**Minutes of the Monetary Policy Meeting**

June 18, 2020

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

**Minutes[[1]](#footnote-1) of the Joint Meeting of the Board of Directors and**

**the Board of Supervisors on June 18, 2020**

**Date and Time**: 2:00 p.m., June 18, 2020

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

**Members Present:**

**Chairman, Board of Directors**: Chin-long Yang

**Executive Directors**:

Jain-Rong Su, Jong-chin Shen, Tzung-ta Yen, Nan-kuang Chen, Chung-dar Lei

**Directors**:

Chi-chung Chen, Jin-lung Lin, Chao-hsi Huang, Shiu-sheng Chen, Chao-yi Chen, Fu-sheng Hung, Yi-ting Li, Shi-kuan Chen, Chien-yi Chang

**Chairman, Board of Supervisors**: Tzer-ming Chu

**Supervisors**: Ching-fan Chung, Sheng-yao Lin, Tien-wang Tsaur, Kuei-hui Cheng

**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

Shu-hui Chang, Director, Personnel Office

Kun-shan Wu, Director, Legal Affairs Office

Chih-cheng Hu, Secretary, Board of Directors

Shu-huei Kuo, Secretary, Board of Supervisors

**Presiding:** Chin-long Yang

**AGENDA: ECONOMIC AND FINANCIAL CONDITIONS AND MONETARY POLICY DECISION**

* + 1. **Staff Review of economic and financial conditions**

The Department of Economic Research presented the following review:

1. **International Economic and Financial Conditions**

The effects of the coronavirus (COVID-19) outbreak since early this year had led many international forecasting institutions to project a substantial decline in global economic growth this year, with advanced economies to experience the sharpest downturn. World trade volume would likely contract markedly this year according to international forecasters as the pandemic and the measures undertaken to contain its spread also caused a weakening in global demand and supply chain disruptions.

With global economic and trade activity severely impacted, most of major economies are likely to record negative GDP growth at levels considerably lower than the previous year’s. They had rolled out large fiscal stimulus programs and further eased monetary policy stances in order to mitigate the pandemic’s economic and financial damage.

As a result of these stimulus measures and a gradual reopening of the economy as the pandemic somewhat eased, major foreign stock indices rebounded from the end-of-March trough and the VIX “fear index” also moved down. Meanwhile, as US dollar hedging demand softened, currencies of major economies broadly appreciated against the US dollar. Long-term government bond yields generally ticked up from previous lows after May before edging back down more recently on concerns over a renewed increase in coronavirus infections.

Crude oil prices rebounded after hitting a low in late April, boosted by economic reopening across the world and plans of more massive output cuts by the OPEC+ economies, but the average price projections for this year would still be far lower than last year. Meanwhile, grain prices fluctuated at a low level. Global inflation faced downside pressures, mainly owing to weakened consumer demand amidst the pandemic and commodity price declines. International forecasters expected that major economies would all experience lower inflation this year than last year.

In light of current economic and political conditions in the world, the global economy is confronted by rising downside risks, including (1) high uncertainty over the pandemic’s economic impact; (2) the pandemic aggravating protectionism and accelerating de-globalization, putting US-China relations under greater strains; (3) a jump in corporate and government debt and a challenging environment for banks to maintain profitability, adding to financial fragilities; (4) threats arising from geopolitical conflicts, such as domestic unrest in the US, China-India border issues, regional tensions and climate change. All these would affect the global economic and trade outlook and financial market stability.

1. **Domestic Economic and Financial Conditions**

(1) Economic situation

In the year to date, the coronavirus outbreak had led to soft internal and external demand, dampening domestic growth momentum. The Bank now projected Taiwan’s annual GDP growth rate to register 1.52% this year, down by 0.40 percentage points from the projection it made in March. Nevertheless, as the outbreak appeared to be waning, the indices for “future outlooks” (in the following six months) under Taiwan’s Manufacturing PMI (Purchasing Managers’ Index) and NMI (Non-Manufacturing Index) both climbed back up, indicating that businesses now anticipated more stable prospects for the economy.

Regarding external demand and exports, the pandemic’s effects on global consumption, investment, and production had caused a broad-based year-on-year decline in exports by major Asian economies. As for Taiwan’s exports, despite posting consecutive monthly contractions, during the first five months this year exports grew by 1.5% over the same period of last year, with export prices dropping 4.2% and export quantity increasing 6.0%. For the second half of the year, it was expected that, with the coronavirus still impinging on the global economic and trade activity and border controls only partially lifted, Taiwan’s export growth would continue to contract, but with less steep declines. The Bank expected that Taiwan would record negative real export growth for this year.

Regarding private investment, continued increases in capital equipment imports and the government’s “Three Major Programs for Investing in Taiwan” would provide support to this part of the economy with steady growth expected in the second half of the year. For the year as a whole, the Bank forecasted mild real growth in private investment, taking into account the pandemic’s implications for firms’ production and investment plans as well as a higher base effect.

Private consumption contracted in the first half of the year because of the pandemic, but was expected to resume positive growth in the second half year with the pandemic under sound control and government stimulus programs under way. The Bank projected that, given the slump in the first half year, real private consumption growth for the year as a whole would remain in negative territory, albeit to a lesser degree.

Meanwhile, labor market conditions tightened amid the coronavirus outbreak. The unemployment rate rose, the number of employed persons decreased, and the number of furloughed employees increased.

As the coronavirus caused uncertainties to elevate for the domestic economy, the government responded proactively by adopting expansionary fiscal policies and launching relief and stimulus measures. The Bank also eased its monetary policy stance with a rate cut and a special re-accommodation facility to help small and medium-sized enterprises obtain low-cost funding so as to buttress pandemic-hit economic activity. Given the results of such policy responses and the receding coronavirus threat, the Bank expected that, in the second half of the year, domestic demand would grow moderately, contraction in exports would narrow, and Taiwan’s economic growth would gather pace quarter by quarter. GDP growth projections made by major forecasting institutions for Taiwan this year ranged between -1.40% and 1.70%, lower than the 2.71% expansion registered last year. In addition, Taiwan was among the few economies projected to be able to register positive growth this year, outperforming many other economies whose respective official forecasts pointed to economic contraction.

(2) Financial conditions

Domestic short-term interest rates moved downwards following the Bank’s 25-basis-point rate cut in March. Recent data showed market liquidity was ample and the average level of bank excess reserves stayed around NT$60 billion.

In terms of money supply, the monetary aggregate M2 increased by 4.39% on average for the first four months of the year, a pace in line with the Bank’s M2 reference range, mainly on account of a smaller net resident capital outflow and faster growth in bank loans and investment. Meanwhile, bank credit had gained momentum since the beginning of the year from booming business opportunities in 5G and remote work technologies, the government’s investment promotion schemes, and banks’ efforts to ensure credit flows alongside the government’s relief measures. Therefore, loans extended by the banking sector increased at a more rapid rate of over 6% at the end of May. These developments indicated ample credit market liquidity to sufficiently support real economic activity.

Turning to the domestic housing market, prices climbed gradually and transactions increased further during the first quarter of the year. In April and May, however, as the coronavirus escalated into a global pandemic, housing transactions in the six special municipalities shrank markedly, decreasing by 3.2% year on year during the Jan.-May period.

Real estate loans grew faster year on year in April and May and made up a share of 35.5% in total bank loans as of the end of April. Lending standards remained relaxed, the average interest rate on newly-extended mortgage loans dropped in April and the loan-to-value ratio rose. However, asset quality for mortgage loans remained stable.

With pandemic risks subsiding, homebuilders stepped up new project launches and promotion campaigns, attracting more prospective homebuyers. Since banks were beginning to take a more favorable, albeit still cautious, view about the housing market outlook the rebound in property trading could cause bank lending to concentrate increasingly more on real estate loans.

(3) Price trends

The pandemic-induced plunge in international crude oil prices drove down domestic energy (e.g., fuel and gas) prices, and the hospitality industry also used discount offers to appeal to customers. As a result, the consumer price index (CPI) registered negative year-on-year growth for four months in a row with the May figure dropping to -1.19%. For the first five months of the year, the average CPI annual growth rate was -0.11% mainly owing to low energy prices; the decline was partially offset by rising prices for fruit, rent, and food away-from-home. Alongside weak CPI annual growth, indicators for inflation expectations all continued trending down.

Despite consecutive negative CPI annual growth rates in recent months, among the basket of goods and services used in calculating consumer price changes far more items showed price rises than price falls, indicating that there was barely a broad-based price downtrend, hence no sign of deflation here at home.

As for the inflation outlook, the Bank forecasted that the CPI annual growth rates would keep trending up in the remaining two quarters of the year, considering that ebbing pandemic threats boosted market expectations for a gradual rebound in international oil prices and that domestic consumer spending would likely resume positive growth. Regarding inflationary pressures in general, domestic demand was significantly weakened and the negative output gap widened, leading to a subdued inflation outlook. Forecasts for the CPI and core CPI annual growth rates this year were 0.01% and 0.36% according to the Bank; the projections made by major domestic forecasters averaged above zero, whereas those by major foreign forecasters showed a negative average.

In respect of future price trends, the following factors could exert upside pressures: (1) a near-term rebound in international crude oil prices, as the global economy gradually reopens and major oil producing countries honor their output reduction promises; (2) domestic food price rises driven by vegetables and fruit owing to impaired harvests by torrential rain and price strains typical of the coming typhoon season; (3) a possible uptrend in domestic prices for hospitality services and food and beverages, driven by improved pandemic conditions. Sources of downside pressures include (1) domestic communication fees staying low; (2) border control and air travel restrictions remaining largely in place, continuing to depress outbound travel group fees; (3) a widening in the already negative domestic output gap.

1. **Considerations for Monetary Policy**

(1) Taiwan’s success in containing the coronavirus outbreak and the effective implementation of fiscal expansion and the Bank’s monetary easing had helped the economy to function relatively well.

(2) Despite a myriad of uncertainties over the global economic outlook, the domestic economic growth would likely pick up mildly, underpinned by domestic demand. The Bank forecasted the economy to expand by 2.0% in the second half of the year – which would outrun the 1.0% growth in the first half year – and by 1.52% for the year as a whole.

(3) Muted domestic inflation and softening inflation expectations were judged to be transitory as prices are projected to stabilize in the second half of the year. Based on the Bank’s forecasts, the annual CPI growth rates would rise from the -0.23% of the first half year to 0.25% in the second half year. For 2020 as a whole, CPI and core CPI were forecasted to increase 0.01% and 0.36% year on year, respectively.

* + 1. **Proposition and Decision about Monetary Policy**

1. **Policy Proposition: To keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations[[2]](#footnote-2) unchanged at 1.125%, 1.5%, and 3.375%, respectively.**
2. Board members reached a unanimous vote to keep the policy rates unchanged. The discussions are summarized as follows.

(1) Discussion on domestic and international economic and financial conditions

Several board directors gave views on domestic economic conditions. One board director stated that the pandemic-related effects could cause the economic growth rate to hit a low in the second quarter of 2020 before bouncing back quarter by quarter in the latter half of the year. Taiwan’s economy therefore would sustain better growth than many other economies, buoyed by effective government relief measures, including subsidized loan programs for businesses. Recent declines were mainly due to weak consumer spending, while fixed capital formation and government spending actually continued expanding. Moreover, private consumption would likely regain strength in the second half year as the government gives out the Triple Stimulus Vouchers to encourage spending.

One supervisor pointed to plunging travel service receipts and weak private consumption as the culprit of the domestic economic slowdown. Taiwan used to enjoy about one million inbound visits per month; now the number dwindled to only several thousands, taking around 1-1.5 percentage points off from the GDP growth rate. On the other hand, the supervisor noted that while the Triple Stimulus Vouchers amounted to a small share of private consumption, the scheme could serve as a catalyst for consumption growth. Indeed, restaurants were starting to see a resurgence in business; further efforts to prod up domestic consumption, coupled with the lifting of inbound travel restrictions, would help the retail and food/beverage sectors back on track and contribute to faster economic growth.

One board director, who used a forecasting model to discern the probability of a recession in Taiwan, shared the findings that, using domestic economic conditions as variables, the recession probability was below 50%, while the probability using foreign variables went above 50%. This differed from previous model runs where domestic and foreign variables produced approximately identical results, showing that the many uncertainties surrounding the global economy also clouded the domestic outlook.

Regarding domestic prices, one board director noted that despite the continued downtrend in communication fees, 5G network services, to be commenced in July, would charge higher fees than current networks. Therefore, close attention would be warranted regarding 5G market penetration and its effects on price trends in the next half of 2020.

In terms of domestic financial conditions, one board director shared concerns about the real estate market and related financing, pointing out that in recent years homebuyers were weighed down by housing prices and both the loan burden ratio and home-price-to-income ratio were elevated, while the annual growth rates of banks’ residential and business construction lending rapidly rose within the past year. In light of such a phenomenon, this director proposed that the Bank assess the establishment of such policy tools that could be deployed and adjusted in step with housing market developments in order to preempt overheating and home price bubbles and safeguard financial stability. Several board directors showed support for this proposition. Another board director noted that since banks have set up relevant mechanisms to manage home mortgage lending, it would be appropriate for the Bank’s assessment process to also account for the necessity of regulation and to include frequent dialogues with the banking sector.

(2) Discussion on the proposed policies

All board directors expressed support for keeping the policy rates unchanged against a backdrop of elevated uncertainty over the global economic outlook, relative stable economic conditions at home, ample market liquidity, and already-low interest rates.

One board director pointed out that although a rate cut would help reduce interest burdens payable by the national treasury, a rate hold would be the appropriate decision given the current stable economic conditions, the lingering uncertainties, and the importance to consider future policy space. Another board director also stated that it was crucial to preserve room for policy maneuver in view of an uncertain economic outlook. In addition, protracted low rates at home might affect the housing market and financial stability. It would therefore be the better approach to maintain the current policy rate levels.

One board director pointed out that Taiwan’s economy had held relatively steady compared to situations abroad; against this backdrop and ample domestic liquidity, and with the Triple Stimulus Vouchers to help boost economic growth, there would be no need for a rate cut decision in this meeting. Another board director also favored a rate hold, based mainly on the expectation of a gradual economic pickup in the second half of the year, and added that a further rate cut following the March one would put more strains on the financial industry and that policy maneuver would need some space given the high uncertainties over a possible second wave of the coronavirus.

One board director noted that the effects of the March policy rate cut had gradually fed into the market. As domestic economic readings were broadly better than those of other major economies, another rate cut would not be appropriate at this juncture. Given the high uncertainty about a possible second wave of the coronavirus outbreak in foreign countries, domestic demand would be the more manageable factor. Therefore, it was important to maintain some policy room and a rate hold decision was in order.

One board director expressed the view that a positive outlook for Taiwan’s economy in the second half of the year, coupled with low funding costs for firms and ample market liquidity, warranted the judgement of not cutting the policy rates. The March rate cut had achieved an announcement effect, and more rate cuts would not produce significant results given the limited room for banks to slash lending rates. In addition, since interest rates on home mortgages and corporate loans were already at historical lows, a policy rate cut could further affect bank profitability. Therefore, the director supported the rate hold decision.

Another board director pointed out that it had often been the Bank’s approach to fine-tune the policy rates by 12.5 basis points for several quarters in a row, in stark contrast to a one-off rate cut like the one decided at the previous meeting. However, all considered, a further rate reduction in this low-rate environment would, despite having some announcement effect, bring about relatively limited influence on the real economy, while crimping space for future policy actions. In addition, while also having the announce effect, the Bank’s special facility to support SME funding delivered actual results to a much greater extent. In this light, this board director considered that a rate hold decision was justified.

One board director gave support for a rate hold decision, citing record low interest rates on deposits and loans amid ample liquidity, as well as the Bank’s special SME re-accommodation facility. This director called for specific attention regarding the facility’s assistance for firms heavily hit by the pandemic, as non-electronics sector manufacturers, small retailers, and aviation companies, among others, were particularly devastated during this crisis.

Another board director also supported a rate hold, but not on the grounds of preserving future policy maneuver room. This director noted that even if a future policy action is needed when the pandemic situation does deteriorate and adversely affect the economy, it would be more appropriate to use tools other than rate adjustments. The historically-low policy rates and the potential harm stemming from persistently-low interest rates also merits caution against using interest rate policy tools. Therefore, should any adjustments to monetary policy stances become warranted in the future, it would be appropriate to consider other policy instruments.

Several board directors expressed support for a rate hold decision and discussed recent NT dollar exchange rate movements. One director noted that recent appreciation in the local currency was a reflection of the strength in Taiwan’s economic fundamentals and the influence of two other near-term factors. The first factor was associated with domestic stock market trends; as renewed capital inflows by foreign portfolio investors, who repatriated capital during the first few months of the year, surged into the local stock market, the NT dollar began to strengthen further and further from end-May through June. The second contributing factor was residents’ capital repatriation during this pandemic outbreak, a pattern commonly seen amidst international economic and financial turbulence.

One board director then stated that stronger NT dollar appreciation since the start of the year could be due to the local stock market’s broad rally or the interest spread between Taiwan and foreign economies. However, further strength in the local currency could hamper exports and hurt SMEs in this sector; it would be important for the Bank to prepare ahead. Another board director noted that the recent uptrend in the NT dollar exchange rate was steeper, warranting attention to possible stress on some export-oriented industries. One other board director also pointed out that, with the policy rates staying put, the effects of NT dollar exchange rate movements on firms and industries should be closely monitored. Another board director then contended that the local currency’s value vis-à-vis those of Taiwan’s primary export competitors might constitute the only reason to even consider a rate cut as the NT dollar had demonstrated relative strength in this year so far. However, a cautiously optimistic outlook for the domestic economy in the second half of the year showed little reason to reduce policy rates; therefore, a rate hold would be the appropriate action.

1. **Monetary Policy Decision:** The board directors reached a unanimous vote to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 1.125%, 1.5%, and 3.375%, respectively.
   * 1. **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.

# Monetary Policy Decisions of the Board Meeting

Release Date: June 18, 2020

1. Global economic and financial conditions

Since the Board met in late March this year, the spread of the coronavirus (COVID-19) pandemic has prompted many economies to implement containment and lockdown measures, resulting in economic shutdowns and dramatic volatility in international financial markets. Falling global demand, disruptions to global supply chains, as well as persistently low international oil prices have contributed to output losses and a marked drop in inflation. International institutions have projected the world economy to experience a severe recession this year. Major economies have rolled out large-scale fiscal stimulus measures and provided stronger monetary policy support to underpin economic activity badly hit by the virus outbreak.

As major economies successively lifted lockdown measures in recent weeks and restarted economic activity, the global economy is likely to gradually recover from the economic downturn. Meanwhile, major central banks have broadly kept policy rates unchanged. Nevertheless, a string of uncertainties such as the future course of the pandemic, US-China relations, heightened global financial fragility, and geopolitical risks constitute key variables clouding the world economic outlook.

1. Domestic economic and financial conditions
2. The coronavirus outbreak has caused both domestic and external demand to soften and Taiwan's economic growth to decelerate since early this year. Exports have registered months of negative growth and consumer confidence has remained weak, leading to substantial declines in retail sales and restaurant business. However, private investment, bolstered by the semiconductor industry's increased imports of capital equipment, and government spending have sustained economic growth. With regard to labor market conditions, the number of employed persons decreased and the unemployment rate moved up, while wage growth moderated.

Looking ahead to the second half of the year, the pandemic could continue to weigh on the growth momentum for the global economy and trade, putting a dent on Taiwan's exports and inbound tourism. Growth in service exports would remain constrained. Nevertheless, with the easing of domestic social distancing restrictions and the introduction of stimulus measures to boost consumption, private consumption is likely to witness a rebound. In addition, mild growth in private investment and steady expansion in government spending are also expected to push up economic growth quarter by quarter. Therefore, the Bank forecasts the domestic economy to expand by 1.52% in 2020 (Appendix Table 1).

1. For the first five months of the year, the consumer price index (CPI) registered an average annual growth rate of -0.11%, affected mainly by price slumps in energy items such as fuel and gas. The core CPI (excluding fruit, vegetables, and energy) recorded an average annual growth rate of 0.29%.

In terms of the outlook for the second half of the year, domestic inflation is likely to experience weaker downside pressures from energy price declines as international oil prices are expected to gradually pick up with the easing of the pandemic. Combined with a rebound in domestic consumer demand, it is projected that the CPI annual growth rate for the latter half of 2020 would register higher than that for the first half. For this year as a whole, the Bank forecasts the CPI and core CPI annual growth rates to be 0.01% and 0.36%, respectively (Appendix Table 2).

1. In view of the economic impacts of the pandemic, the government has introduced relief loan programs both for enterprises and for workers. Meanwhile, the Bank has announced an NT$200 billion special accommodation facility to support lending to small and medium-sized enterprises (SMEs). Since its launch on April 1, banks have processed 87,348 loan applications totaling NT$75.6 billion. Reflecting these results, bank credit to SMEs has risen and total bank lending grew by more than 6% year on year as of the end of May.

With ample liquidity in the domestic banking system, coupled with the aforementioned facility and government measures, financial intermediation has functioned well and the flow of credit to SMEs has been smooth, helping to sustain businesses, retain jobs, and protect paychecks. Furthermore, the Bank's policy rate cut in March has brought down long and short-term market rates and thus alleviated the interest burdens on corporates and households, which have mitigated the pandemic's damage to economic activity and the labor market.

1. Monetary policy decision

With the domestic outbreak kept under control and fiscal and monetary expansion starting to bear fruit, Taiwan's economic system has stayed broadly on track. Despite many uncertainties over the global economic outlook, domestic demand is likely to drive the economy towards a mild upturn. In addition, since muted inflation and weakening inflation expectations are expected to be transitory, prices are likely to stabilize in the second half of the year. Against this backdrop, the Board judged that a policy rate hold and a continued accommodative monetary policy stance will help ensure price and financial stability and foster economic growth.

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

The discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations are kept unchanged at 1.125%, 1.50%, and 3.375%, respectively.

The Bank will continue to closely monitor the future course of the coronavirus pandemic, the monetary policy actions by major economies and the outcome of their stimulus measures, and the economic and financial conditions and price trends at home and abroad. The Bank will, should the situation warrants, hold Executive Directors' Meetings or emergency Board Meetings outside the regular schedule and deploy appropriate monetary policy tools to achieve its statutory duties.

1. The Bank will evaluate regularly the implementation of the special accommodation facility and make adjustments to the size and duration of the program as appropriate. The Bank urges domestic financial institutions to adequately fulfill their roles as financial intermediaries and actively extend loans under the facility, so as to ensure that the SMEs (including small business entities) affected by the pandemic can obtain the funds needed to support their operations.
2. The NT dollar exchange rate is in principle determined by market forces. However, uncertainties surrounding the global economic outlook have led to heightened volatility across international financial markets, with adverse implications for the stability of Taiwan's foreign exchange and financial markets. The Bank will pay close attention to cross-border capital movements and act in line with its mandate to maintain an orderly foreign exchange market and safeguard financial market stability.

**Appendix**

**Table 1 Taiwan's Economic Growth Forecasts by Major Institutions**

Unit: %

|  |  |  |
| --- | --- | --- |
| Forecast institutions | | 2020 (f) |
| Domestic institutions | **CBC (2020/6/18)** | **1.52** |
| DGBAS (2020/5/28) | 1.67 |
| TIER (2020/4/24) | 1.58 |
| CIER (2020/4/17) | 1.03 |
| **Forecast Average** | **1.45** |
| Foreign  institutions | IHS Markit (2020/6/15) | -0.96 |
| Standard Chartered (2020/6/15) | 0.60 |
| Goldman Sachs (2020/6/15) | -0.10 |
| Barclays Capital (2020/6/12) | 1.10 |
| BofA Merrill Lynch (2020/6/12) | 0.50 |
| J.P. Morgan (2020/6/12) | 0.80 |
| Citi (2020/6/11) | 1.70 |
| Credit Suisse (2020/6/11) | 0.10 |
| Deutsche Bank (2020/6/9) | -1.40 |
| **Forecast Average** | **0.26** |

**Table 2 Taiwan's Inflation Forecasts by Major Institutions**

|  |  |  |
| --- | --- | --- |
| Forecast institutions | | 2020 (f) |
| Domestic institutions | **CBC (2020/6/18)** | **0.01 (CPI)**  **0.36 (Core CPI\*)** |
| DGBAS (2020/5/28) | -0.32 |
| TIER (2020/4/24) | 0.60 |
| CIER (2020/4/17) | 0.58 |
| **Forecast Average** | **0.22** |
| Foreign  institutions | IHS Markit (2020/6/15) | -0.18 |
| Standard Chartered (2020/6/15) | 0.20 |
| Goldman Sachs (2020/6/15) | 0.20 |
| Barclays Capital (2020/6/12) | -0.50 |
| BofA Merrill Lynch (2020/6/12) | 0.30 |
| J.P. Morgan (2020/6/12) | -0.30 |
| Citi (2020/6/11) | -0.10 |
| Credit Suisse (2020/6/11) | -0.20 |
| Deutsche Bank (2020/6/9) | -0.30 |
| **Forecast Average** | **-0.10** |

Unit: %

\* Excluding vegetables, fruit, and energy.

1. This English translation is provided for information purposes only; the Chinese version shall prevail in case of discrepancies. [↑](#footnote-ref-1)
2. To be more closely in line with the relevant regulations, the rate on accommodations with collateral and the rate on accommodations without collateral would from this time on be referred to as the rate on refinancing of secured loans and the rate on temporary accommodations, respectively. [↑](#footnote-ref-2)