

Export orders in Taiwan fall for 14th consecutive month

Island registers 4.6% drop in October as rising interest rates hit demand in West, analysts say

Ralph Jennings

ralph.jennings@scmp.com

Global tech hardware hub Taiwan suffered a 14th consecutive month of decline in its export orders last month, with low odds of a quick turnaround until consumers in the West escape the impact of high interest rates, analysts say.

Orders for the island's exports fell by 4.6 per cent in October year on year to US\$52.87 billion, the Ministry of Economic Affairs said yesterday.

"End-user demand in the United States and Europe remains weak," said Darson Chiu, a research fellow with the Taiwan Institute of Economic Research in Taipei. "If they don't buy, then there are no orders."

He blamed the impact of high interest rates in the West, which often raise consumer prices due to the higher costs of borrowing.

The European Union's economy would expand by just 0.6 per cent this year before growing by 1.3 per cent in 2024, according to forecasts from the European Commission.

A 2.4 per cent gain is expected in the US economy this year, followed by 0.8 per cent in 2024, according to The Conference Board, a research organisation.

"We expect the US and European economies to grow very little in the coming quarters as higher interest rates start to bite," said Louis Kuijs, chief Asia-Pacific economist at S&P Global Ratings.

"China's economic growth should improve somewhat sequentially. But that is unlikely enough to offset the weaker growth in the West. As a result, the export recovery in economies

like Taiwan is likely to remain modest."

Hi-tech equipment, namely consumer electronics and their parts, comprises about 30 per cent of Taiwan's economy. The island supplies some 60 per cent of the world's semiconductors.

Europe cut orders from Taiwan by a massive 45.8 per cent in October year on year, and while US orders dropped by 1.4 per cent, the country remained the island's largest market with US\$17 billion in commitments.

Orders from the mainland and Hong Kong combined crept up by 1.2 per cent.

Global commitments to buy Taiwan's consumer electronics, the top category with US\$18.81 billion of value in October, fell by 0.3 per cent year on year.

Orders for information and communication products, meanwhile, slid by 5.2 per cent to US\$17.5 billion.

Global sales of smartphones declined by 8 per cent in the third quarter, according to market research firm Counterpoint, but it said handset sales growth in China averaged 11 per cent throughout most of October.

Taiwan's actual exports fell by 4.5 per cent year on year in October to US\$38.11 billion.

Demand for phones and PCs with stronger artificial intelligence applications would eventually drive exports, especially early next year, said Woods Chen, head of macroeconomics at Yuanta Securities in Taipei.

Exporters saw business fall earlier in the year as consumers wound down purchases of PCs and phones after the Covid-19 pandemic when work-from-home and home study arrangements spurred demand.

Source: South China Morning Post

Date: 21/11/2023



Taiwan's export orders keep falling with no sign of a quick turnaround because of weak demand in the US and Europe. Photo: Reuters