

## 4. Prices

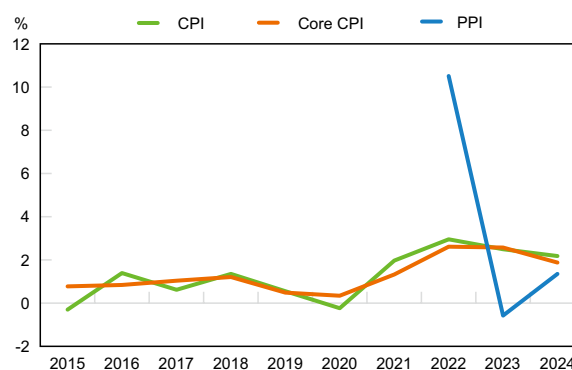
In 2024, Taiwan's producer price index (PPI) grew by 1.36% over the previous year, mainly reflecting an increase of 2.17% in export prices and a modest rise of 0.99% in prices of domestic sales excluding imports. Headline inflation, measured by the CPI, edged down to 2.18% in 2024 from 2.49% a year earlier. 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.

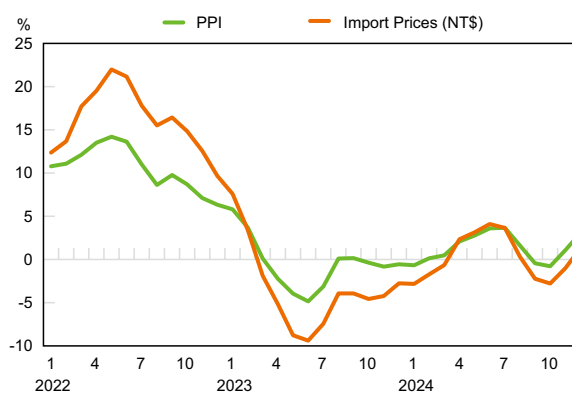
**Inflation Rates**



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**

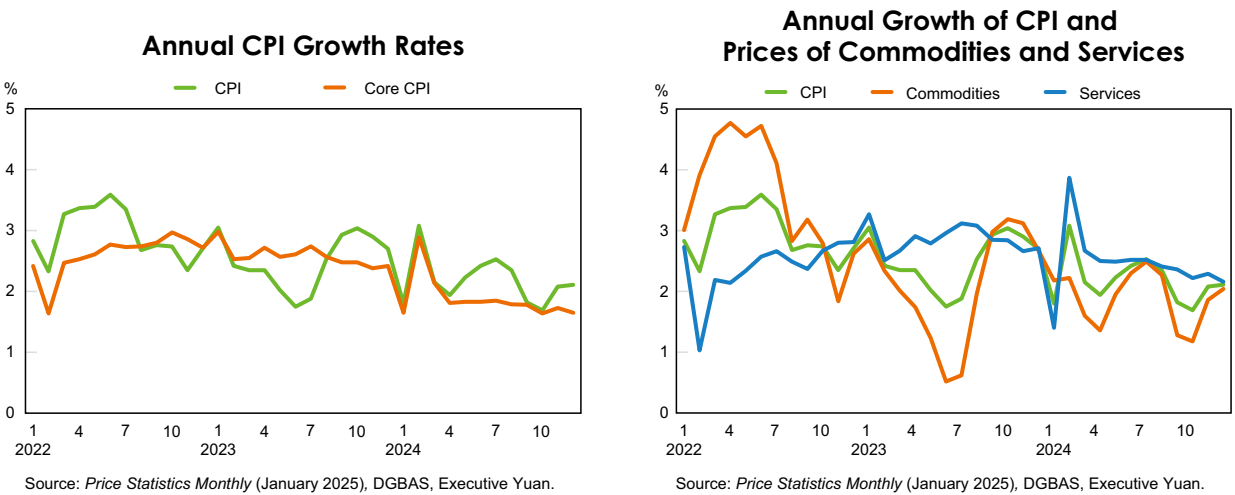
The CPI rose by 2.18% in 2024, lower than 2.49% in 2023. In the first two months of the year, the

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.

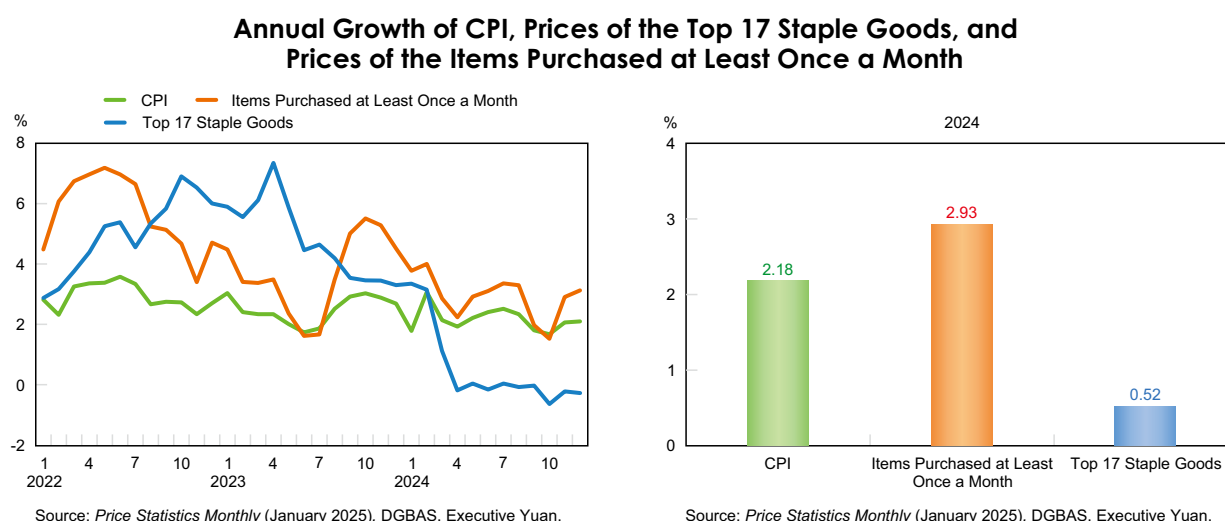
By type of items, the annual growth rate of commodity prices eased further from 2.11% in 2023 to 1.89% in 2024 as prices of international crude oil and other raw materials softened, bringing down related import prices for Taiwan. Domestic services prices came down to 2.45%, lower than 2.87% of the previous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