



## 2026 Taiwan Economic Forecast

Chang-Ching Lin	Chun-Hao Yueh	Wei-Min Hu
Yi-Cheng Kao	Shou-Yung Yin	Yu-Chin Hsu
Been-Lon Chen	Juin-Jen Chang	Tzu-Ting Yang
Hao-Yen Yang	Shu-Chun S. Yang	Kamhon Kan

(Arranged by Chinese surname stroke order)

December 22, 2025

Institute of Economics, Academia Sinica

# **2026 Taiwan Economic Forecast:**

## **Strong but uneven growth in an uncertain environment**

In the second half of 2025, progress in trade negotiations and adjustments to U.S. tariff policies reduced market uncertainty and improved the global economic outlook. Expanding demand for AI and high-performance computing supported strong external demand and investment in Taiwan, benefiting related industries. Real GDP grew by 7.18% year on year in the first three quarters and is projected at 7.41% in 2025, an upward revision of 4.48 percentage points from the July forecast of 2.93%. In 2026, global trade is expected to remain affected by the lagged effects of U.S. tariff policies. Although AI-related industry expansion should continue to support external demand and investment, high base effects from 2025 are expected to moderate growth momentum. Overall, real GDP growth in 2026 is projected at 3.71%, with domestic demand and net foreign demand contributing 2.11% and 1.60%, respectively.

During the first three quarters of 2025, private consumption was constrained by weak consumer confidence amid U.S. tariff policies and financial market volatility. Households were more cautious toward durable goods purchases, resulting in real private consumption growth of 0.93% year on year. Weak demand for automobiles and motorcycles led total retail sales to decline by 0.51% year on year over the first ten months. In the fourth quarter, holiday spending is expected to support consumption, bringing full-year real private consumption growth in 2025 to 1.35%. In 2026, continued income tax adjustments and burden-relief measures are expected to raise household disposable income. Extensions of vehicle replacement tax incentives, commodity tax exemptions on new vehicles, greater clarity in tariff negotiations, travel subsidies, and stronger cross-border travel are expected to support consumption, although uneven industrial conditions may still weigh on employment and confidence. Overall, real private consumption growth in 2026 is projected at 2.13%.

Private investment in 2025 was driven by strong AI demand, leading to continued expansion of advanced manufacturing capacity and a sharp rise in capital equipment imports. Over the first eleven months, capital equipment imports increased by 50.54% year on year in NT dollars, with semiconductor equipment imports rising by 73.14%. As a result, real private investment grew by 14.32% year on year in the first three quarters, and full-year growth is projected at 10.56%. In 2026, AI-related business opportunities and government initiatives, including new AI infrastructure projects and defense industry development, are expected to support investment momentum. However, high base effects is expected to moderate growth. Real private investment is projected to

increase by about 1.81%, while public construction investment is expected to grow steadily. Overall, real gross fixed capital formation is projected to grow by 10.17% in 2025 and 2.13% in 2026.

Emerging technology-related products performed steadily in 2025, while strong consumer electronics demand supported growth in electronic and ICT exports. By contrast, export momentum in traditional industries weakened due to reciprocal tariffs, slower global demand, and intensified overseas competition. Overall, real exports and imports of goods and services increased by 29.83% and 28.19% year on year, respectively, in the first three quarters. Nominal exports continued to grow by more than 40% year on year in October and November. Accordingly, real exports and imports of goods and services in 2025 are projected to grow by 32.09% and 29.79%, respectively. In 2026, continued investment by U.S. cloud service providers and expansion of AI-related hardware construction are expected to support external trade, although sectoral divergence, the lagged effects of U.S. tariff policies, and high base effects are expected to slow growth. Real exports and imports of goods and services in 2026 are projected to grow by 8.41% and 8.20%, respectively.

Inflation eased notably in the second half of 2025, reflecting declines in international energy prices and appreciation of the NT dollar. From January to November, CPI increased by an average of 1.69% year on year, while core CPI rose by 1.64%. However, CPI growth for 17 key livelihood-related items exceeded 2% year on year from August to November, indicating continued pressure on household living costs. Producer prices declined amid weaker commodity prices and falling manufacturing prices, with PPI decreasing by an average of 1.79% year on year over the first eleven months. For 2025, CPI and PPI growth rates are projected at 1.67% and -1.93%, respectively. In 2026, with energy prices remaining low and service price inflation moderating, CPI and PPI growth rates are projected at 1.60% and -0.39%.

The average unemployment rate over the first ten months of 2025 was 3.35%, slightly below 3.39% a year earlier, indicating stable labor market conditions. However, furlough numbers in some traditional industries remain elevated due to U.S. reciprocal tariffs, suggesting continued external pressure. The unemployment rate is projected at 3.36% in 2025 and 3.31% in 2026. Over the first eleven months, M2 grew by 4.45% year on year, lower than a year earlier, reflecting financial market volatility, frequent capital flows, and slower lending and investment. With steady domestic economic conditions and more active financial flows expected next year, M2 growth in 2026 is projected at 4.47%.

Looking ahead, developments in U.S. tariff policies and monetary policy

adjustments by major central banks will continue to influence global demand and financial markets. Slowing economic growth in mainland China and spillovers from low-priced exports amid excess capacity are expected to weigh on regional trade and Taiwan's traditional industries. Geopolitical tensions and climate-related risks add further uncertainty. While Taiwan continues to benefit from export and investment momentum driven by the semiconductor and technology sectors, high industrial concentration and increasing sectoral divergence may affect economic and labor market resilience.

**Table 1 2025 Taiwan Economic Forecast: A Revision**

Unit: Billions of NT\$

	Annual		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	Forecasts	Growth Rates (%)	Realized	Growth Rates (%)	Realized	Growth Rates (%)	Estimate	Growth Rates (%)	Forecasts	Growth Rates (%)
Real GDP	25,554.17	7.41	5,972.88	5.54	6,257.84	7.71	6,532.55	8.21	6,790.91	8.07
Private Consumption	11,496.60	1.35	2,833.14	1.43	2,813.52	0.17	2,876.37	1.19	2,973.56	2.55
Government Consumption	3,269.36	2.08	719.21	0.70	784.22	3.25	819.88	0.30	946.05	3.78
Fixed Capital Formation	6,709.11	10.17	1,660.33	18.44	1,688.02	11.51	1,608.23	9.34	1,752.52	2.88
Private Enterprises	5,522.14	10.56	1,457.33	21.07	1,415.93	12.46	1,334.52	9.58	1,314.36	0.03
Public Enterprises	436.15	12.55	73.90	4.24	98.27	4.44	97.76	10.84	166.22	23.74
Government	747.64	5.88	129.47	1.08	172.29	7.27	175.16	6.43	270.72	7.06
Balance of Trade	4,130.74	41.92	763.14	4.07	947.15	51.33	1,252.21	53.55	1,168.24	58.72
Exports of Goods & Services	19,095.21	32.09	4,043.94	20.66	4,781.14	36.26	5,040.09	31.95	5,230.04	38.49
Imports of Goods & Services	14,985.48	29.79	3,280.80	25.31	3,833.99	32.99	3,787.89	26.09	4,082.81	34.28
Price										
CPI	109.61	1.67	109.16	2.21	109.18	1.65	109.82	1.46	110.28	1.36
PPI	109.22	-1.93	113.33	3.72	108.40	-3.10	106.76	-5.02	108.40	-3.19
Monetary Aggregate										
M2	65,694.29	4.52	64,868.08	4.74	64,803.28	3.31	66,147.28	4.81	66,958.53	5.20
Exchange Rates (NT\$/US\$)	31.04									

Source: Institute of Economics, Academia Sinica, Dec. 22, 2025.

**Table 2 2026 Taiwan Economic Forecast**

Unit: Billions of NT\$

	Annual		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	Forecasts	Growth Rates (%)	Forecasts	Growth Rates (%)	Forecasts	Growth Rates (%)	Forecasts	Growth Rates (%)	Forecasts	Growth Rates (%)
Real GDP	26,503.30	3.71	6,304.68	5.56	6,533.08	4.40	6,744.78	3.25	6,920.77	1.91
Private Consumption	11,741.86	2.13	2,910.70	2.74	2,876.51	2.24	2,938.78	2.17	3,015.86	1.42
Government Consumption	3,414.14	4.43	755.10	4.99	810.26	3.32	866.84	5.73	981.93	3.79
Fixed Capital Formation	6,852.33	2.13	1,714.07	3.24	1,724.98	2.19	1,658.00	3.09	1,755.29	0.16
Private Enterprises	5,622.21	1.81	1,484.27	1.85	1,436.57	1.46	1,368.91	2.58	1,332.46	1.38
Public Enterprises	420.15	-3.67	72.78	-1.52	99.49	1.24	96.56	-1.22	151.32	-8.97
Government	811.99	8.61	144.76	11.81	184.85	7.29	191.84	9.52	290.55	7.32
Balance of Trade	4,527.28	9.60	951.95	24.74	1,077.47	13.76	1,303.22	4.07	1,194.65	2.26
Exports of Goods & Services	20,700.21	8.41	4,789.99	18.45	5,212.92	9.03	5,315.59	5.47	5,381.70	2.90
Imports of Goods & Services	16,213.90	8.20	3,854.19	17.48	4,145.65	8.13	4,005.05	5.73	4,209.01	3.09
Price										
CPI	111.36	1.60	110.64	1.35	110.91	1.59	111.73	1.74	112.18	1.72
PPI	108.79	-0.39	108.84	-3.96	108.60	0.18	108.26	1.40	109.48	0.99
Monetary Aggregate										
M2	68,631.23	4.47	68,110.77	5.00	67,955.41	4.86	68,952.48	4.24	69,506.26	3.80
Exchange Rates (NT\$/US\$)	29.64									

Source: Institute of Economics, Academia Sinica, Dec. 22, 2025.