Minutes of the Monetary Policy Meeting

March 20, 2025

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 March 20, 2025

Date and Time: 2:00 p.m., March 20, 2025

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

Members Present:

Chairman, Board of Directors: Chin-Long Yang

Executive Directors: Tsui-Yun Chuang, Tzung-Ta Yen, Mei-Lie Chu, Ray-Beam Dawn

Directors:

Shiu-Sheng Chen, Fu-Sheng Hung, Yi-Ting Li, Shi-Kuan Chen, Chien-Yi Chang, Ming-Chang Wu, Chang-Ching Lin, Ming-Fu Shaw

Jyh-Huei Kuo (Excused, Appointing Tzung-Ta Yen as Proxy),

Junne-Jih Chen (Excused, Appointing Mei-Lie Chu as Proxy)

Chairman, Board of Supervisors: Shu-Tzu Chen

Supervisors: Ching-Fan Chung, Sheng-Yao Lin, Kuei-Hui Cheng, Sheng-Syan Chen

Staff Present:

Feng-Ying Hsieh, Director General, Department of Banking

Yen-Dar Den, Director General, Department of Issuing

Chiung-Min Tsai, Director General, Department of Foreign Exchange

Pei-Jen Heh, Director General, Department of the Treasury

Ya-Hui Pan, 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

Shu-Hui Chang, Director, Personnel Office

Chia-Wen Hsieh, Director, Legal Affairs Office

Chih-Cheng Hu, Secretary, Board of Directors

Chih-Jung Lee, Secretary, Board of Supervisors

Presiding: Chin-Long Yang

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

AGENDA: ECONOMIC AND FINANCIAL CONDITIONS AND MONETARY POLICY DECISION

I. Staff Review of Economic and Financial Conditions

1. International Economic and Financial Conditions

In the year so far, the global manufacturing Purchasing Managers' Index (PMI) climbed back to the expansionary territory with a reading slightly above 50, and the services PMI remained in expansion mode. Nonetheless, with growing uncertainty over the US policies' impact raising downturn risks to the world economy, international institutions revised their forecasts downward for the global economic growth rate this year.

Regarding global commodities, prices of oil began to trend downwards from late January as investors anticipated potential disruptions to global economic and trade development stemming from US President Trump's tariff policies, coupled with a dampening effect from OPEC+'s gradual production increase after April. For 2025 as a whole, international institutions forecasted oil prices to drop below the levels recorded last year. Meanwhile, the R/J CRB index, a global commodities benchmark, came down from previous highs, reflecting the declines in the prices of crude oil and grains.

Regarding inflation, although the inflation rates of major economies eased further, they were still higher than the target levels of most of their central banks. Meanwhile, the US tariff hikes would not only directly impact imported goods prices but could potentially push up prices of final goods, fueling upside pressures on global inflation. International institutions raised their projections of the world's inflation rate, albeit with diverging outlook among major economies.

In respect of recent monetary policy developments, central banks took a prudent approach to monetary policy responses against the backdrop where the US tariffs and other countries' counteractions added to the risk of a global economic slowdown and inflation resurgence while amplifying global financial market volatility. In the year so far, the US Federal Reserve (Fed) showed no hurry to reduce the policy rate while the European Central Bank continued with rate cuts; the Bank of Japan paused on rate hikes and the People's Bank of China maintained an accommodative stance.

In international financial markets, as rising uncertainty over the impact of President Trump's policies dampened confidence among corporate and individual investors, the US 10-year government bond yields and the US dollar index swung low, along with US stock market corrections. Overall, the "Trump trade" buoyancy across financial markets was on the wane.

Looking ahead, there are many uncertainties overshadowing the global economic outlook, arising from the following factors. The new US administration's policies and their impact carry high uncertainty; major central banks face a challenging task adjusting monetary policy at the right pace; China is still struggling with the economic downturn; geopolitical risks and structural factors have adverse effects on price and social stability.

2. Domestic Economic and Financial Conditions

(1) Economic situation

Recent data pointed to continued growth in the domestic manufacturing and services sectors with the leading indicators reverting to an uptrend and the coincident indicators also rising further, indicating a mild expansion in the domestic economy. In February, Taiwan's Manufacturing PMI returned to expansionary territory, whereas the Non-Manufacturing Index (NMI) slipped into contraction. However, the subindex for the near-term outlook showed expansion for both manufacturing and non-manufacturing sectors.

Among the components of domestic GDP growth, exports grew by 16.8% year on year in the January-February period, with two major categories – information and communication technology and audio-video products, and electronics parts and components, recording continued growth thanks to robust demand for AI and other emerging technology applications. Meanwhile, export growth in traditional industries remained subdued. For the year as a whole, strong AI-related demand would likely help Taiwan's exports retain growth momentum. In this view, the Bank forecasted solid real growth in exports in 2025.

In terms of private investment, semiconductor supply chains pursued greater capacity in advanced processes and advanced packaging, servers supply chains also increased Taiwan-based production capacity, and the transport industry stepped up vehicle procurement. Therefore, the Bank projected a continued increase in real private investment in 2025.

In respect of private consumption, the growth momentum was underpinning by recent stable employment conditions and the improvement in real wages returning to positive growth last year. However, rising uncertainty over the impact of US policies led to more volatile swings in financial markets and hamper consumer confidence. Therefore, the Bank forecasted mild growth in real private consumption 2025.

In the labor market, recent data showed that the total number of employed persons rebounded, the unemployment rate declined, and the number of workers on furlough decreased. In the first month of 2025, the manufacturing sector witnessed a slower drop in the number of employed persons and a year-on-year increase in overtime hours because of AI-related business growth. Meanwhile, the services sector registered continued increases in both the employee number and overtime hours worked. The January reading of year-on-year growth in nominal regular earnings was the highest on record for the same month in the past 15 years. As for regular earnings in real terms, there continued to be positive growth on account of softer inflation.

Overall, the uncertainty over the implications of US economic and trade policies and the forecast downgrade by international institutions for the global economic growth and goods trade growth in the second half of 2025 could combine to dampen domestic growth momentum in the latter half of the year. The Bank therefore projected Taiwan's GDP growth rate to slow from last year's 4.59% to this year's 3.05%, a downward revision of 0.08 percentage points compared to the previous forecast made in December 2024. In addition, the Bank estimated that the output gap would be slightly negative. Looking at the forecasts made by external institutions at home and abroad, Taiwan's economy was projected to expand by an annual pace of 2.30%-3.50% this year.

Looking ahead, the world economy is facing greater downside risk owing to heightened uncertainty over the impact of the US economic and trade policy, and the Taiwan economy could be weighed down as a result. Given the evolving US trade policy landscape with the impact force and implementation schedule still uncertain, the Bank will adjust its economic growth outlook quarter by quarter.

(2) Financial conditions

In respect of market interest rate, market liquidity remained ample in January despite the Lunar New Year holidays; in February, short-term interest rates fluctuated within a small range with money flowing back to the banking system (after the Lunar New Year) and market liquidity generally steady. So far, most of the money market rates and banks' deposit/lending rates had sufficiently reflected the Bank's policy rate adjustments, indicating that the Bank's monetary policy instruments had been effectively guiding market interest rates.

In terms of bank credit, as the annual growth rates of private corporate lending and housing loans had trended downwards since November 2024, bank loans and investments recorded slower annual growth, rising by 8.03% on average for the year of 2024. The annual growth rate of housing loans continued to slow down in 2025, causing the annual growth rate of bank loans and investments to further decline to 7.68% in February.

In terms of growth in the monetary aggregate M2, the annual growth rate trended down in the second half of 2024 owing to net capital outflows, taking the yearly average to 5.83%, with all the monthly readings falling within the Bank's reference range of 2.5%-6.5%. Entering 2025, the annual growth rate of M2 first rose in January 2025, as currency issuance increased to meet Lunar New Year demand, then dropped to 5.19% in February, reflecting slower growth in bank loans and investments.

In the housing market, the Bank adopted moral suasion in mid-August 2024, urging banks to formulate internal plans to manage the aggregate amount of real estate lending for the coming year. The Bank then adjusted its selective credit controls for the seventh time in September 2024. These actions have gradually proven effective with the relevant data improving: For the loan brackets under regulatory restrictions, the loan-to-value (LTV) ratios turned lower and the interest rates were not only higher but also showed discriminatory pricing practices. Housing transactions decreased, housing price indices showed slower year-on-year growth, and public expectations for housing price rises also softened. The real estate sector gradually turned cautious regarding the outlook of the housing market, which were experiencing corrections. In addition, banks' concentration of real estate lending declined to 37.11% at the end of February, and the ratio of housing loans extended to non-homeowner buyers to total housing loans of domestic banks showed an uptrend. Going forward, the Bank will keep track of the progress in the aforementioned bank internal management of real estate lending.

(3) Price trends

The inflation rate continued to gradually come down in the year so far. During January and February, the annual growth rate of the CPI averaged 2.12%, mainly because food prices (such as fruit and vegetables, food away from home, and meat) went up, housing rent was raised, and prices of personal effects and durable consumer goods also climbed higher. Combined, they contributed 1.79 percentage points, or 84%, to the CPI annual growth. Meanwhile, the annual growth rate of the core CPI averaged 1.61% for the first two months of the year.

In February, the prices of the items purchased frequently rebounded, with the average CPI annual growth rates of the top 17 staple goods and the items purchased at least once per month both moving upwards. For the first two months of the year, the average CPI annual growth rate of commodities was 2.13% while that of services was 2.12%, both indicating a modest downtrend.

For the outlook of this year, upside factors included hikes in the minimum wage and public sector pay, the implementation of carbon fess, and services inflation easing slowly given the price stickiness in services such as food away from home. Combined with the downtrend in global oil prices forecasted by international institutions, the Bank expected the CPI and the core CPI annual growth rates to drop further from 2.18% and 1.88% in 2024 to 1.89% and 1.79%, respectively. This forecast did not account for the potential effect from the utility rate hikes still under deliberation.

If factoring in the hikes in electricity tariffs, Taiwan Railway ticket fares, and water fees, the Bank's 2025 CPI forecast would probably go up to around 2%, albeit still lower than the readings of the previous two years, and the core CPI forecast would still be lower than that of last year, both still within manageable range. Meanwhile, headline inflation forecasts by major domestic and foreign institutions ranged between 1.80% and 2.30% for 2025.

3. Considerations for Monetary Policy Decision-Making

(1) Domestic inflation would continue to ease gradually. The annual growth rate of the CPI is expected to fall to around 2% and that of the core CPI to drop below 2% after declining for a second consecutive year.

(2) A potential global economic downturn overshadowed by a host of risks could hinder economic growth at home.

A. The economy is forecasted by the Bank to grow by 3.05% year on year in 2025.

B. Rising uncertainty over the impact of US economic and trade policies creates a greater downside risk to the global economy, which could in turn hamper the growth momentum for Taiwan's economy. In addition, the domestic output gap is estimated to be slightly negative this year.

II. Proposition and Decision about Monetary Policy

1. **Policy Propositions: To keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.**

2. Board members reached a unanimous decision on the policy rate hold. Related discussions are summarized as follows.

(1) Discussions about the economic and financial conditions at home and abroad

Several board directors remarked on the uncertainty factors at home and abroad as well as the impact therefrom. One of them noted that the external risk confronting Taiwan's economic future, mainly stemming from uncertainty over President Trump's policies, was more daunting than the internal one. External factors such as price rises in international raw materials and US tariff hikes could feed through to domestic prices of related products and in turn push up domestic inflation. There would also be economic effects. Though our ICT exports registered still solid growth for now, with DeepSeek emerging and future growth of AI server development flattening, the domestic economy could slacken somewhat, a concern that the capital market seemed to have reacted on. In addition, should the US-bound investment drive of Taiwan Semiconductor Manufacturing Company (TSMC) prompt other firms in the related supply chains to follow, it could have a short-term crowding-out effect on the investment in Taiwan and disturb the supply and demand of domestic market liquidity. Elsewhere, China's economic and financial conditions also warrant close attention, such as persistently weak domestic demand and huge debt overhangs in local governments in the aftermath of the housing market bust.

One board director remarked that current uncertainties seemed to tilt towards a dimmer path. For instance, it seemed to be more possible for the US to run higher inflation than lower and to witness a weaker economy than stronger. Domestically, inflation also faced uncertainties mainly arising from prospective increases in utility fees and from the annual minimum wage hikes in recent years pushing up operational costs.

(2) Discussions regarding the policy rate decision and the selective credit control policy

All board directors considered the balance of foreign and domestic conditions and favored maintaining the policy rates and the current selective credit controls.

One board director stated that Taiwan's CPI inflation was expected to remain within a manageable range this year and there were uncertainties surrounding the so-called Trump 2.0 policies, both of which warranted the support for a rate hold. Several other directors noted that the Bank's seventh amendment to the selective credit controls have gradually produced results in curbing housing speculation, cooling housing transactions, and reducing credit concentration in real estate lending. Therefore, these directors supported no change to the control measures while noting the importance of continued monitoring of related developments.

One board director stated support for the hold on the policy rates and the credit control measures, citing the following three primary reasons. First, inflation this year would remain in manageable range. Accounting for the effect of utility rate hikes, the Bank forecasted this year's CPI inflation to run around 2% and core inflation to move below last year's level. Second, major central banks proceeded with caution in view of Trump 2.0 policy uncertainty, which brought forth global trade policy uncertainty as highlighted in the press releases of many central banks. Third, the Bank's selective credit controls had begun to show results and the interest rates of the regulated real estate loans had risen noticeably and used discriminatory pricing. On the other hand, with the housing market showing signs of correction, the Bank moved to preempt via credit risk stress tests and other precautions so as to guide the housing market toward a soft landing instead of a hard one.

One board director supported a rate hold and noted the following three economic factors. First, while Taiwan's exports, private consumption and private investment all posted solid growth, it was worth noting that industrial production gravitated toward growth in information and electronics industries. Second, labor market conditions showed robust employment. Third, with the world economic growth forecast broadly downgraded by foreign institutions, uncertainty also led to a decline in inventory changes, which deserved attention. Regarding inflation, the director noted the following. The impact of prospective utility rate hikes, if felt by households and small businesses, could push up public inflation expectations. However, given that the government had yet to announce the actual plans, the pass-through of higher costs and their deferred effect remained to be seen. Considering the elevated uncertainty of global economic and trade conditions, external risk to domestic inflation remains high, warranting a steady and prudent approach to future inflation developments.

One board director, while stating the fact of gradual disinflation in Taiwan in the year so far, pointed out other uncertainties including the implementation of carbon fees, the prospective utility hikes, and the likely case for the CPI inflation rate to exceed 2% this year. These supply-side factors, which could raise inflation expectations, would not go away solely on account of monetary policy responses such as a policy rate hike. Meanwhile, the domestic labor market conditions were stable, the economic growth was steady, and President Trump's policies were erratic. On balance, monetary policy should proceed with caution, which warranted a rate hold.

One board director stated that a higher base effect would help this year's CPI annual growth rate to come steadily down to below 2%, a level considered to be mild given the robust growth in private consumption both last and this year. Nonetheless, supply shocks coming from factors such as carbon fees still warranted consideration. Meanwhile, the background of the prospective utility rate hike was supply-side cost pressures, the impact of which would hardly be affected by monetary policy actions. Coupled with the elevated uncertainty over US policies and still solid domestic growth, there seemed to be no urgency for a rate hike and little room for a rate cut. Going forward, central bankers would need to be more careful and prudent considering the political and economic instability worldwide.

One board director noted that US policy uncertainty and heightened geopolitical tensions had dampened investor confidence in the global economic outlook. At home, Taiwan's inflation rate, albeit with a higher-than-2% average in the first two months of the year, remained mild relative to the US and Europe. Taiwan's economic growth rate would also likely to stave off a contraction thanks to export expansion. On balance, a policy rate hold would be appropriate.

One board director pointed out that Taiwan has long been in a low interest rate, ample liquidity environment, creating spillovers to the real estate market that have sent housing prices on an uptrend. On the other hand, a higher inflation rate could turn the real interest rate negative. Although recent data showed domestic inflation easing, utility rates could be raised soon and the prices of rent and food away from home were also expected to rise, both risking driving inflation expectations further up. Coupled with the ongoing uncertainty over whether the US tariff policies would trigger recessions and re-inflation in the US and the world, it seemed that a rate hold would be the best move at the current juncture. However, given the persistent inflation, some extent of tightening would also be welcome as a rate hold might cause the CPI inflation rate to stay above 2% for an extended period of time.

One board director noted that while the labor market conditions were relatively stable and the overall growth in real wages turned positive, a closer look by division industry showed that real wage growth in some sectors, particularly the services sector, remained negative, an uneven situation worthy of attention. The Jan.-Feb. average figures of the headline and core CPI annual growth rates were both edging down, but the annual growth rate of goods purchased at least once per month and that of the top 17 staple goods both continued with an uptrend. In particular, food-away-from-home prices and housing rent still experienced upside momentum, and future uncertainties lingered with the prospective utility rate hikes, indicating that inflationary pressures remained high for Taiwan. Given the labor market conditions and future inflation dynamics, a rate cut could not be justified and an immediate rate hike would not be necessitated. It was also important to closely monitor the inflationary pressures from price rises most acutely sensed by the public, such as rent and food prices.

One board director stated that rising foreign economic uncertainty was eroding corporate and household confidence. Taiwan’s economy, though, expanded at a steady and mild pace. As food-away-from-home prices and housing rent continued rising slowly, progress in disinflation was also moving slowly. In addition, the prospective hike in utility rates this year would still have an impact on the CPI inflation rate. On balance, it was not imperative for the policy rates to move but the Bank should continue monitoring the related developments and the impact therefrom.

(3) Discussions regarding the housing market and real estate lending

One board director pointed out that in addition to the rise in mortgage rates, the particular phenomenon of interest rate discrimination was worth noting, namely that the mortgage rates on loans to multi-home owner-borrowers were generally higher than the rates on loans to one-home owner-borrowers. This further showed improvement in the allocation of credit resources associated with the real estate sector and also attested that credit resources should indeed be used to fund the needs of people seeking owner-occupied housing instead of income property. On the other hand, with housing market transactions shrinking, housing repair and household spending would also decrease, and construction investment could also be restrained. As all these have impact on private consumption and investment outlays, it was important to closely monitor the effect of volume and price shocks in the housing market on real economic activity.

Another board director noted that homebuilders had come to hold a large stock of pre-sale housing units in the past four years, many of which were scheduled for ownership transfers in last and this year as well as the coming years, leading to increased demand for newly-extended pre-sale housing loans. In the meantime, although housing credit concentration and the aggregate amount of real estate lending – under banks internal management plans – have begun to decrease, the process would need a longer time to complete. Currently, mortgage demand remained high but available funding from banks was limited, and mortgage rates were also still relatively high. Looking ahead, special attention should be given to an excessive gap between supply and demand in housing credit.

One board director stated that 34 domestic banks already reported a gradual decline in the projected target concentration of real estate lending, and housing prices, despite continued uptrends, had rose at a slower pace. It was hoped that the housing market would experience a soft landing. If housing prices were to drop abruptly, given the still elevated concentration level of banks' real estate lending, financial institutions could face a higher credit risk.

3. Monetary Policy Decision:

The board directors decided unanimously to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.

Voting for the proposition: Chin-Long Yang, Tsui-Yun Chuang, Tzung-Ta Yen, Mei-Lie Chu, Ray-Beam Dawn, Shiu-Sheng Chen, Fu-Sheng Hung, Yi-Ting Li, Shi-Kuan Chen, Chien-Yi Chang, Ming-Chang Wu, Chang-Ching Lin, Ming-Fu Shaw, Jyh-Huei Kuo (Excused, Appointing Tzung-Ta Yen as Proxy), and Junne-Jih Chen (Excused, Appointing Mei-Lie Chu as Proxy)

Voting against the proposition: None

III. The Press Release

Central Bank of the Republic of China (Taiwan)
PRESS RELEASE

Monetary Policy Decision of the Board Meeting (2025Q1)

I. Global economic and financial conditions

Since the Board met in December last year, growth in the global manufacturing sector has somewhat picked up and the services sector has experienced continuous expansion, contributing to sustained and mild growth in the global economy. In recent months, the prices of international crude oil, grains, and other commodities declined and global inflation continued to soften.

In the year so far, the Fed held off from lowering rates, while the ECB maintained its rate-cutting cycle. Meanwhile, the BoJ slowed down the pace of rate rises, whereas the PBoC’s monetary policy remained accommodative. With uncertainties rising over the implications of the new US administration’s economic and trade policies, the US government bond yields reverted to a downtrend, and the US dollar index softened, inducing greater volatility in global financial markets.

International institutions projected slower growth for the global economy in 2025 compared to the previous year and a continuous easing of inflation in major economies, albeit with a moderating decrease. Looking ahead, factors such as the US tariff policy shifts and response measures taken by major economies, as well as global economic fragmentation and supply chain restructuring, could increase downside risks to the global economy and upside risks to global inflation. In addition, China’s economic slowdown and geopolitical conflicts would add to uncertainties surrounding the global economic and inflation outlook.

II. Domestic economic and financial conditions

1. In recent months, Taiwan's exports expanded at a solid pace, supported by a sustained boom in demand for artificial intelligence (AI) and other emerging technology applications. In respect of domestic demand, private investment maintained momentum as semiconductor firms increased capital equipment imports, while private consumption continued growing. Data on recent labor market conditions showed a further increase in the number of employed persons, a continuous decline in the unemployment rate, and mild wage growth.

   For the outlook this year, the persistent high demand for AI and other emerging technology applications would continue to drive export growth and boost private investment. Meanwhile, with minimum wage and public sector pay both raised this year, private consumption is expected to post moderate growth. The Bank therefore projected the economy to expand by 3.05% this year (see Appendix Table 1 for the forecasts by major institutions).

2. For the first two months of the year, the annual growth rate of the consumer price index (CPI) averaged 2.12%, and that of the core CPI (excluding vegetables, fruit, and energy items) averaged 1.61%, both continuing to come down gradually.

   Considerations for the inflation outlook this year include: the minimum wage and public sector pay are both raised, carbon fees are implemented, and a steady but slow disinflation is expected for still highly sticky services prices, whereas international forecasters project oil prices to trend downwards. The Bank therefore forecasted the CPI and the core CPI annual growth rates to register 1.89% and 1.79% in 2025 (see Appendix Table 2 for the forecasts by major institutions), respectively, lower than the 2024 figures of 2.18% and 1.88%, respectively.

   If taking into account a potential hike in utility rates, such as the Taiwan

Railway ticket fares or water and electricity tariffs, the CPI inflation rate forecast could be revised upwards to around 2%, but the core CPI inflation rate forecast would still be lower than the 1.88% registered last year.

3. Domestic market liquidity remained ample, and both long- and short-term market interest rates fluctuated within a narrow range in recent months. Banks' excess reserves averaged above NT$57 billion for the first two months this year. For the same period, the average annual growth rate of the monetary aggregate M2 (measured on a daily average basis) was 5.36% and that of bank loans and investments was 7.93%, both deemed sufficient to support economic activity.

III. The Board decided unanimously to keep the policy rates unchanged

At the meeting today, the Board considered the totality of information on the economic and financial conditions at home and abroad. Domestic inflation would continue to ease gradually this year, with the CPI inflation rate forecasted to come down to around 2% and the core CPI inflation rate to soften below 2% for a second consecutive year. Meanwhile, a slower pace of global economic growth overshadowed by an array of risks could weigh on domestic growth momentum. Taking a prudent approach in response to the influences of uncertainty factors such as the US economic and trade policies, the Board judged that a rate hold would help sustain sound economic and financial development on the whole.

The Board decided to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.

Going forward, the Bank will stay attentive to the evolving trends in domestic inflation and closely monitor the implications of uncertainties for Taiwan's economic activity and financial conditions, including US economic and trade policy shifts, the pace of monetary policy adjustment by major central banks, China’s economic downturn risk, geopolitical conflicts, and extreme weather. The Bank will adjust its monetary policy accordingly in a timely manner as warranted to fulfill the statutory duties of maintaining financial and price stability and fostering economic development within the scope of the aforementioned objectives.

IV. Around mid-August in 2024, the Bank had, through moral suasion, asked banks to enhance internal control of the aggregate amount of real estate lending over the coming year (from 2024Q4 to 2025Q4). Then, in September 2024, the Bank made the seventh amendment to its selective credit control measures.

Since these policies took effect, the loan brackets under the credit controls have witnessed lower loan-to-value (LTV) ratios and higher interest rates; with softening public expectation for housing price rises, housing market transactions have been decreasing and housing prices have increased at a slower pace. In addition, housing loans to non-homeowner borrowers as a share of total housing loans in domestic banks have risen. Recent data showed that banks’ housing loans and construction loans both posted slower year-on-year growth. The ratio of real estate lending to total lending of all banks (a measure of concentration of real estate lending) also declined to 37.1% as of the end of February this year.

Going forward, the Bank will maintain close watch on bank credit concentration on real estate lending, conduct quarterly reviews on the progress of banks’ internal improvement plans for real estate lending, and perform targeted financial examinations, so as to ensure vigorous compliance of the Bank’s rules and regulations in this regard. Meanwhile, the Bank will review the effectiveness of the selective credit control measures, closely monitor potential impacts of real estate sector-related policies on the housing market, and adjust relevant measures as needed in order to promote financial stability and sound banking operations.

V. The NT dollar exchange rate is in principle determined by market forces. Nonetheless, when irregular factors (such as massive inflows/outflows of short-term capital) and seasonal factors lead to excess volatility or disorderly movements in the NT dollar exchange rate with adverse implications for economic and financial stability, the Bank, in accordance with its statutory duties, will step in to maintain an orderly market.

Appendix Table 1

Taiwan's Economic Growth Forecasts by Major Institutions

Unit: %

Forecast Institutions		2025 (f)
Domestic Institutions	**CBC (2025/3/20)**	**3.05**
	NTU/Cathay (2025/3/12)	2.80
	DGBAS (2025/2/26)	3.14
	TIER (2025/1/24)	3.42
	CIER (2025/1/16)	3.22
Foreign Institutions	Citi (2025/3/19)	3.00
	S&P Global Market Intelligence (2025/3/18)	2.71
	Barclays Capital (2025/3/14)	2.30
	BofA Merrill Lynch (2025/3/14)	3.30
	HSBC (2025/3/14)	2.80
	J.P. Morgan (2025/3/14)	2.90
	Morgan Stanley (2025/3/14)	3.40
	Nomura (2025/3/14)	3.50
Forecast Average		**3.04**

Appendix Table 2

Taiwan's Inflation Forecasts by Major Institutions

Unit: %

Forecast Institutions		2025 (f)
Domestic Institutions	**CBC (2025/3/20)**	**1.89 (CPI) 1.79 (Core CPI*)**
	NTU/Cathay (2025/3/12)	1.90
	DGBAS (2025/2/26)	1.94
	TIER (2025/1/24)	1.95
	CIER (2025/1/16)	1.93
Foreign Institutions	Citi (2025/3/19)	2.10
	S&P Global Market Intelligence (2025/3/18)	1.88
	Barclays Capital (2025/3/14)	1.80
	BofA Merrill Lynch (2025/3/14)	1.90
	HSBC (2025/3/14)	2.00
	J.P. Morgan (2025/3/14)	1.90
	Morgan Stanley (2025/3/14)	2.30
	Nomura (2025/3/14)	2.00
Forecast Average		**1.96**

* Excluding vegetables, fruit, and energy.