Minutes of the Monetary Policy Meeting

June 21, 2018

Central Bank of the R.O.C. (Taiwan)

Minutes[1] of the Joint Meeting of the Board of Directors and the Board of Supervisors on June 21, 2018

Date and Time: June 21, 2018, at 3 p.m.

Location: Room A606, Main Building, Central Bank of the R.O.C. (Taiwan)

Members Present:

Chairman, Board of Directors: Chin-long Yang

Executive Directors:

Yu-jer Sheu, Jong-chin Shen, Tzung-ta Yen, Nan-kuang Chen, Ming-yih Liang, Sheng-cheng Hu

Directors:

Tsung-hsien Lin (excused, appointing Tzung-ta Yen as proxy), Chen-chia Lee, Chung-dar Lei, Jin-lung Lin, Mei-lie Chu, Chao-hsi Huang, Bih-jane Liu, Shiu-sheng Chen

Chairman, Board of Supervisors: Tzer-ming Chu

Supervisors:

Chi-yuan Liang, Tsung-jung Liu, Ching-fan Chung, Ping-yung Chiu (excused)

Staff Present:

E-dawn Chen, Director General, Department of Banking

James T.H. Shih, Director General, Department of Issuing

Hui-huang Yen, Director General, Department of Foreign Exchange

Yue-min Chen, Director General, Department of the Treasury

Tsuey-ling Hsiao, Director General, Department of Financial Inspection

Tzong-yau Lin, Director General, Department of Economic Research

Chien-ching Liang, Director General, Secretariat

Kuei-chou Huang, Director General, Department of Accounting

Jhih-cheng Hong, Director, Personnel Office

Kun-shan Wu, Director, Legal Affairs Office

Yu-ming Chang, Secretary, Board of Supervisors

Chih-cheng Hu, Secretary, Board of Directors

Presiding: Chin-long Yang

[1] This English translation is provided for information purposes only; the Chinese version shall prevail in case of discrepancies.

Agenda Item: Economic and Financial Conditions and Monetary Policy Decision

I. Review of Economic and Financial Conditions

The Department of Economic Research presented the following review:

1. International Economic and Financial Conditions

Since the March 2018 Board meeting, growth in both advanced and emerging market economies showed steady expansion. Global growth this year will likely advance at a similar pace as the previous year, according to international forecasting institutions. While the US economy is projected to gather steam, the euro area, Japan, China, and other Asian economies will likely register slower growth than the previous year. With global trade liberalization facing possible hurdles, world trade volume might post narrower expansion. Global inflation is expected to trend up slightly this year amid continued economic growth and price increases in international oil and other raw materials.

In terms of monetary policy in major economies, the US Federal Reserve just announced a fresh rate hike but said that the stance of monetary policy remained accommodative. The ECB decided to end its asset purchases by the end of this year but its current low interest rate policy would carry forward till at least next summer. Meanwhile, the BoJ and the PBoC both kept their policy rates unchanged. These developments indicated that major economies maintained an easy monetary policy stance.

In the international financial markets, expectations of faster Fed rate hikes and escalating US-China trade disputes have encouraged capital flows into US dollar assets in recent months. Consequently, emerging market economies such as Argentina, Turkey, and Brazil have seen stock market crashes, capital outflows, and heavy currency devaluation. Volatility in global financial markets has heightened.

While on track for steady expansion this year, global economic growth still faces four major risks: (1) further actions towards monetary policy normalization in major economies, which could in turn impact those emerging market economies with higher debt levels, adding to global financial vulnerabilities; (2) escalation in trade frictions among major economies, with adverse implications for international economic and trade activity and destabilizing forces over the global economy and financial markets; (3) mounting global debt levels that could crimp government capabilities to finance stimulus programs; (4) geopolitical risks that could impair investor confidence and climate change that might cause economic loss and more displacement and migration. These risks could compound the uncertainties surrounding the global economic and financial outlook.

2. Domestic Economic and Financial Conditions

(1) Economic situation

Developments in the year to date pointed to mild expansion of the domestic economy, with robust exports, rising consumption, and continued stable outlook ("green light") in recent months as reflected by the government's monitoring indicators. However, leading indicators were trending down, a sign for possible weakening in growth momentum in the second half of 2018. In particular, export growth might be dampened by a higher base effect, whereas domestic demand will remain the driving force for economic growth. **The Bank revised up its forecast for the 2018 domestic economic growth rate to 2.68%**, citing better-than-expected first quarter growth and the upward revision to the Bank's forecasts for this year's export and private investment growth.

For the first five months of the year, exports firmed up by 11.2% on the back of global economic expansion and international raw material price rises. By product, electronics parts and components and base metal were the main contributors to export growth. By market, exports to major destination economies registered positive growth. Looking to the second half of the year, a higher base effect will weigh on export performance despite steady global economic growth and increased demand for emerging technology applications. For the year as a whole, Taiwan's exports are expected to register mild growth.

Consumer confidence dipped in recent months and the willingness to spend could be dented after the public sector pension reforms take effect in July. However, improving labor market conditions, including increased employment, lower unemployment rates, and mild wage growth, coupled with record high cash dividends from exchange- or OTC-listed companies, will likely buttress private consumption in the second half of the year; steady growth is projected for the year as whole.

Private investment growth is likely to rebound in the second half of 2018. This is based on the expectation of increased semi-conductor capital outlay, higher investment in construction works owing to stronger demand for residential housing, and a lower base of the previous year. Growth in private investment in 2018 is projected to exceed the previous year.

(2) Financial conditions

Taiwan's nominal market interest rates remained stable. Against a backdrop of foreign capital outflows as a result of net foreign selling in the stock market and the flow of tax revenue into the national treasury, the Bank has continued to manage market liquidity through open market operations since April. As a result, the interbank overnight call loan rate merely edged up and banks' excess reserves were on average kept at a level similar to that of the previous year. Taiwan's real interest rate, though still in negative territory, is relatively moderate compared to a host of major economies.

In terms of monetary growth, the M2 annual growth rate averaged 3.62% for the first five months of the year, within the Bank's target range. In regard to bank credit, bank lending to the private sector grew steadily amid continued economic expansion at home. Bank loans and investments posted an average annual growth rate of 4.93% in the January-May period, which indicated ample supply of credit. In recent months, markets rates held steady, domestic stock market swung high, and the NT dollar real effective exchange rate went lower. Overall financial conditions were still easy.

Looking ahead, rapid cross-border capital flows induced by continued US monetary policy normalization and trade conflicts among major economies will play a key role in dictating Taiwan's monetary growth trend. Meanwhile, bank loans and investments will likely increase steadily as funding needs stay bolstered by sustained economic growth.

(3) Price Trends

Since April, international oil prices trended up to hit the highest level in more than three years but then slipped back to swing within a narrow range as Saudi Arabia and Russia mulled over increasing oil production and the US oil supply rose further. International institutions revised up their oil price projections, which would exceed those of last year. International grain futures prices in recent months fell lower after ticking up, largely tracking the changes in expected crop yields.

In terms of domestic prices, vegetable and cigarette prices hiked, and import prices were pushed up by higher-than-expected global oil price rises. However, year-on-year NT dollar appreciation vis-à-vis the USD helped ease imported inflationary pressures. For the first five months of the year, Taiwan's consumer price index (CPI) posted an average annual growth rate of 1.66%, while the core CPI (excluding vegetables, fruit, and energy) grew 1.40%. Inflation remained mild.

Inflation outlook for the second half of the year indicates slower CPI annual growth, reflecting cuts in mobile communication charges and the waning of the deferred effect from last year's cigarette tax hike. As a key indicator of future inflation, the still negative output gap this year, albeit narrower on the back of steady domestic demand growth, suggests inflationary pressures will be moderate. The median of domestic institutions' CPI forecasts is 1.40% and that of international institutions' forecasts is 1.50%. Taking into account of international oil price increases, **the Bank revises up its forecast of CPI inflation to 1.40%**, with a lower forecast of about 1.00% if the cigarette tax hike effect is excluded. **The core CPI forecast is revised down to 1.16%** owing to reductions in telecommunication rates. The inflation outlook remains mild.

As for the primary factors behind this year's price trends, sources of upside pressures include (1) elevated international oil prices owing to geopolitical risks in the Middle East, (2) a lingering deferred effect from the cigarette tax hike through to the end of this year, albeit gradually waning in the latter half of the year, (3) higher inflation expectations, stoked by rises in oil, electricity, and fuel prices as well as price hikes for some daily necessities, and (4) faster wage growth since the beginning of this year. Sources of downside pressures include a continued downtrend of telecommunication rates and a still negative output gap.

3. Considerations for Monetary Policy

(1) Domestic inflation remains steady; inflation outlook for 2018 is mild

The annual CPI growth rate averaged 1.66% for the first five months of the year and is forecast by the Bank to ease to 1.21% for the latter half of the year as the deferred effect from the cigarette tax hike gradually fades away. Overall, the inflation outlook is mild, with the 2018 annual growth rate projected to be 1.40% for CPI and 1.16% for core CPI.

(2) Slight moderation in domestic growth in the next half year owing to lingering uncertainties over global economic outlook; a narrower but still negative output gap for 2018, with gentle growth momentum.

Despite the ongoing steady global economic expansion, future risks, including heightening financial vulnerabilities, continued debt buildup, escalating trade friction, and geopolitical conflicts, could intensify uncertainties over the world's economic and financial outlook, with possible impact on domestic economic growth momentum. In view of these factors, as well as a higher base effect, the Bank projected the economy to expand slower at 2.30% for the second half of 2018, with a mild 2.68% pace for the year as a whole.

(3) Major economies including the US, the euro area, Japan, and China have maintained an accommodative monetary policy stance.

(4) Taiwan's nominal and real interest rates stands at appropriate, moderate levels compared to those of major economies.

II. Proposition and Decision about Monetary Policy

1. **Policy Proposition: To keep the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral unchanged at 1.375%, 1.75%, and 3.625%, respectively.**

2. All board members approved of keeping policy rates unchanged. The discussions are summarized as follows.

In respect of international economic conditions, several board directors expressed concern about the effect that global trade friction might exert on Taiwan's economic prospects. One board director pointed out that the developments in the looming trade battle that the US engaged with China and Europe posed uncertainty to domestic economic growth. Another board director added that, before the US-China tariff measures take effect on July 6, the stock markets had already felt the shocks. Furthermore, though the partnership the US and Europe have forged over the years has been a stabilizing force for the global economic and trade systems, allowing world trade to expand faster than the global economy, that partnership has taken a turn, with the two sides laying blame and retaliation on each other since the beginning of the year. This will have implications for the global economic and trade stability and development, as well as for the domestic economy.

With regard to domestic economic conditions, several board directors shared views on the current situation and future prospects. One board director noted that Taiwan's economic recovery was still moderate. Another board director pointed out that, though having performed well in the first half of the year, economic growth in the second half year will trend down from quarter to quarter. This board director called for a close watch on the impact of public sector pension reforms on domestic demand, as some industries including food services and hotels already felt the impact since the enactment of the reforms.

In terms of domestic price trends, one board director stated that inflation was still considered to be mild at present, despite a rising annual CPI growth rate for the first five months of the year. Inflation expectations for the entire year will also be subdued as the annual CPI growth rate is expected to decline in the fourth quarter.

During the discussion about the interest rate decision, several board directors noted that macroeconomic conditions have stayed largely the same since the Board last convened. They recognized that actual and expected inflation rates were mild, the output gap remained negative, and uncertainties over economic prospects lingered both at home and abroad; meanwhile, domestic economic growth showed moderate strength and Taiwan's real interest rate was at an appropriate level. In this consideration, the board directors were in favor of a rate hold.

This view was shared by several other board directors, who also expressed their opinions on the future calibration of monetary policy. One board director showed approval for a rate hold, mainly based on the projection of slower domestic growth, stable inflation, and persisting international uncertainties in the second half of 2018. This member further pointed out the divergent signals from financial indicators: (1) Taiwan's annual M2 growth rate has basically been higher than the sum of the real GDP growth rate and the annual CPI growth rate, meaning it has typically exceeded the nominal GDP growth rate, which was not the case for the Jan.-May period this year; (2) compared to the time when the Board last convened, the

Financial Conditions Index (compiled by the Bank) in June indicated less comfortably loose conditions. Taking observations (1) and (2) together, it showed a less accommodative liquidity level. (3) The Fed's rate hikes have led to a widening spread between US and Taiwan's 10-year government bond yields since September 2017; the ensuing capital outflows and an increase in foreign currency deposits suggested an adjustment in funding behavior among the general public. (4) With Taiwan's real interest rate deeper into the negative territory, coupled with the aforementioned change in funding behavior, future interest rate considerations will be even more complicated and require further deliberations.

Another board director also favored a rate hold, citing mild, manageable inflation and a still unsettled economic outlook at home, as well as the impact from trade friction overseas. Based on previous monetary policy-making of the Bank's Board, a rate change has often been followed by multiple adjustments in a row, a pattern that future rate hike discussions should take into account. Yet, current considerations seemed to support a wait-and-see approach for the time being. A rate hike might be in order if inflation becomes unanchored or other unfavorable situations, such as an excessively wide yield spread, come to light.

A number of board directors said they agreed that maintaining the current policy rate levels would be appropriate but pointed out that future rate decisions should also be weighed against the influence of exchange rate movements on future domestic prices. One board director based the consent on the lack of urgency in a rate change as inflationary pressures would likely be muted in the second half of the year; however, future price trends will face amplified influences from exchange rate movements as the effect of NTD appreciation to contain imported inflation is expected to recede. Moreover, foreign research shows that after the global financial crisis oil price changes have a significant influence on inflation expectations, i.e., inflation expectations have become more susceptible to oil price changes. In the case of Taiwan, import prices of raw materials and commodities could affect inflation and inflation expectations more easily in the future. This indeed calls for attention and such factors should be taken into account in future rate change deliberations.

Another board director contended that, despite oil price rises and recent NTD devaluation, the NT dollar maintained a year-on-year appreciation trend since the beginning of 2018, conducive to easing imported inflationary pressures. To date, imported inflation has not presented a cause for concern in Taiwan. This board director showed support for a rate hold, mainly on account of a still negative output gap and mild and stable inflation. Future policy rate adjustments will depend importantly on changes in the output gap and prices. For example, if effective demand increases, domestic output and economy post strong growth, or larger wage hikes occur, which in turn boost production costs and lead prices to turn upwards, then a rate rise can be put under consideration.

Another board director also approved of keeping rates unchanged and suggested that responses should be considered for the case when the domestic inflation rate exceeds 2%. Accordingly, a forward guidance approach, similar to the US Fed's, may be adopted to signal how policy rates would be adjusted in response to future inflation rate changes. In terms of ways to adjust policy rates, some forward guidance approaches might be more transparent and better than others.

Furthermore, several board directors stated the importance to recognize the possibility of a rate change once the developments warrant such a move. One board director pointed out that, unlike the March Board Meeting, the Fed's fresh 0.25% rate hike brought up a new factor to be considered in this Meeting; however, this board director still expressed support for a rate hold, mainly because other major central banks including the ECB, the BoJ, and the PBoC all kept their policy rates unchanged. If the large aircraft carriers have chosen to stay steady, a smaller boat like Taiwan's economy would be better off to wait and see. Nevertheless, it should be worth noting that, while this year's inflation is expected to register under 1.5%, the average CPI annual growth rate for the first five months of the year already climbed over 1.5%, which was rarely seen for the same period as shown in figures of the past decade and more. In this view, it would be crucial to closely monitor inflation trends, particularly an uptrend which would then warrant contemplating a rate change. Meanwhile, as the Fed might announce more rate hikes in the future, given Taiwan's susceptibility to foreign capital flows, monetary policymakers need to be prepared and watchful in the second half of the year for appropriate adjustments as needed.

One other board director also gave approval for keeping rates steady and pointed out that, besides being prepared for possible future policy rate changes, the Board could also attempt some ways to communicate this to the public and prepare them for such possibilities. This would align market expectations better with the implementation of monetary policy should such scenarios materialize. Another board director added that the world is about to enter a rate hike cycle as the Fed has begun rate rises and the ECB and the BoJ are expected to hike rates gradually; in this light, domestic borrowers are advised to pay attention to interest rate-associated risks in case of a rate increase by the Bank.

Based on the assessment of domestic and international economic and financial conditions and prospects, the board directors all expressed approval for keeping policy rates unchanged.

3. Monetary Policy Decision: The board directors reached a unanimous vote to keep the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral unchanged at 1.375%, 1.75%, and 3.625%, respectively.

Voting for the proposition:

Chin-long Yang, Yu-jer Sheu, Jong-chin Shen, Tzung-ta Yen, Nan-kuang Chen, Ming-yih Liang, Sheng-cheng Hu, Tsung-hsien Lin (voting by proxy), Chen-chia Lee, Chung-dar Lei, Jin-lung Lin, Mei-lie Chu, Chao-hsi Huang, Bih-jane Liu, Shiu-sheng Chen

Voting against the proposition: None.

III. The Press Release

The board directors and supervisors approved unanimously to issue the following press release in the post-meeting press conference, together with the Supplementary Materials for the Post-Monetary Policy Meeting Press Conference prepared by the Bank.

Date: Juen 21, 2018

Central Bank of the Republic of China (Taiwan)

PRESS RELEASE

Monetary Policy Decision of the Board Meeting

I. Global economic and financial conditions

Since the Board met in late March this year, the global economy has experienced a robust expansion. Among major economies, growth in the US economy has accelerated, whereas the euro area, Japan and China have shown signs of slight moderation. An uptrend in commodity prices including oil prices has led global inflation to rise. Meanwhile, markets expected a faster pace of the US Fed's rate hikes, and trade conflicts between the US and China raised concern. These developments have induced capital outflows and declines in stock prices and currency values in some emerging market economies, heightening the volatility in global financial markets.

The Fed announced another rate increase last week, yet its policy stance remains accommodative. The ECB decided to phase out its asset purchase program by the end of the year and maintain policy rates at present levels at least until the summer of 2019. Moreover, central banks in Japan and China both kept their policy rates unchanged. This indicates that major economies still held an accommodative monetary policy stance.

Looking ahead, the continuation of the path toward monetary policy normalization by major central banks may have a further impact on debt-laden emerging market economies and could raise global financial fragilities. This, combined with escalating trade frictions among major economies, will all increase the uncertainties over the global economic and financial outlook.

II. Domestic economic and financial conditions

1. For the year to date, exports have posted solid growth and private consumption has picked up. The domestic economy advanced at a steady pace. As for the second half of the year, it is expected that export growth momentum may soften because of a higher base effect, whereas domestic demand will continue to serve as the primary driver of economic growth.

With regard to private consumption, the upcoming enforcement of the public sector pension reform may slightly affect consumers' willingness to spend. Nevertheless, bolstered by a gradual improvement in labor market conditions, such as increased employment, declining unemployment rate, and mild wage growth, private consumption is likely to grow steadily. In addition, private investment growth may rebound on account of an anticipated rise in capital expenditure by domestic manufacturers and a lower base effect. As a result, the CBC forecasts Taiwan's economy to advance by 2.30% for the second half of the year.

For the year as a whole, the CBC has revised up the economic growth projection to 2.68%, reflecting a better-than-expected performance in the domestic economy in the first quarter and the CBC's upward revisions in export and private investment growth.

2. The increase in international oil prices was larger than expected, pushing up domestic import prices. Furthermore, rising vegetable prices and the hike in cigarette prices also contributed to a greater increase in CPI inflation in recent months. For the first five months of the year, the average CPI annual growth rate was 1.66%, while core inflation (excluding vegetables, fruit, and energy items) averaged 1.40%, suggesting that current inflationary pressures remain mild.

   In terms of the inflation outlook in the second half of 2018, the annual growth rate of CPI is expected to moderate to 1.21% as telecommunication rates were pared down and the deferred effect from last year's cigarette tax hike fades away. The CBC, taking into account of international oil price increases, has revised up its forecast of CPI inflation to 1.40% and revised its core CPI forecast downwards to 1.16% in view of reductions in telecommunication rates (see Table 1 in Appendix for major institution projections).

3. The CBC has managed market liquidity through open market operations in response to domestic economic conditions. Banks' reserves have remained at an appropriate level. In recent months, an uptick in short-term market rates was accompanied by small declines in the 10-year government bond yield, and the NT dollar weakened against the US dollar, pointing to continued easy financial conditions.

   For the first five months of the year, bank credit registered steady growth, expanding by 4.93% year on year, while the monetary aggregate M2 posted an average annual growth rate of 3.62%, within this year's target range.

III. Interest rate decision

In sum, the inflation outlook for the year of 2018 is mild, along with gentle rises in domestic prices. As uncertainties over the global economy linger on the horizon, domestic economic growth is expected to slow slightly in the latter half of the year. For the year as a whole, the output gap is likely to close further but remain negative, with moderate momentum for economic expansion. It is also noted that the world's major economies have continued with an accommodative monetary policy stance. Meanwhile, Taiwan's nominal and real interest rates register around the middle range among a host of economies (see Figure 1 and Table 2 in Appendix). Based on the above assessments, the Board judged that a policy rate hold and a continued accommodative monetary policy stance will help ensure price stability and foster steady economic and financial development.

The Board reached the following decision unanimously at the Meeting today:

> The discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral are kept unchanged at 1.375%, 1.75%, and 3.625%, respectively.

The CBC will continue monitoring the latest domestic economic and financial conditions and stay vigilant on the developments in monetary policy in other economies and global trade protectionism and their implications for Taiwan's economic prospects and financial market stability. We will timely undertake appropriate monetary policy actions as warranted in order to fulfill the central bank's statutory mandate.

IV. Against a backdrop of amplified volatility in global financial markets recently, the NT dollar exchange rate vis-à-vis the US dollar has experienced greater fluctuations, albeit to a less extent compared to other major currencies.

In principle, the NT dollar exchange rate is determined by market forces. If irregular factors (such as massive inflows or outflows of short-term capital) lead to excess volatility and disorderly movements in the NT dollar exchange rate with adverse implications for economic and financial stability, the CBC will, in line with its mandate, step in to maintain an orderly market so as to ensure economic and financial stability.

Appendix

Table 1 Taiwan's Inflation and Inflation Outlook

Unit: %

Forecast institutions		Inflation	Inflation outlook
		Jan.-May 2018	2018 (f)
Domestic institutions	Yuanta-Polaris (2018/3/28)	**1.66 (CPI)** **1.40 (Core CPI**)**	1.30
	TIER (2018/4/25)		1.34
	CBC (2018/6/8)		**1.40* (CPI) 1.16 (Core CPI**)**
	DGBAS (2018/5/25)		1.49
	CIER (2018/4/18)		1.63
Foreign institutions	ADB (2018/4/11)		1.10
	Credit Suisse (2018/6/14)		1.20
	Citi (2018/5/15)		1.20
	Goldman Sachs (2018/6/19)		1.30
	IMF (2018/5/9)		1.30
	BoA Merrill Lynch (2018/6/19)		1.50
	Barclays Capital (2018/6/18)		1.50
	Nomura (2018/6/15)		1.50
	EIU (2018/6/1)		1.50
	Morgan Stanley (2018/4/16)		1.50
	IHS Markit (2018/6/15)		1.53
	UBS (2018/6/18)		1.55
	HSBC (2018/6/18)		1.60
	Deutsche Bank (2018/6/7)		1.60
	Standard Chartered (2018/6/19)		1.80

Median: **1.40%** (domestic institutions)

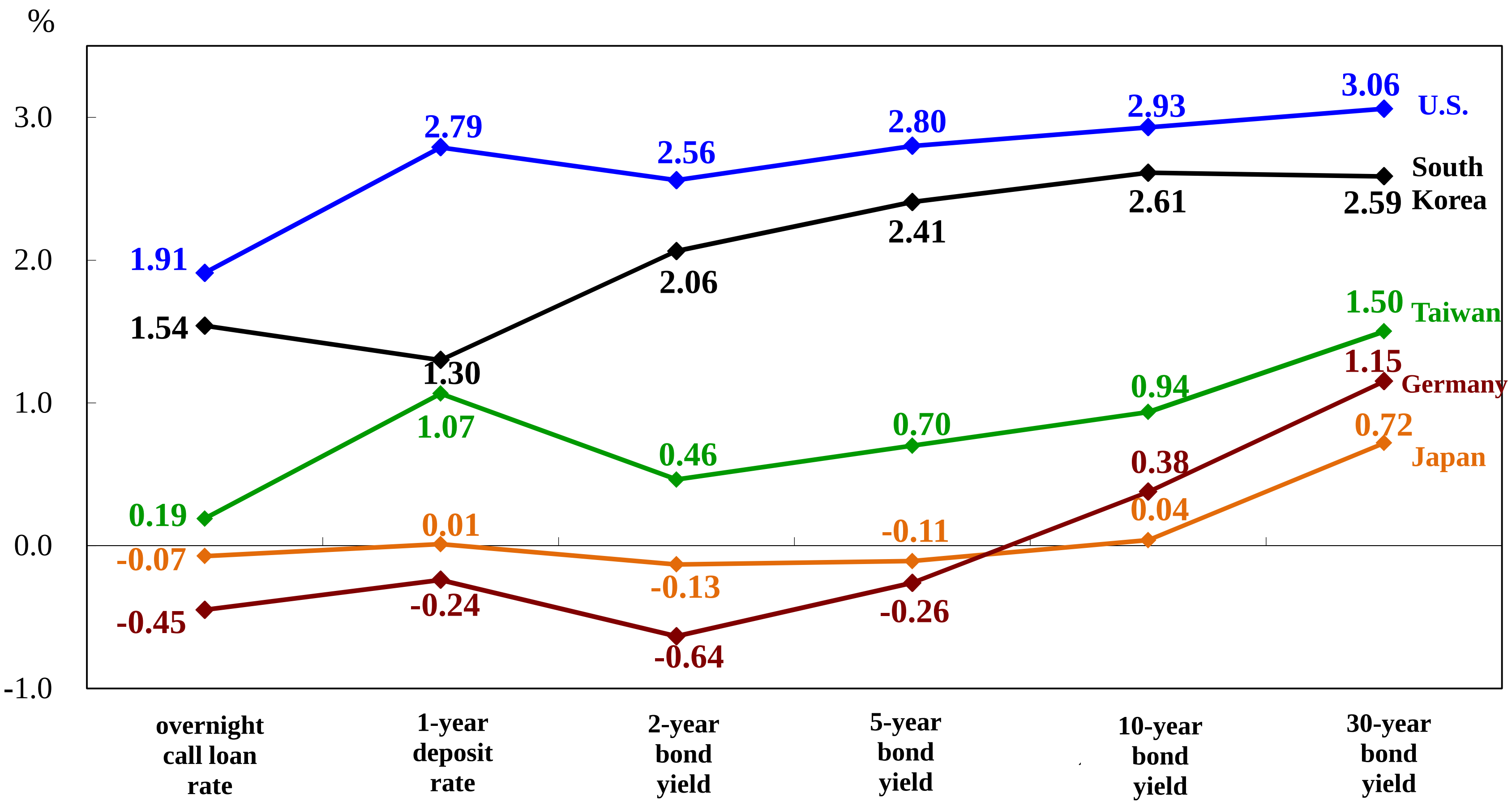
Median: **1.50%** (foreign institutions)

* The CBC's forecast for 2018 CPI inflation is 1.40%, with a lower projection of 1.00% if excluding the cigarette tax hike effect.

**Excluding vegetables, fruit, and energy.

Figure 1

Nominal Interest Rates of Selected Economies (2018/6/21)



Sources: Bloomberg; CBC; Taipei Exchange; Bank of Japan; US Federal Reserve; US Treasury Department.

Table 2

Real Interest Rates and Economic Growth of Selected Economies

Unit: %

Economies	(1) 1-year **time deposit rate*** (As of 2018/6/21)	(2) CPI annual growth rate** (2018 forecast)	(3)=(1)-(2) **Real interest rate**	Real GDP growth rate** (2018 forecast)
Malaysia	2.950	1.29	1.660	5.1
Indonesia	4.750	3.60	1.150	5.1
US	**2.790**	**2.52**	**0.270**	**3.0**
Thailand	1.500	1.32	0.180	4.1
South Korea	1.300	1.49	-0.190	3.0
Taiwan	**1.065**	**1.40**	**-0.335**	**2.68**
China	1.500	2.06	-0.560	6.7
Singapore	0.250	1.03	-0.780	3.0
Switzerland	0.160	1.03	-0.870	2.2
Japan	**0.011**	**0.96**	**-0.949**	**1.1**
UK	1.030	2.78	-1.750	1.1
Euro Area	**-0.240**	**1.76**	**-2.000**	**2.1**
Hong Kong	0.050	2.33	-2.280	3.5
The Philippines	0.500	4.27	-3.770	6.6

* 1-year time-deposit floating rate of the five major domestic banks.

** IHS Markit projections, as of Jun. 15, 2018. Forecasts for Taiwan's CPI annual growth rate and the real GDP growth rate are CBC's projections.