the items purchased at least once a month dropped back down from 3.69% in 2023 to 2.93% in 2024. Nevertheless, as the rise still exceeded the overall CPI inflation, consumers continued to feel a noticeable impact from the price uptrends.



In 2024, Taiwan's CPI grew by 2.18%. Around 79% of this increase came from rising food prices, higher residential rent, as well as price increases in personal effects, medical care services, and durable consumer goods, with a combined contribution of 1.73 percentage points in the annual CPI inflation rate.

The main factors contributing to the rise of CPI inflation in 2024 were as follows:

- (1) Prices of food went up by 3.69% and accounted for 0.99 percentage points in the annual CPI inflation rate. Among the components of the food group, with supply restrained by typhoons and torrential rain in the second half of the year, prices of fruit and vegetables moved up by 13.75% and 5.39%, contributing 0.36 and 0.07 percentage points to CPI inflation, respectively. Prices of food away from home increased by 3.14%, contributing 0.34 percentage points to CPI inflation.

Meanwhile, affected by rising feed and production costs, prices of meats and prices of cereals and cereal products rose by 2.72% and 2.35% and accounted for 0.07 and 0.04 percentage points in CPI inflation, respectively.

- (2) Reflecting the rise in housing prices, as well as higher prices of maintenance and repair of dwellings, prices of residential rent grew by 2.45%, contributing 0.37 percentage points to CPI inflation.
- (3) As elevated international gold prices brought prices of gold ornaments and jewelry higher, prices of personal effects climbed further by 6.25%, contributing 0.15 percentage points to CPI inflation.
- (4) Higher registration fees at clinics and hospitals, along with increased charges for dentures and orthodontic services, pushed prices of medical care services up by 4.70%, adding 0.11 percentage points

to CPI inflation.

- (5) In response to rising material costs, businesses raised prices of household appliances such as mattresses, sofas, and clocks and watches, resulting in a 1.04% increase in durable consumer goods prices and contributing 0.11 percentage points to CPI inflation.
- (6) Amid sustained strong domestic demand for travel and entertainment services, businesses increased prices of accommodation, group travel, and amusement park admissions, driving up entertainment services prices by 2.03% and accounting for 0.10 percentage points in CPI inflation.
- (7) Rising fees for elementary after-school care, high school tutoring, and supplementary courses such as language and computer classes led to a 2.57% increase in prices of education services, contributing 0.09 percentage points to CPI inflation.
- (8) Increased prices of vehicle parts and higher wages for vehicle maintenance workers caused prices of vehicle parts and maintenance to go up by 3.77%, accounting for 0.07 percentage points in CPI inflation.

### Percentage Changes in the Major Components of the CPI in 2024

Item	Annual Rate of Change (%)	Contribution to CPI Inflation Rate (Percentage Point)
CPI	2.18	2.18
Food	3.69	0.99
Fruit	13.75	0.36
Food Away from Home	3.14	0.34
Meats	2.72	0.07
Vegetables	5.39	0.07
Cereals & Cereal Products	2.35	0.04
Eggs	-13.59	-0.06
Residential Rent	2.45	0.37
Personal Effects	6.25	0.15
Medical Care Services	4.70	0.11
Durable Consumer Goods	1.04	0.11
Entertainment Services	2.03	0.10
Education Services	2.57	0.09
Vehicle Parts & Maintenance	3.77	0.07
Tobacco & Betel Nuts	2.39	0.05
Maintenance & Repair of Dwellings	3.08	0.04
Electricity	4.02	0.04
Services for Personal Care	3.84	0.04
Total		2.16
Others		0.02

Source: Price Statistics Monthly (January 2025), DGBAS, Executive Yuan.

## 5. Labor Market

### Increase in Employment

In 2024, the domestic economy experienced steady growth, leading to a stable labor market. The number of employed persons steadily increased from 11.59 million at the beginning of the year to 11.61 million by the end of the year. The annual average employment was 11.60 million persons, representing an increase of 67 thousand persons or 0.59% compared to the previous year.

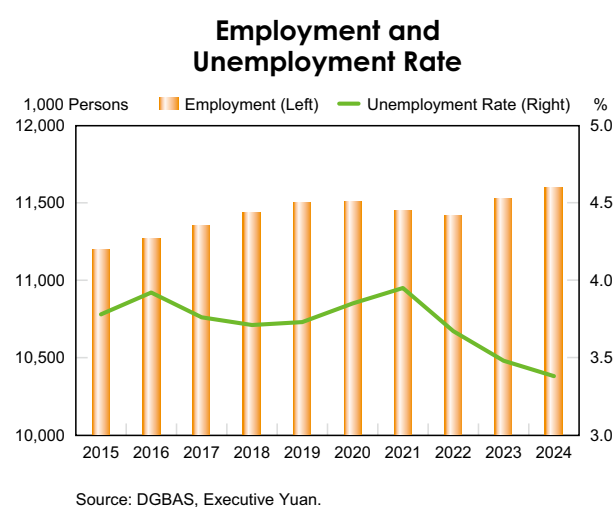
In terms of employment sector, the annual average employment in the services sector increased by 77 thousand persons or 1.09%, and that in the industrial sector increased by seven thousand persons or 0.16%, while the agricultural sector saw a decline of 15 thousand persons (3.00%). Of total employment, the services sector accounted for the highest share of employment at 60.81%, up by 0.31 percentage points from the previous year. On the other hand, the industrial and the agricultural sectors accounted for 34.94% and 4.26%, respectively, down by 0.14 and 0.16 percentage points in 2024.

By occupation, white-collar workers made up 46.84% of total employment, increasing by 84 thousand persons or 1.55%. Service and sales workers, comprising 20.08% of total employment, grew by 21 thousand persons or 0.90%. In contrast, blue-collar workers, who accounted for 33.09% of total employment, declined by 36 thousand persons or 0.94%.

### Lowest Unemployment Rate Since 2001

In 2024, the unemployment rate generally trended downwards to 3.32% in December, except for seasonal fluctuations such as the post-Lunar New Year swings in February and in the summer period from June to August due to job transitions and new graduates entering the labor market. For the year as a whole, the unemployment rate was 3.38%, marking the lowest level since 2001.

Under stable employment conditions, the average unemployment duration decreased by 0.42 weeks over the previous year to 20.77 weeks. In terms of age groups, the unemployment duration of the age group 25-44 decreased the most, dropping by 0.93 weeks to 22.16 weeks, followed by 16.13 weeks for the age group 15-24 with a decrease of



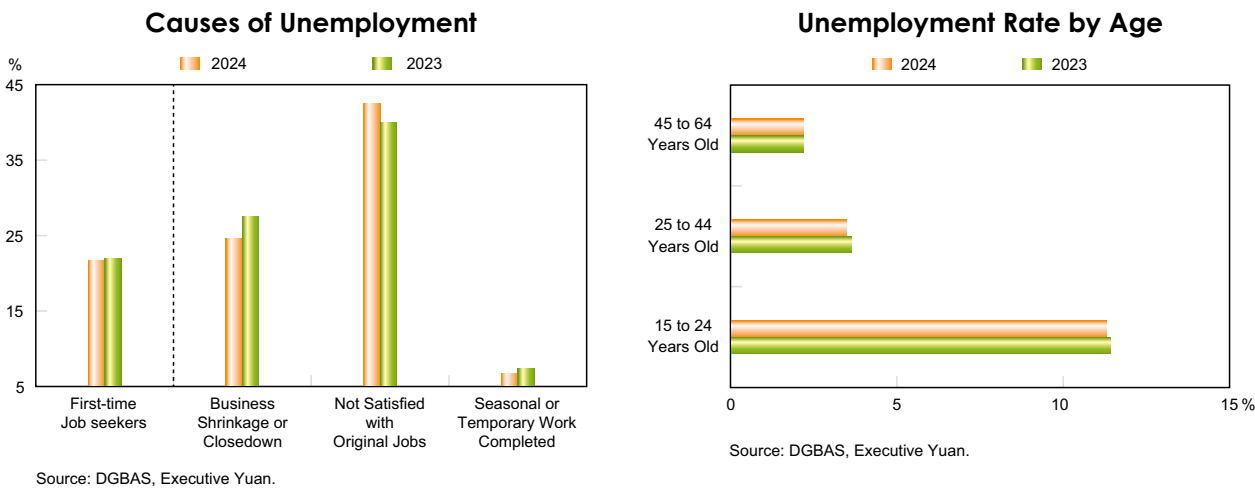
0.20 weeks. However, the unemployment duration of the age group 45-64 increased by 0.42 weeks to 22.14 weeks. Additionally, the number of the long-term unemployed<sup>3</sup> remained unchanged at 49 thousand persons.

Total unemployment amounted to 406 thousand persons in 2024, dropping by nine thousand persons or 2.24% compared to the previous year. The drop was mainly due to a decrease in experienced job seekers, who accounted for 78.42% of total unemployment and whose number fell by six thousand persons or 1.82%.

Among the unemployed experienced job seekers, those who lost jobs because of shrinkage or closedown of business saw the largest reduction of 14 thousand persons or 12.66%, reducing its share of total unemployment from 27.48% the previous year to 24.55%. Such improvement was mainly due to continued economic growth, which led to a decline in the number of involuntary unemployment. Conversely, unemployment owing to dissatisfaction with original jobs increased by seven thousand persons or 3.98%, making it the leading cause of unemployment with a share of 42.35%. Unemployment from the conclusion of seasonal or temporary work, which accounted for 6.67%, fell by three thousand persons or 10.63%.

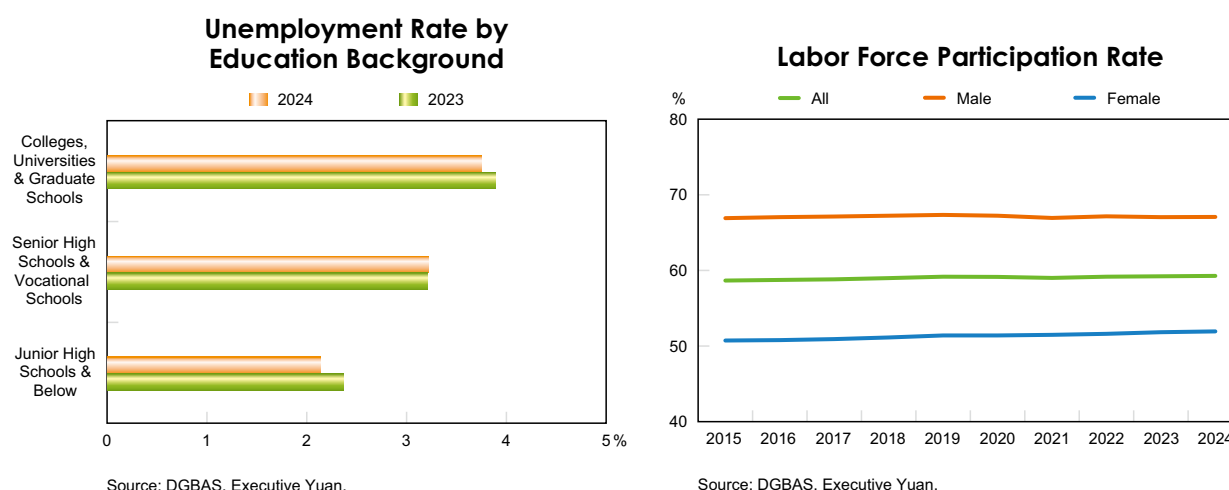
In terms of age groups, in 2024, the unemployment rates of the age groups 25-44 and 45-64 dropped by 0.14 and 0.01 percentage points from the previous year to 3.47% and 2.16%, respectively. The unemployment rate of the age group 15-24, though still the highest among all age groups, decreased by 0.12 percentage points to 11.27%.

In terms of educational background, the unemployment rates for two groups—those with a junior high school degree or below, and those with a college degree or higher—declined by



<sup>3</sup> Referring to those who have been unemployed for one year or more.

0.23 and 0.14 percentage points to 2.13% and 3.74%, respectively, while the unemployment rate for those with a senior high school or vocational school degree edged up by 0.01 percentage points from the previous year to 3.21%.



### Both Labor Force and Labor Participation Rate Increased

In 2024, the labor force (employed and unemployed combined) reached 12 million persons, an increase of 58 thousand persons or 0.49% from the previous year. Meanwhile, the non-labor force<sup>4</sup> population also increased by 17 thousand persons or 0.21%, reaching 8.24 million persons. The annual average labor force participation rate increased by 0.06 percentage points over the previous year to 59.28%, the highest since 1993.

In terms of gender, the male labor force participation rate edged up by 0.03 percentage points over the previous year to 67.08%. The female labor force participation rate, which has risen steadily since 2010, increased by 0.13 percentage points to 51.95% in 2024, reflecting the government's ongoing efforts to promote gender equality, improve workplace conditions, and support women's employment.

In terms of age groups, in 2024 the labor force participation rates increased across all age brackets compared to the previous year. The labor force participation rates of the 16-24, 25-44, and 45-64 age groups increased by 0.80, 0.76, and 0.86 percentage points to 37.19%, 91.02%, and 67.21%, respectively. Although Taiwan's labor force participation rate has gradually rebounded since 2022, several structural factors, such as extended schooling and early retirement, continue to keep it

<sup>4</sup> The top three reasons for non-participation in the labor force in 2024 were "old age or disability" (accounting for 37.30% of the total non-labor force), "housekeeping" (30.74%), and "attending school or preparing for entrance exam" (18.85%).

below the rates of countries such as the United States (62.6%), Japan (63.3%), South Korea (64.5%), and Singapore (68.2%). In response to an aging workforce, the government has been actively implementing related measures<sup>5</sup> and these efforts are expected to yield positive results in the future.

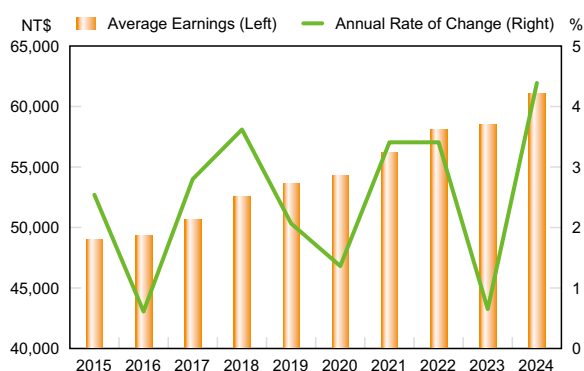
In terms of education background, the labor force participation rate of workers with a college degree or above rose by 0.17 percentage points to 67.43% in 2024, while the participation rates of workers with a junior high school degree or below and those with a senior high school or vocational degree dropped by 0.40 and 0.23 percentage points to 35.97% and 61.43%, respectively.

## Stronger Wage Growth

For the year of 2024, the average monthly earnings per worker in the nonfarm sector (industrial and services sectors) reached NT\$60,984, with an annual growth rate of 4.39%, the highest increase since 2011. Accounting for inflation, the average real monthly earnings increased by 2.16% to NT\$56,566, the largest increase since 2019.

In terms of major sectors, driven by growth in labor productivity because of export recovery, wage growth in the industrial sector recorded the highest growth rate in three years. The services sector also experienced its strongest wage growth since 1998 as employers adjusted wages in response to the ongoing post-pandemic recovery and a stable domestic economy. The average monthly earnings in the industrial and services sectors were NT\$63,628 and NT\$59,176, growing by 4.60% and 4.29%, respectively, while real wages in these two sectors increased by 2.37% and 2.06%, respectively.

**Amount and Rate of Change of Average Earnings of Nonfarm Workers**



Source: DGBAS, Executive Yuan.

In terms of industrial classification, the finance and insurance sector had the highest average monthly earnings at NT\$107,348, and the electricity and gas supply sector ranked second at NT\$96,669. In contrast, the education sector<sup>6</sup> and the accommodation and food services sector had the two lowest average monthly wages at NT\$34,121 and NT\$38,555, respectively, due to the high proportion of part-time employees in these sectors. In terms of growth rates, the finance and insurance sector registered the fastest growth at 9.27%, followed by the transportation and storage sector at 5.40%.

<sup>5</sup> The government launched the "Middle-aged and Elderly Employment Promotion Project" in 2023 and the "55Plus Employment Promotion Measures" in 2024, offering employment incentives aimed at encouraging middle-aged and elderly individuals to re-enter the workforce.

<sup>6</sup> Excluding schools at all levels within the formal education system (except preschools).

## Remarkable Increase in Labor Productivity and Declining Unit Labor Cost

With production growth outpacing the increase in working hours, labor productivity in the industrial and the manufacturing sectors increased by 10.16% and 10.94%, respectively, compared with the previous year. Within the manufacturing sector, the Computers, Electronic, and Optical Products sector registered the highest increase in labor productivity with 28.31%, followed by the Electronic Parts and Components sector at 16.13%. This reflected strong demand for ICT (information and communications technology) products fueled by the wave of artificial intelligence, which has in turn driven capital investment and automation, thereby enhancing labor productivity.

Since total earnings increased at a slower pace than production output, unit labor costs in the industrial and the manufacturing sectors declined by 6.70% and 7.34% year-on-year, respectively. Among all manufacturing sectors, unit labor costs in the Computers, Electronic, and Optical Products sector saw the steepest decline, falling by 22.58%.

