



# Post-Meeting Press Conference



Quarterly Board Meeting, March 19, 2026

# **Key Policy Considerations**

# A . Monetary Policy: Policy Rate Hold

## Key Considerations for the Hold

### I. This year's inflation outlook remains mild

The Bank revised upward its CPI and core CPI forecasts to **1.80%** and **1.75%** for 2026, based on

— rising international energy prices amid the Middle East conflict & government's energy price stabilization mechanism

#### 1. The Middle East conflict has pushed up international oil prices

— We revised upward the 2026 international oil price forecast from US\$58.3 → US\$85 per barrel.\*

#### 2. Government supply-side energy price stabilization efforts help mitigate inflation pressures

(1) Gasoline and diesel: **Special smoothing** mechanism absorbs  $\geq 60\%$  of price increases, in parallel with Existing **dual stabilization** mechanisms (benchmarking + CPC partial absorption)

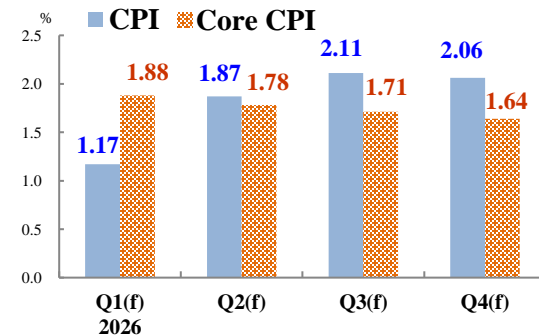
(2) **Key raw material** tax relief was **extended** to end-September, 2026;

Reduction in commodity tax on fuel products was **expanded** to 50%. \*\*

#### Taiwan's CPI and Core CPI Growth

Unit:% (YoY)

	2025	2026(f)
CPI	1.66	1.80 (1.63)
Core CPI	1.66	1.75 (1.63)



Note: f denotes forecast; brackets indicate 2025/12/18 forecast.  
Sources: DGBAS (actual); CBC (forecast).

**Notes:** \* The figure of US\$58.3 per barrel is the average forecast for Brent crude oil for this year as of the last Board meeting (2025/12/18), based on the projections by the EIA, S&P Global, and the Economist Intelligence Unit (EIU).

The figure of US\$85 per barrel is the average forecast derived from EIU scenarios (baseline and alternative) assuming different developments and durations of the Middle East conflict.

\*\* **For key raw materials:** Includes tax exemptions on imported soybeans, corn, and wheat; full tariff exemption on wheat; 50% import duty reductions on butter, baking milk powder, and frozen beef; 50% commodity tax cut on Portland Type I cement.

**For fuel products:** Commodity tax reductions on gasoline and diesel were expanded from NT\$2.0 and NT\$1.5 per liter to NT\$3.415 and NT\$1.995, respectively; commodity tax on bottled LPG reduced by 50% (NT\$6.9 per cylinder) effective April.

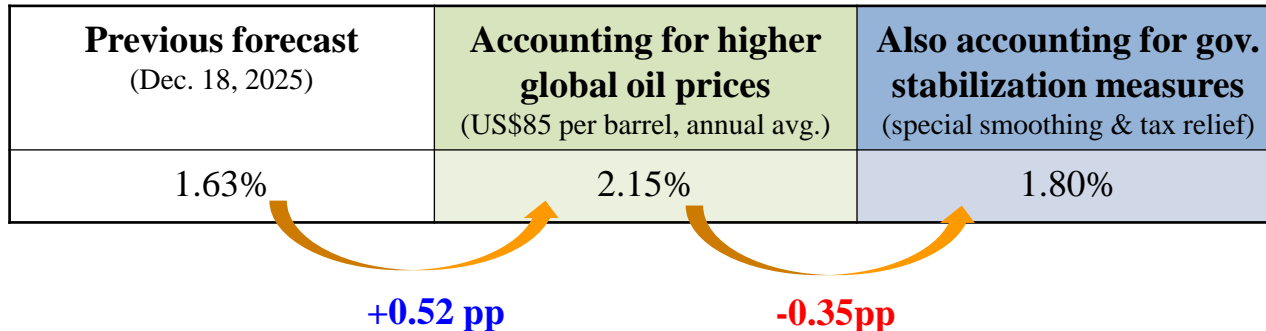
### 3. The Bank revised its CPI forecast to 1.80% (YoY), up by 0.17 pp from Dec. 2025

This was mainly because:

- (1) **Middle East conflict-driven** international oil price rises were estimated to lift the 2026 CPI inflation rate by **0.52 percentage points**.
- (2) Enhanced government energy price stabilization measures (incl. the special smoothing mechanism & expanded oil commodity tax relief) were estimated to temper the oil price pass-through to CPI inflation by about 0.35 percentage points.
- (3) **On net**, higher international oil prices were estimated to **drive up Taiwan's CPI annual growth rate by 0.17 (= 0.52 - 0.35) percentage points**.

**CPI Inflation Rate Forecast for 2026**

Previous forecast (Dec. 18, 2025)	Accounting for higher global oil prices (US\$85 per barrel, annual avg.)	Also accounting for gov. stabilization measures (special smoothing & tax relief)
1.63%	2.15%	1.80%



**+0.52 pp**      **-0.35pp**

# II. Taiwan's economy to post robust growth this year

## 1. The Bank forecasted the domestic **GDP growth rate** to be **7.28%** for 2026:

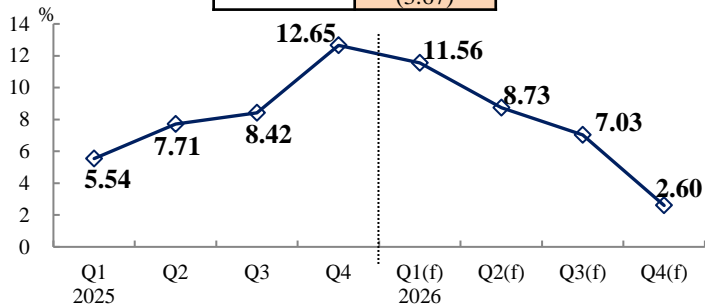
- Continued expansion of emerging tech applications (AI, etc.) likely to further **bolster Taiwan's export growth** and to **drive private investment growth**
- **Private consumption growth** expected to **pick up**
- Also accounting for the impact from **U.S. tariff policies and the Middle-East conflict**

- (1) With **higher cap-ex** by int'l CSPs driving exports and corporate capacity expansion, the Bank **upgraded** its export and private investment forecasts.
- (2) In 2026, economic growth is expected to mirror the pattern of 2025, driven primarily by **net foreign demand** and **capital formation**, with a combined **contribution of 5.55 percentage points**, accounting for 76.2% of the total growth.

### Taiwan's GDP Growth Rate

Unit: %

2025	2026(f)
8.68	7.28 (3.67)



Note: f denotes forecast; figures in brackets indicate the previous (2025/12/18) forecast.  
Sources: DGBAS (actual); CBC (forecast).

### CSP Cap-Ex Plans; Taiwan's Trade and GDP Growth

	Cap-Ex of Top 4 U.S. CSPs*		Taiwan		
	Amount (US\$bil.)	Growth (YoY)	Export Growth (YoY)	Import Growth (YoY)	GDP Growth (YoY)
2025	413.2	93.5%	31.82%	26.75%	8.68%
2026(f)	630-670	52 – 62%	12.85%**	9.83%**	7.28%**

Note: \* Google, Meta, Microsoft and Amazon; figures with\*\* are CBC forecasts.

Sources: DGBAS, CBC, respective company earnings reports and investor call materials, and media coverage.

### Net Foreign Demand and Capital Formation As Growth Drivers

	2025	2026(f)
GDP Growth Rate (A)	8.68%	7.28%
Contribution from Net Foreign Demand (1)	6.66 pp	4.09 pp
Contribution from Capital Formation (2)	1.17 pp	1.46 pp
Combined Contribution = (1) + (2)	7.83 pp	5.55 pp
Contribution Rate = [(1)+(2)]/A*100%	90.2%	76.2%

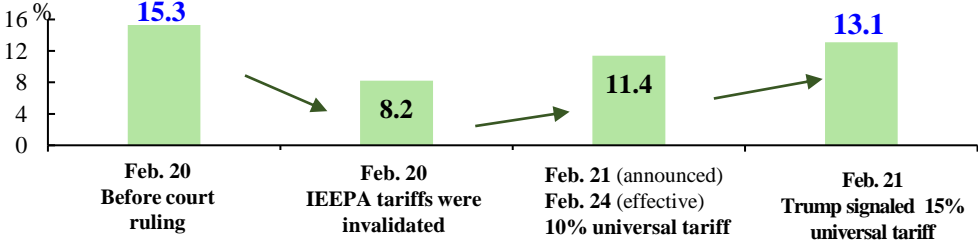
Sources: DGBAS and the CBC.

2. According to the Bank’s current assessment, **the new U.S. tariff policy** would have **limited impact** on Taiwan’s 2026 economic growth. **The Middle East conflict**, which has added downside risks to the global economy, may affect Taiwan’s economy depending on the duration, intensity, and geographic scope of the conflict.

**(1) Limited impact from the new U.S. tariff policy**

- After the U.S. Supreme Court invalidated the reciprocal tariffs on Feb. 20, 2026, President Trump swiftly invoked Section 122 of the *Trade Act* to impose temporary global tariffs and expanded alternative legal measures, including trade investigations under Sections 301 and 232.
- a. Under the revised regime, the average U.S. import tariff rate **declined**, tariffs on most of Taiwan’s traditional exports to the U.S. **fell**, and Taiwan’s tariff gap with major competitors **narrowed**, thereby enhancing competitiveness.
- b. The scope of the U.S. tariffs under Section 122 **excludes** products covered by **Section 232**; since **76%** of Taiwan’s exports to the U.S. are **ICT products and electronic parts/components that fall under Section 232**, they are **not impacted** by this U.S. Supreme Court ruling.
- c. In March 2026, the USTR launched **Section 301 investigations** into manufacturing overcapacity, unfair labor standards, and forced labor in major economies, including Taiwan. The Executive Yuan emphasized that, through continued consultations with the U.S. and under the Taiwan-U.S. ART and investment MOU frameworks, the investigations should **have limited macroeconomic impact on Taiwan**.

**U.S. Trade-Weighted Average Tariff Rate**



Source: “Section 122 in Effect: What the U.S. Tariff Regime Looks Like Now,” *Global Trade Alert*, February 21 2026

(2) **Limited impact** from the Middle East conflict **in the short term**; however, a **protracted conflict** could severely impact the global economy and inflation, with potential spillovers to Taiwan’s growth and inflation.

a. **The Middle East conflict** may push up oil prices, adding to **domestic inflationary pressures** and **dampening consumer spending**, while weaker global economic and trade activity could **weigh on Taiwan’s exports and private investment**.

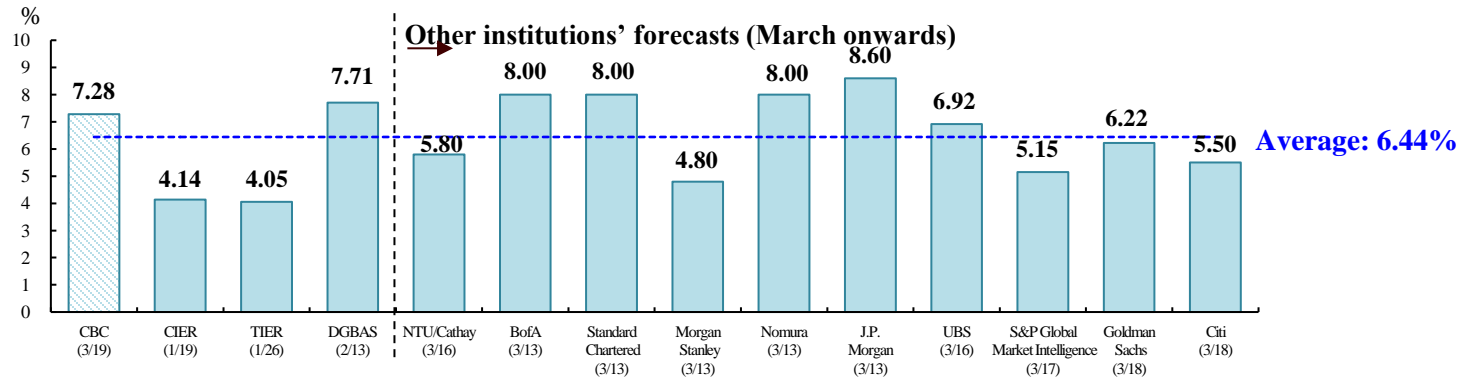
However, **continued expansion of AI and other emerging tech applications** are expected to provide a boost.

The Bank therefore forecasted the domestic economy to **grow at a robust pace of 7.28%** in 2026.

b. Going forward, the Bank will adjust its forecasts for domestic economic growth and inflation on a quarter-by-quarter basis to reflect developments in the Middle East conflict and their impact on the global economy and inflation.

(3) Major foreign and domestic institutions broadly **maintained the view** that Taiwan would sustain **robust economic growth** in 2026, with **forecasts ranging from 4.05% to 8.60%** and **averaging 6.44%**.

**Taiwan 2026 GDP growth forecasts by major institutions**



In policy rate decision-making, the Bank will closely monitor

1. **Geopolitical** risks
2. Impact from **U.S. economic and trade policies**
3. Pace of monetary policy adjustments by **major central banks**
4. **AI ecosystem** development, extreme weather, etc.

By **closely monitoring these uncertainties and their implications** for Taiwan's economic activity, financial conditions, and price trends, the Bank will **adjust** its monetary policy in a **timely** manner, so as to fulfill the statutory duties of **maintaining financial and price stability and fostering economic development** within the scope of the aforementioned objectives.

## B. Selective Credit Control: Slight Adjustment

Moderately **raising LTV cap** (50%→**60%**) on natural persons' **second housing loans**; maintaining no grace period

### Key Considerations for the Adjustment

- I. The results have gradually emerged since **the 7<sup>th</sup> round of selective credit control measures** in September 2024, together with **banks'** effective management of their **self-imposed real estate lending limits**.
  1. As **real estate lending growth** across all banks **slowed down**, the real estate loan **concentration ratio declined**.
    - (1) The annual growth rate of banks' real estate lending **fell** from a 9.4% peak (end-Sep. 2024) **to 3.7%** (end-Feb. 2026).
    - (2) Real estate lending as a share of total lending **declined** from 37.6% (end-Jun. 2024 peak) **to 36.0%** (end-Feb. 2026).
  2. Bank credit prioritized for non-homeowners and urban renewal & unsafe/old building redevelopment
    - (1)Non-homeowner housing loans as a share of total housing loans of domestic banks **rose** from 50.3% (end-Jan. 2020) **to 64.2%** (end-Feb. 2026).
    - (2)Urban renewal & unsafe/old building redevelopment loans as a share of construction loans **rose** from 5.9% (end-Jan. 2020) **to 24.6%** (end-Feb 2026).

### **3. As housing speculation declined, transaction volumes shrank markedly; expectation of further price rises weakened; indices of existing home prices eased from previous peaks; new projects also saw slower price growth**

(1) Nationwide building ownership transfers decreased by **25.5%** YoY in 2025.

In the **six major municipalities**, transfers **fell** further by **3.7%** YoY in Jan.-Feb. in 2026.

(2) From 2025 Q1 to 2026 Q1, the share of respondents expecting house price declines remained higher than that of those expecting price increases.

(3) **For existing home price trends:**

- **NCCU-Yungching** housing price index: Down from its 2024 Q3 peak;
- **National** housing price index compiled by the **Ministry of the Interior (MOI)**: Down from its 2024 Q4 peak;
- **Sinyi** housing price index: Also down from its 2024 Q4 peak.

**For the price trends of new housing projects:**

- **Cathay** housing price index: Still rising in 2025 Q4; but the annual growth rate eased to 1.1%, marking four consecutive quarters of deceleration.

**II. The recent influx of newly-built housing units** may continue to exert **pressures on inventory sales**.

**Appropriate adjustments to credit controls would help** absorb the stock of unsold new homes.

- Driven by a wave of completed housing projects, the stock of unsold new homes continued to accumulate, reaching 112,000 units in 2025 Q2, a record high since official data (MOI) began, up 8,956 units or 8.68% YoY.

**III. Main reasons for adjusting the LTV cap on second housing loans for natural persons:**

- A decline in both the number and amount of approved second housing loan cases;
- Borrower petitions for owner-occupied use by applicants or their families.

**1. Second housing loans** extended by domestic banks **have declined markedly:**

In 2025 Q4, the number and amount of second housing loans fell by 37.3% and 40.0% (YoY), respectively, and continued to decline by 10.7% and 10.8% in Jan.-Feb. 2026.

**2. The adjustment aims to reflect borrower petitions** that their second housing loans are intended **for owner-occupied use** by applicants themselves or their families, which is **in line with the Bank's credit allocation principle** of prioritizing owner-occupied housing demand.

## IV. Despite cooling housing transactions, slower housing credit growth, and lower real estate loan concentration, it is **not yet appropriate to significantly relax credit control**, mainly because:

1. Though housing price trends have turned, **corrections** have been **limited and mortgage burdens** remain **elevated**. **Marked relaxation** of credit control **could reignite bullish housing expectation** and undermine the effectiveness of the Bank’s seven rounds of credit controls.

— Since 2020, Taiwan has seen **larger cumulative increases** in national housing prices **than major economies**.

**Housing price-to-income ratios** nationwide and in Taipei City **exceed** those in **major economies and metropolitan areas**, implying heavier mortgage burdens.

2. **Wealth effects** from Taiwan equities’ past-year surge and **higher inflation expectations** due to oil price increases driven by the Middle East conflict may **channel funds into the housing market**.

**Changes in nominal and real housing price indices (2020Q1–2025Q4)**

Economies	Nominal (%)	Real (%)
U.S.	50.0	19.1
New Zealand	25.6	-0.6
U.K.	26.6	-1.4
Australia	47.0	18.9
Japan	29.1	15.8
Taiwan (Sinyi index)	51.0	34.9
Taiwan (MOI index)	39.7	25.3
Hong Kong	-23.8	-29.7
Singapore	40.0	19.5
Korea	16.9	-0.1

Notes: 1. Housing price changes over 2020Q1–2025Q4 are based on 2025Q4 vs. 2019Q4.

2. Latest data: Taiwan’s Sinyi index (2025Q4); others (2025Q3).

Source: BIS selected residential property price indices (2010=100).

**Housing price-to-income ratio**

	P/I ratio (times)	Latest data point
Taiwan	9.7	2025Q3
Australia	9.7	2024Q3
New Zealand	7.7	2024Q3
Korea	7.0	2025Q1
U.K.	5.6	2024Q3
U.S.	4.8	2024Q3
Taipei City	15.0	2025Q3
Hong Kong	14.4	2024Q3
Sydney	13.8	2024Q3
London	9.1	2024Q3
Seoul	8.3	2025Q1
New York	7.4	2024Q3

Note: Housing price-to-income ratio = median house price / median household disposable income.

Source: Taiwan and Korea: MOI housing affordability statistics; others: Demographia International Housing Affordability (2025 edition, latest data 2024Q3).

- Going forward, banks are still **required to submit monthly data** on real estate lending **to the Bank**.
- The Bank will also **strengthen targeted financial examinations** to ensure banks' compliance with relevant regulations and the **effectiveness of their internal controls** over aggregate real estate lending.
- At the same time, the Bank will –  
**closely monitor the potential impact** of real estate-related policies **on the housing market**,  
conduct **rolling reviews** of the effectiveness of the selective credit control measures,  
and adjust such measures as necessary to promote financial stability and sound banking operations.