Minutes of the Monetary Policy Meeting

June 17, 2021

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

Meeting Minutes[1] on Monetary Policy at the Joint Meeting of the Board of Directors and the Board of Supervisors, Held on June 17, 2021

Date and Time: 2:00 p.m., June 17, 2021

Location: Rooms B1101, B1102, and B1107 in the Central Bank of the R.O.C. (Taiwan)

Members Present:

Chairman, Board of Directors: Chin-long Yang

Executive Directors:

Tzung-ta Yen, Nan-kuang Chen, Chung-dar Lei

Directors:

Chao-hsi Huang, Chao-yi Chen, Fu-sheng Hung, Shi-kuan Chen, Chien-yi Chang

Members Attending by proxy (excused with proxy appointment):

Jain-Rong Su (appointing Shi-kuan Chen as proxy)

Mei-hua Wang (appointing Chung-dar Lei as proxy)

Chi-chung Chen (appointing Fu-sheng Hung as proxy)

Jin-lung Lin (appointing Tzung-ta Yen as proxy)

Shiu-sheng Chen (appointing Nan-kuang Chen as proxy)

Yi-ting Li (appointing Chien-yi Chang as proxy)

Chairman, Board of Supervisors: Tzer-ming Chu (excused)

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

Staff Present:

Tsuey-ling Hsiao, Director General, Department of Banking

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

Chiun-min Tsai, Director General, Department of Foreign Exchange

Ling-chyun Ko, Director General, Department of the Treasury

Dou-ming Su, Director General, Department of Financial Inspection

Yih-Jiuan Wu, Director General, Department of Economic Research

Chien-ching Liang, Director General, Secretariat

Shu-huei Kuo, Director General, Department of Accounting

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

Shu-hui Chang, Director, Personnel Office

Kun-shan Wu, Director, Legal Affairs Office

Chih-cheng Hu, Secretary, Board of Directors

Chih-jung Lee, Secretary, Board of Supervisors

Presiding: Chin-long Yang

AGENDA: ECONOMIC AND FINANCIAL CONDITIONS AND MONETARY POLICY DECISION

I. Staff Review of economic and financial conditions

1. International Economic and Financial Conditions

Major economies had begun reopening from the coronavirus (COVID-19) lockdown and continued with macro support policies, boosting consumption and investment demand. The support thereof and a lower base effect combined to lead international forecasting institutions to broadly expect a marked rebound in global economic growth for this year. World trade volumes, having returned to pre-pandemic levels, were also forecasted to expand significantly from a low comparison base last year.

Reduced crude inventory and buoyant economic activity in the US and Europe helped push oil prices upwards from April on. The price rise steepened in early June as the OPEC+ sticked to the planned production cuts through July. The uptrend in grain prices since early April on account of bad weather conditions in the US and Brazil weakened afterwards as supply was estimated to be sufficient and weather conditions in crop areas improved.

Given the uptrend in international raw material prices, surging transport costs, and rising global demand, along with some supply chain bottlenecks lingering for at least a short while, as well as a lower base effect, global inflation was projected by international institutions to accelerate this year.

Since after the last Board Meeting in March, major economies kept expansionary fiscal policy in place, and their central banks maintained an accommodative stance while reiterating that a tightening would be premature.

In terms of global financial market developments since April, market liquidity stayed ample, the Fed judged that rising inflation was transitory, and US non-farm payroll employment was lower than expected. As a result, the 10-year US Treasury yields trended down, as did German and Japanese government bond yields. Meanwhile, the Fed’s message that helped dismiss market expectations of a premature policy tightening led major stock markets to broadly rally and the US dollar index to slide.

Looking ahead, the global economic outlook still faces uncertainties, mainly from (1) repeated COVID-19 outbreaks, new virus variants, and uneven vaccination progress, leading to a longer wait before the pandemic can be well contained; (2) a continued buildup of financial fragilities, including elevated asset prices around the world and an outsize global debt overhang; (3) changes in monetary policy of major central banks, which could trigger global financial market turbulence; (4) lingering global economic and trade uncertainties such as US-China relations, as well as risks associated with climate change. Should these uncertainties and risks materialize and/or intensify, they could weigh down the global economic recovery.

2. Domestic Economic and Financial Conditions

(1) Economic situation

The domestic COVID-19 case spike in mid-May dimmed business sentiment about economic prospects, reflected particularly in the precipitous fall in the six-month outlook subindex under Taiwan's Non-Manufacturing Index (NMI).

In terms of external demand, most of Taiwan's major export products recorded marked expansion thanks to advancement in emerging technology applications, growing business for contactless activity, and rising demand for traditional manufacturing goods. Exports to Taiwan's major trading partners also registered a broad uptrend. Considering an expected demand boom for tech products and traditional manufacturing goods as the world economy and trade revive, the Bank projected Taiwan's exports/imports to grow substantially in real terms this year.

Regarding domestic demand, Taiwanese tech firms increased capital outlay, multinationals increased their footprint on this island, while the government continued with infrastructure building for green energy and 5G network development and projects to facilitate urban renewal and construction of social housing. Therefore, the Bank expected to see private investment register solid real growth this year. As to private consumption, tightened containment measures in response to the domestic COVID-19 flareup restrained consumer spending from mid-May onwards. For the year as a whole, however, the Bank projected mild real growth in private consumption, to be supported by buoyant business to meet demand for remote work/learning and stay-at-home economy and by pent-up demand unleashed in the fourth quarter after the domestic outbreak eases.

In the first four months of the year, labor market conditions were stable, and the unemployment rate dropped. Nevertheless, the impact from rising COVID-19 infections at home since mid-May led to an increase in furloughs.

Overall, private consumption came under strains owing to the virus spike in mid-May, whereas exports and private investment both expanded and the government increased spending to cushion the pandemic's economic impact with enhanced relief and support measures. The Bank forecasted Taiwan's economy to grow by 5.08% this year, while the projections by major forecasting institutions ranged between 4.40% and 7.00%.

(2) Financial conditions

Market liquidity stayed ample in May, while short-term interest rates fluctuated in a tight range. In recent months, banks' excess reserves held steady between NT$50 billion and a little over NT$60 billion. The annual growth rate of the monetary aggregate M2 trended downwards in March as currency flowed back into the banking system after the Lunar New Year holiday, along with net capital outflows. The decline continued in April with the M2 annual growth rate dragged down to 8.83% by a slowdown in bank loans and investments.

In the housing market, prices of new housing projects and existing homes both saw quarter-on-quarter rises in the first quarter of the year. From January to May this year, building ownership transfers in the six Special Municipalities increased by 24.1% over the same period of last year. Real estate lending expanded further; at the end of April, the annual growth rate of housing loans extended by all banks edged up to 9.51% while that of construction loans continued to drop to 17.45%. The non-performing loan ratio for housing loans extended by domestic banks remained low at 0.11%, indicating good credit quality.

The types of loans subject to the Bank's selective credit control measures, amended in December 2020 and March 2021, have since recorded a significant decline in loan-to-value (LTV) ratios with the prescribed LTV caps well observed by banks when underwriting these loans. This showed that the Bank's policy measures have helped banks to rein in credit risk associated with real estate lending.

Recent events and their effects on the housing market remained to be seen, though. These included a surge in coronavirus infections and the enactment of the amendments to the so-called "integrated house and land sales tax" and the property transaction price declaration mechanism in July. Banks were still upbeat about the outlook for the residential housing market in major cities, albeit with less optimism.

(3) Price trends

In the year so far, international commodity markets saw price rises for crude oil and other raw materials, pushing up domestic fuel and lubricant prices. Combined with a lower base effect, the annual growth rate of the consumer price index (CPI) trended up and reached 2.48% in May and that of the core CPI increased mildly at a pace of 1.58%. The average CPI annual growth rate for the 17 staple goods items dropped for the fourth consecutive month and reached 1.33% in May, the second month it went lower than the headline CPI annual growth rate.

For the first five months of the year, the CPI annual growth rate averaged 1.39%, a mild increase mainly because of a more pronounced surge in fuel and lubricant prices compared to the lower base a year ago (affected by the international oil price slump) and more expensive airline fares pushed up by limited supply.

The marked rebound in international raw material prices this year drove up prices of imports and goods for domestic sales, stepping up pressures of imported inflation. The Bank's survey on investment trust companies revealed a significant increase in the number of respondents expecting the CPI inflation rate to exceed 1% in the following 12 months, indicating higher inflation expectations. Meanwhile, the survey on firms showed that most respondents expected the CPI inflation rate to stay below 2% in the same period, indicating still mild inflation expectations. In addition, the mean inflation projections by forecasting institutions have went up month by month since March; the mean value was 1.5% in May, pointing to a still mild inflation outlook.

According to the Bank's estimation, the inflation rate this year would peak in the second quarter owing to a one-off spike from the lower base a year ago. The Bank forecasted Taiwan's CPI and core CPI annual growth rates to reach 1.60% and 1.11% for this year as a whole, while CPI inflation projections of major institutions ranged between 1.20% and 1.73%.

Future upside pressures on domestic prices include (1) an expected price rise for crude oil and other raw materials and a surge in international freight charges, buoying up import prices; (2) domestic food prices facing upward pressures, as international food commodity prices trend up and domestic farm produce is affected by drastic weather conditions (i.e., an extended drought followed by torrential rains); (3) flight ticket fares soaring on greater demand from people concerned about the domestic coronavirus flareup. On the other hand, downside pressures are expected to result from persistently low communication fees and possible price cuts by food and beverage service providers and the hospitality sector to appeal to consumers following the recent epidemic flareup.

3. Considerations for Monetary Policy

(1) Global economic growth gathers pace but still needs to confront a horde of risks; major economies continue with monetary easing and large fiscal stimulus packages.

(2) The present uptick in inflation is judged to be transitory and inflation is expected to be mild this year. The Bank estimates the inflation rate would peak in the second quarter and gradually descend in the latter half of the year. The CPI and core CPI annual growth rates are projected to be 1.60% and 1.11% this year.

(3) Despite epidemic-related constraints on consumption growth, exports and private investment are expected to support the domestic economy towards steady growth this year. The Bank forecasts Taiwan's economy would expand by 5.08% for the year.

II. 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 unchanged at 1.125%, 1.5%, and 3.375%, respectively.**
2. Board members reached a unanimous vote to keep the policy rates unchanged. Related discussions are summarized as follows.

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

Several board directors expressed views on inflation at home and abroad. One director cited the forecasts of the US headline and core price indices for personal consumption expenditures (PCE), released after the Federal Open Market Committee's (FOMC) June Meeting, and pointed out that US inflation could climb higher this year before declining next year. Meanwhile, imported inflation resulting from international crude oil price upswings tend to significantly affect the domestic prices given that Taiwan is a small open economy. For example, half of the 2.48% rise in inflation in May was attributable to increases in fuel and lubricant prices and airplane fares. It warrants further monitoring to see whether the upturn in domestic inflation is extended.

One board director pointed out that the indices of import prices and prices of goods for domestic sales both exhibited rapidly year-on-year uptrends in recent months. Aside from a lower base effect, another crucial factor behind the rises would be soaring prices of raw material imports. Since some domestic inflation forecast studies have found that the import price index and the wholesale price index could be useful guides in forecasting future inflation trends, the upside risk to inflation from the aforementioned rises of these indices would need close monitoring.

One board director noted that the Fed deemed the recent inflation uptick to be transient and irrelevant to long-term trends. For Taiwan, the DGBAS and the Bank upgraded this year's inflation forecasts to 1.8% and 1.6%, respectively. Although the CPI annual growth rate witnessed drastic rises in recent months, it was partially due to a lower base effect. The director noted that the Bank's revised forecast of 1.6% represented an increase of about 1.8 percentage points from the previous year's inflation of -0.23%, and suggested the Bank look at annual data series to determine if inflation remains mild. The director also raised a question about the extent to which the inflation rate rises that would lead the Bank to consider as overheating.

Another board director pointed out that the latest inflation target (using core CPI annual growth rate) set out in the National Development Council's "National Development Plan (2021-2024)" was within a range of 1.0%-1.5%, while previous targets (using CPI annual growth rate) were set at below 2%. For small open economies like Taiwan, it has always been a difficult task to manage inflation, as demonstrated by the effects of international crude oil price fluctuations on domestic prices. Switzerland, also a small open economy, has an inflation target below 2% but above 0%, basically the same as the Bank's acceptable inflation range of 0%-2%. At this juncture, it would be okay for domestic inflation to run slightly higher in the interim when domestic demand is bolstered by rising investment. Currently, Taiwan's inflation is not much a cause for concern.

One board director noted that the government has been actively monitoring the price trends of domestic staple goods and services, including oil, water, and transportation (such as the High Speed Rail). From the practical point of view, there were few reasons to worry about Taiwan's inflation, but continued study and exploration would still worth the effort.

Another board director stated that the Fed's internal views about future inflation were not uniform, and the press and academia had also vigorously debated on this issue. By contrast, serious debates and rigorous research on inflation are somewhat insufficient in Taiwan. Do the same factors that have held inflation steady or down in the past three decades remain in sight? The director pointed out that the dynamics between some of these factors and inflation trends have changed. It is therefore worth studying whether there might be a tipping point that triggers inflation.

One other board director shared the opinion that US inflation had been broadly steady thanks mainly to the globalization process that provided the country with goods at the lowest costs, hence the low imported inflation reflected in low CPI and PCE annual growth rates. However, it remains uncertain if a tipping point would be upcoming to set off inflation. Meanwhile, given the US-China trade conflict, some supply chains could shift out of China, driving production costs upwards. Transportation costs could also rise further as the pandemic led to container shipping shortage and delays. While globalization, and it effects on US inflation, might not be reversible, a changed environment could still bring about changes to inflation trends.

Regarding financial conditions, one board director stated that domestic financial conditions were stable, whereas the global economic outlook remained shrouded in many uncertainties including mounting financial fragilities and turmoil in major financial markets. The domestic COVID-19 flareup from mid-May certainly dealt a blow to the economy. In the financial industry sector, the upgraded epidemic alert and the ensuing restrictions already hit banks in several business areas such as lending, fees and proceeds, and wealth management. This could lead to deterioration in asset quality. Although it is believed that Taiwan's financial industry would strive to do their part and stay accountable even as these uncertainties strike, it is important to keep a close watch on how the COVID-19 outbreaks affect the overall financial conditions and the financial market and to take necessary action.

(2) Discussion on the proposed monetary policy decision

All board directors favored the decision to keep the policy interest rates unchanged, based mainly on the uncertainty surrounding economic growth amid the recent domestic virus flareup. One board director agreed with the rate hold decision and gave three reasons: (1) the impact from the recent outbreak flareup could slow down Taiwan's economic growth for the latter three quarters of this year; (2) the recent inflation uptick was deemed transitory and the inflation outlook was mild according to the Bank's survey on firms of which only 25% expected the CPI inflation to exceed 2% in the following 12 months; (3) market liquidity was judged to be quite ample. In all, these factors would mean there is little room for a rate hike. A relatively strong NT dollar recently would also justify the decision not to raise the rates. In terms of a rate cut, given the historically low levels of the policy rates at present, the room and the effect of a reduction would be very limited.

Another board director showed support for the rate hold decision and gave the opinion that although domestic epidemic-related uncertainty remained high, exports – the driving force of Taiwan's economic activity – posted solid growth. Nevertheless, it is important to closely monitor domestic COVID-19 developments in the coming month or two. If the epidemic continues to be worrying and could further hamper economic activity, the Bank may consider to expand its special accommodation facility to help banks support small and medium-sized enterprises.

One board director noted that this was not the time to hike the policy rates given the uncertainty from the domestic coronavirus developments and an escalation of the outbreak compared to that when the Board last convened. Meanwhile, a historically low rate level, upside inflationary pressures from rising raw material prices and transportation costs, and ample market liquidity all made a rate cut an ill-timed adjustment. Moreover, the FOMC maintained the fed funds rates but raised the interest on excess reserves (IOER) rate by five basis points, which was technically a rate hike, and it seemed that for the Bank to cut the rates now would be a monetary policy stance veering in the opposite direction of the Fed's. On balance, this director viewed that a rate hold would be the appropriate decision.

Two board directors gave their support for the rate decision, citing a global economic rebound, the gradual US and European economic recovery, and the recent infection case spike's impact on the domestic economy. Another board director pointed out that most major economies have kept their policy rates unchanged since April this year in order to buttress the economic recovery. Furthermore, a rate hold would be consistent with the public's and the market's expectation for the Bank's monetary policy path. The director therefore supported the proposed decision to not adjust the policy rates.

Several board directors discussed the Bank's selective credit control measures. One board director noted that, against a backdrop of two rounds of selective credit controls, the upcoming implementation of property sales income tax amendments and housing price registration revisions, and the domestic virus flareup, the housing market already cooled down in June and there was no pressing need for the Bank to introduce more regulations. The banking sector also clearly understood and actively followed the government's housing market policy, adopting relevant self-discipline and control measures. For the time being, it seemed the Bank did not need to take the selective credit control measures even further.

Another board director pointed to the lingering uncertainty about the COVID-19 pandemic and the fact that the recent two rounds of selective credit controls were working well, and suggested to not adjust such measures at the current juncture. Several other board directors also noted that it would be appropriate to consider any adjustment to these controls after more is known about the developments of the pandemic and the effects of the property sales-related tax and system amendments, effective in July, on the housing market.

3. **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.

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.

Press Release June 17, 2021

Monetary Policy Decision of the Board Meeting (2021Q2)

I. Global economic and financial conditions

Since the Board last met in March, economies where the coronavirus (COVID-19) outbreak came under control such as the US and Europe have gradually relaxed pandemic restrictions while keeping monetary and fiscal policy support in place, helping to sustain the upturn in global economic and trade activity and bolster the prices of crude oil and other commodities. Citing a marked firming in global demand and a lower base effect from the previous year, international forecasting institutions expect to see the world economy rebound sharply and inflation pick up faster this year. Meanwhile, recent concerns about the future courses of US inflation and the Fed's monetary policy have rattled international financial markets.

The global economic outlook remains clouded by pandemic uncertainties, including recurring virus outbreaks, discovery of new virus variants, and uneven vaccination progress across regions. In addition, global financial fragilities from elevated asset prices and debt levels, the direction of monetary policy of major central banks, US-China relations, and climate change-related risks could also affect global economic and financial prospects.

II. Domestic economic and financial conditions

1. In respect of domestic economic conditions in the first quarter of 2021, exports and manufacturing production were substantially boosted by robust demand for tech and traditional sector products owing to a global economic recovery. With private investment expanding and private consumption reviving, domestic economic growth accelerated. Labor market conditions were stable and the unemployment rate dropped. As from mid-May, however, a surge in coronavirus caseloads led to tighter restrictions that battered the domestically-oriented services sector and put more people on furlough, significantly dampening private consumption. By contrast, exports strengthened steadily and private investment proceeded apace. Taken together, economic growth is thus expected to slow slightly in the second quarter.

   Looking at the latter half of 2021, the economy is likely to gain momentum from exports and private investment growth well-underpinned by a continued global economic recovery, increased government spending on pandemic relief efforts, and the prospect of private consumption stabilizing once the domestic outbreak is contained. In this view, the Bank anticipates a slower growth pace in the second half of 2021 compared to the first half and forecasts Taiwan's economy to grow by 5.08% for the year as a whole (Appendix Table 1).

2. As domestic fuel and lubricant prices surged on the back of international crude oil price upswings from the beginning of the year, coupled with a lower base effect, the annual growth rate of the consumer price index (CPI) climbed and reached 2.48% in May while that of the core CPI (excluding fruit, vegetables, and energy items) stood at 1.58%. For the first five months of the year, the average annual growth rates of the CPI and the core CPI were 1.39% and 1.13%, respectively, representing mild price uptrends for both. Domestic inflation is estimated to peak in the second quarter – a transitory uptick owing to a lower base effect, before moderating gradually in the second half of the year. For 2021 as a whole, the Bank projects the CPI and core CPI annual growth rates to be 1.60% and 1.11%, respectively (Appendix Table 2).

3. In recent months, banks' excess reserves stayed around a range from NT$50 billion to somewhat above NT$60 billion. The average annual growth rate of the monetary aggregate M2 dropped from the 8.96% of the first quarter to 8.83% in April. Meanwhile, short- and long-term market interest rates fluctuated slightly. Overall, financial conditions were accommodative.

Under the Bank's the Special Accommodation Facility to Support Bank Credit to SMEs ("the Facility") launched in April 2020, financial institutions have so far received approximately 223 thousand applications with the amount totaling NT$326.2 billion. As of the end of April 2021, the annual growth rate of SME loans extended by banks registered 13.46% and the annual growth rate of overall bank lending was 7.32%.

To enhance SME funding support following the COVID-19 flare-up in mid-May, the Bank raised the total amount of the Facility from NT$300 billion to NT$400 billion, extended the deadline for SME applications to Dec. 31, 2021, stretched the applicable duration of preferential interest rates on newly-approved cases through to June 30, 2022, and allowed increased borrowing within the specified maximum. Effective from June 4, 2021, this expanded policy effort is envisaged to continue to help SMEs bridge across this challenging period of economic disruption.

III. Monetary policy decision

Abroad, the global economic pickup could still be mired by a multitude of risks, and major economies have maintained monetary easing and large fiscal stimuluses. At home, domestic inflation is expected to be mild this year after the transient spike wanes, and exports and private investment would buttress solid economic growth for the year as a whole despite recent pandemic-induced strains on consumption. Taking this assessment into account, the Board judged that maintaining the current policy rate levels and monetary easing would help sustain price and financial stability and foster economic growth.

At the Meeting today, the Board decided unanimously to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 1.125%, 1.50%, and 3.375%, respectively.

The Bank will closely monitor the evolution of the coronavirus pandemic, monetary policy stances of major central banks, changes in global raw material prices and financial conditions, and developments in international political and economic situations, as well as the implications thereof for Taiwan's economy, financial conditions, and price trends, so as to adopt appropriate monetary policies as warranted to fulfill its statutory duties.

IV. After two successive amendments in December 2020 and March 2021, the Bank's selective credit controls have brought down the loan-to-value ratios of all the types of mortgage loans under regulation. As of the end of April, the average annual growth rate of home loans extended by banks rose modestly while that of construction loans declined further, and their non-performing ratios stayed low. Banks appeared to have demonstrated good credit risk management in this regard.

A healthy real estate market demands a concerted, multilateral effort, which has been reflected in a host of measures rolled out across government agencies. Combined with the enforcement of the amended "integrated house and land sales tax" and the implementation of a revised property transaction price declaration mechanism, both effective from July 1, 2021, it is expected to help rein in property speculation. The Bank will pay close attention to developments in the housing market and banks' management of credit risk associated with real estate lending. We will also monitor the results of the regulations and measures introduced and make timely adjustments to the relevant measures as warranted.

V. The NT dollar exchange rate is in principle determined by market forces. Nonetheless, when seasonal or 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 Bank, in line with its statutory mandates, will step in to maintain an orderly market.

Appendix Table 1

Taiwan's Economic Growth Forecasts by Major Institutions

Unit: %

Forecast institutions		2021 (f)
Domestic institutions	**CBC (2021/6/17)**	**5.08**
	DGBAS (2021/6/4)	5.46
	TIER (2021/1/25)	5.03
	CIER (2021/4/21)	4.80
Foreign institutions	Citi (2021/6/15)	6.00
	Deutsche Bank (2021/6/15)	5.50
	EIU (2021/6/15)	6.20
	Goldman Sachs (2021/6/15)	6.32
	HSBC (2021/6/15)	5.00
	IHS Markit (2021/6/15)	5.83
	UBS (2021/6/15)	5.95
	Barclays Capital (2021/6/11)	6.10
	BofA Merrill Lynch (2021/6/11)	4.80
	J.P. Morgan (2021/6/11)	7.00
	Standard Chartered (2021/6/11)	4.40
	Credit Suisse (2021/6/10)	6.80
	Morgan Stanley (2021/6/8)	6.60
	Forecast Average	**5.70**

Appendix Table 2

Taiwan's Inflation Forecasts by Major Institutions

Unit: %

Forecast institutions		**2021 (f)**
Domestic institutions	**CBC (2021/6/17)**	**1.60 (CPI)** **1.11 (Core CPI*)**
	DGBAS (2021/6/4)	1.72
	TIER (2021/4/23)	1.30
	CIER (2021/4/21)	1.31
Foreign institutions	Citi (2021/6/15)	1.50
	Deutsche Bank (2021/6/15)	1.60
	EIU (2021/6/15)	1.60
	Goldman Sachs (2021/6/15)	1.58
	HSBC (2021/6/15)	1.50
	IHS Markit (2021/6/15)	1.73
	UBS (2021/6/15)	1.45
	Barclays Capital (2021/6/11)	1.50
	BofA Merrill Lynch (2021/6/11)	1.40
	J.P. Morgan (2021/6/11)	1.70
	Standard Chartered (2021/6/11)	1.20
	Credit Suisse (2021/6/10)	1.70
	Morgan Stanley (2021/6/8)	1.60
	Forecast Average	**1.53**

* Excluding vegetables, fruit, and energy.