Minutes of the Monetary Policy Meeting

June 18, 2026

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 18, 2026

Date and Time: 2:00 p.m., June 18, 2026

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

Ming-Hsin Kung (Excused, Appointing Tzung-Ta Yen as Proxy)

Chairman, Board of Supervisors: Shu-Tzu Chen

Supervisors: Ching-Fan Chung (Excused), 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

Yih-Jiuan Wu, Director General, Department of the Treasury

Ya-Hui Pan, Director General, Department of Financial Inspection

Ti-Jen Tsao, Director General, Department of Economic Research

Jui-Hsiang Lu, 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

[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

Since the Board meeting in March this year (2026), major economies have expanded investment in artificial intelligence (AI), bolstering global economic growth; meanwhile, countries benefiting from the AI dividend have seen an accelerated expansion in their Manufacturing Purchasing Managers' Index (PMI). Major international institutions expect oil prices this year to be significantly higher than those in the previous year (2025), which will squeeze corporate profits, erode consumer purchasing power, and consequently lead to downward revisions of global economic growth forecasts for the year.

Regarding international commodity prices, oil prices have edged down from their peaks since April as tensions in the Middle East cooled, though remaining above pre-conflict levels. Grain prices also dropped, but metal prices rose, causing the R/J CRB Futures Price Index, a proxy for overall international commodity price trends, to decline slightly compared with the end of March.

On the price front, elevated prices of raw materials supplied by the Middle East have driven up goods inflation. Given the spillover effects of high oil prices, any subsequent push on services inflation could add to future global inflationary pressures. Major international institutions have revised upwards their global inflation forecasts for this year.

In terms of monetary policy, recent months have seen the European Central Bank (ECB) shift toward rate hikes, and the Bank of Japan (BoJ) resume rate increases. Although the U.S. Federal Reserve (Fed) maintained its policy rate, its monetary policy stance has leaned toward tightening. Meanwhile, the People's Bank of China has sustained an accommodative monetary policy stance.

In international financial markets, since March this year, the Middle East conflict has pushed up inflation expectations, leading to higher government bond yields in the U.S., Japan, and Germany, which subsequently fluctuated lower alongside falling oil prices. In early April, global stock markets rebounded on the easing of Middle East tensions and robust demand for AI. The US Dollar Index slid in early April as safe-haven demand for the greenback waned, but later halted its decline and ticked up on expectations of a potential policy tightening by the Fed.

Looking ahead, the global economic outlook faces numerous uncertainties. These include inflationary pressures heightened by geopolitics and climate change, the monetary policy trajectories of major central banks, elevated risks of high leverage and high valuations driven by the AI boom and private capital market expansion, as well as uncertainties surrounding U.S. trade policies, all of which will weigh on global economic, trade, and financial developments.

2. Domestic Economic and Financial Conditions

(1) Economic situation

Recently, Taiwan’s real manufacturing and services GDP has continued to grow, with both leading and coincident indicators trending upward, indicating a sustained and stable expansion of the domestic economy. In May this year, both the Manufacturing PMI and the Non-Manufacturing Index (NMI) continued to expand, and the outlook for future business conditions remained expansionary as well.

Regarding the components of economic growth, on the external front, Taiwan’s exports grew by 48.7% year-on-year from January to May this year. Among these, driven by robust demand for innovative AI applications and price increases for certain products, exports of electronic and ICT products remained strong. Furthermore, exports of traditional industry goods related to AI also delivered solid performance. Looking ahead to the second half of the year, major cloud service providers (CSPs) have revised upward their capital expenditure scale for this year. Coupled with the gradual rollout of domestic high-end chip and advanced packaging capacity, the Bank forecasts double-digit real export growth for both the second half of the year and the full year.

Regarding private investment, the semiconductor supply chain has continued to expand high-end processes and advanced capacity, while AI supply chain players have also increased capital expenditures. In addition, the aviation industry has expanded its fleet. As a result, the Bank forecasts steady real private investment growth for the second half of the year and the full year.

Regarding private consumption, current labor market conditions remain stable, salary growth continues, and the earnings growth of listed companies last year has boosted their willingness to distribute cash dividends this year. Additionally, buoyant stock market trading has increased financial fee income. The Bank forecasts that the momentum of real private consumption will persist in the second half of the year, with full-year growth picking up speed.

In the labor market, total employment from January to April this year increased compared to the same period last year, while the unemployment rate declined relative to the same period last year. In mid-June, the number of employees on furlough dropped. From January to April, nominal total earnings grew mildly, while real total earnings registered positive growth, with the rate of increase reaching the highest for the same period in seven years.

Overall, economic growth in the first quarter of this year was better than expected. Furthermore, the Bank expects that exports will continue to grow in the second half of the year, private investment momentum will remain solid, and the positive trend in private consumption will persist. Consequently, the forecast for this year’s economic growth rate has been revised upward to 9.45%. Among the components, net external demand and capital formation serve as the primary growth drivers for this year, contributing a combined 7.33 percentage points, or a contribution rate of 77.6%. Major domestic and foreign forecasting institutions project Taiwan’s economic growth rate for this year to range between 5.64% and 10.30%, with an average of 8.81%.

(2) Financial conditions

Since March this year, buoyant trading in the domestic stock market, combined with tightening factors such as income tax payments and funding demand from AI-related enterprises, continued to push up short-term interest rates. During the same period, 10-year government bond yields edged higher. In May, net excess reserves of banks averaged around NT$53.5 billion, indicating that domestic market liquidity remained ample.

Regarding domestic money and credit, in terms of bank credit, strong momentum in foreign trade and active stock trading since the beginning of this year drove up borrowing demand from enterprises and individuals, respectively. Coupled with an increase in the annual growth rate of banks' securities investments, the annual growth rate of bank loans and investments rose to 9.36% in May, averaging 7.94% for the first five months, higher than the previous year's annual average of 6.66%.

As for money supply, stock market-related deposits for securities settlement climbed to a record high, pushing the annual growth rate of M1B up to 9.56% in May. The annual growth rate of M2 rose to 7.83% in May, driven by the expansion in loans and investments as well as a lower base effect from the previous year, with the average growth rate for the first five months reaching 6.12%, exceeding the full-year average of 4.54% recorded last year.

Analyzing credit expansion among domestic banks and securities firms, brisk trading in the local stock market led to a notable shift. Comparing the end of May this year with the end of 2024, the combined increase in all banks' personal working capital loans for financial planning and financing provided to private securities, futures, and financial auxiliary industries far exceeded the increase in loans to the manufacturing sector. Furthermore, the outstanding balance of margin financing provided by securities firms to clients increased. The funds sourced by securities firms for client financing primarily came from bank borrowings and the issuance of uncollateralized commercial paper; as both balances continued to climb, the exposure of the banking system to the stock market increased accordingly.

In the housing market, the Bank continued to implement selective credit control measures, which, together with banks' ongoing efforts to reinforce risk management on real estate lending, led to a continuous decline in building ownership transfers nationwide, a moderation in housing price growth, and a prevailing expectation among the public for falling property prices. Nevertheless, domestic housing price corrections remained limited; since the onset of the pandemic in 2020, the cumulative increase in Taiwan's real house price index has surpassed that of major economies. Consequently, the price-to-income ratio remains high, and the homebuying burden on the public remains heavy. In addition, as of the end of May this year, the real estate loan concentration ratio for all banks declined from a recent peak of 37.61% at the end of June 2024 to 35.17%. However, this decline was primarily driven by the growth in other non-real estate loans (the denominator), which exceeded the growth in real estate loan balances (the numerator); notably, stock market credit expansion within these other loans was pronounced.

(3) Price trends

Driven by a widening increase in fuel and lubricant prices in recent months, along with airfares reflecting higher fuel surcharges, transport and entertainment service costs were pushed up, leading to an uptrend in the annual growth rates of the Consumer Price Index (CPI) and core CPI. For the first five months of this year, the average annual CPI growth rate stood at 1.52%, mainly owing to price increases in personal effects such as gold ornaments and jewelry, expenses on food away from home, residential rent, as well as entertainment services, education and child-care expenses, and transport fees; together, these factors raised the annual CPI growth rate by 1.35 percentage points, contributing approximately 88.8%. Meanwhile, the average annual core CPI growth rate for the first five months was 1.96%, indicating that current inflation remains moderate.

For the first five months of the year, the price increases for items frequently purchased were lower than the overall annual CPI growth rate; however, price increases for the 17 key daily commodities exceeded the overall annual CPI growth rate, leaving the public with a strong perception of rising prices. Furthermore, observing the trends in annual CPI growth by commodity type, higher fuel surcharges pushed up by rising oil prices prompted international airfares and foreign tour package fees to reflect higher selling prices. As a result, domestic services inflation shifted upward, with service prices increasing by an annual 2.30% in the first five months, higher than the 0.69% annual growth rate for commodity prices as well as the overall CPI annual growth rate.

Import prices have continued to rise in recent months, primarily affected by price increases in electronic components such as integrated circuits, as well as energy and mineral products; nevertheless, prices of electronic components are mostly reflected in export prices, and with the government actively taking measures to stabilize energy prices, the inflationary pressures brought by the current rise in import prices remain manageable.

In view of the slight upward revision to this year's forecast for international crude oil prices, the continued rise in Taiwan's import prices, and the uptick in services price inflation, but taking into account the government's active adoption of supply-side measures to stabilize domestic prices, the Bank slightly revised up its forecasts for this year's CPI and core CPI annual growth rates to 1.91% and 1.90%, respectively. Meanwhile, major domestic and foreign institutions projected Taiwan's CPI annual growth rate for this year to range between 1.80% and 2.10%, with an average of 1.95%.

Furthermore, as international oil prices are forecasted to be lower next year (2027) than this year, major institutions' average forecast for Taiwan's inflation rate next year stood at 1.7%, lower than this year's 1.9%, suggesting that public inflation expectations remain broadly stable.

3. Considerations for Monetary Policy Decisions

(1) The domestic inflation outlook remains mild

A. This year's forecast for international oil prices has been slightly revised upward, Taiwan's import prices have continued to rise, and services inflation has trended upward. Nonetheless, after taking into account the mitigating effects of the government's proactive, supply-side measures for price stabilization, the Bank has adjusted its annual forecasts for the 2026 CPI and core CPI annual growth rates slightly upward to 1.91% and 1.90%.

B. Major institutions forecast that international oil prices will decline next year, and that Taiwan's CPI annual growth rate next year will be lower than this year, indicating that domestic inflation expectations remain broadly stable.

(2) The domestic economy is forecasted to post solid growth this year

With the continued expansion of business opportunities from AI and other emerging technology applications, Taiwan's exports are expected to continue expanding steadily this year and private investment momentum will be bolstered. Meanwhile, private consumption is likely to sustain its growth. The Bank has revised up its forecast for this year's economic growth rate to 9.45%.

(3) **It is important** to prudently respond to uncertainties surrounding the global economic and financial outlook, and the potential impact of the Middle East conflict on domestic prices and the economy.

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 2%, 2.375%, and 4.25%, respectively**
2. Board members agreed on the policy rate hold. Related discussions are summarized as follows.

(1) Discussions about the policy rates

Multiple board directors agreed on the policy rate hold proposition, citing the following considerations. Regarding inflation, considering that the government is actively taking supply-side measures to stabilize domestic prices, Taiwan's inflation rate is expected to remain mild and manageable this year. Regarding domestic economic growth, despite strong momentum this year, it is predominantly concentrated in AI-related industries while other industries show weaker performance, reflecting cross-sector divergence. **One of them** remarked that although there are upside risks to inflation, a rate hold would help preserve certain policy space and provide greater flexibility to respond to future uncertainties.

Several board directors noted the need to continue monitoring inflation developments and public inflation expectations. **One of them** pointed out that while current variables did not necessitate a policy rate adjustment, it is important to keep watch on the impact of uncertainty factors – such as international political and economic developments, weather events, oil prices, etc. – on domestic inflation. Given the lingering inflationary pressures, a resurgent Middle East conflict could further complicate the inflation outlook. **Another board director** stated that while the government's price stabilization measures serve as a near-term response, price determination is expected to revert to market forces over the longer term; moreover, the recent gradual decline in oil prices would likely pass through to domestic prices in the coming months. The director stressed the need for the Bank, while keeping the rates unchanged this time, to communicate its determination to contain inflation so as to anchor inflation expectations.

One board director pointed out that oil prices has played a key role in pushing up inflation in recent months. Although international oil prices dropped following the signing of an M.O.U. between the U.S. and Iran, fully restoring global energy supply to pre-war peak levels will not happen overnight, and it will still take time for domestic inflation to return to a reasonable level. Given that a myriad of uncertainties continue to cloud inflation, a period of observation will be needed to confirm its trajectory.

Another board director remarked that domestic inflation has remained stable recently, mainly owing to a host of supply-side stabilization measures implemented by the government. Meanwhile, notwithstanding a high GDP growth rate projection for Taiwan, this momentum has been mainly concentrated in the export sector and has not spread to private consumption or other domestic demand sectors. The future path of CPI inflation will largely depend on wage adjustments, bonus distribution, changes in prices of food away from home, and increases in service prices.

One board director stated that it would no longer be appropriate for the policy rates to remain unchanged and now would be a suitable time for a rate hike. Both the CPI annual growth rate for May this year and the Bank's estimate for June exceeded 2%. Furthermore, as core CPI provides a more accurate reflection of medium- to long-term, underlying inflation trends, and the components of the core price leading indicators have already trended upwards, cautious responses are warranted. Given the lag in monetary policy transmission and considering current inflationary pressures, a rate hike at this juncture could prove more effective in anchoring inflation expectations. With long-term interest rates rising and the yield spread widening, potential changes in market inflation expectations require close monitoring. Furthermore, the number of employed persons in industries experiencing negative real total earnings growth in the Jan.-Mar. period this year was higher than that of last year; thus, monetary policy should be deployed at appropriate timing to curb inflationary pressures.

One board director also held the view that this would be an opportune time for increasing the policy rates toward monetary policy normalization. The Bank's price projections showed that year-on-year CPI growth will stay above 2% after June and for this year as a whole. Furthermore, international oil prices remained elevated and the producer price index (PPI) annual growth rate continued to rise, with research already indicating that PPI serves as the primary channel through which oil prices pass through to CPI. Looking further at the drivers of Taiwan's inflation, the demand-side factor currently projected by the Bank has continued to expand while the tightening of the supply-side factors has also intensified, both of which pose underlying risks of future price increases. These suggest that the outlook for consumer price inflation ahead remains a cause for concern. Moreover, as inflation rose again, the real interest rate on Taiwan's one-year time deposits turned negative, pointing to a potentially overly loose policy stance.

Another board director noted that Taiwan's current economic growth momentum is primarily driven by external demand, while private consumption has remained steady; coupled with the government's active adoption of supply-side measures to stabilize prices, major institutions' forecasts for Taiwan's inflation rate this year mostly stood below 2%. A 2% inflation rate represents the medium- to long-term target. Given expectations of lower oil prices next year, major institutions forecast Taiwan's inflation rate to decline further, suggesting a broadly stable inflation outlook. Inflationary pressure stems from two sources: cost-push pressure from the supply side and demand-pull pressure. When driven by supply-side factors, monetary policy is less effective, while supply-side measures by the government can better ease such pressure. In addition, in terms of the real interest rate on one-year time deposits, the real interest rates of major economies have mostly been negative since 2021, and Taiwan's current real interest rate remains higher than that of major economies such as Switzerland, South Korea, the euro area, the U.S., and Japan, and is therefore not particularly low.

One board director similarly pointed out that Taiwan's recent robust economic growth has been mainly driven by the expansion of external demand, and thus its pass-through effect on domestic inflation has been limited. In terms of the supply side, although the annual growth rates of both the PPI and the import price index have hit multi-year highs, with the U.S. and Iran having reached a preliminary agreement, Taiwan's inflationary pressure is expected to ease gradually. In addition, surveys by other institutions show that public inflation expectations have moderated somewhat in recent months and the average inflation expectation for this year also remains mild, suggesting that domestic inflation should be manageable.

One board director expressed that view that Taiwan's economic growth momentum has been primarily driven by robust external demand rather than domestic demand, and inflationary pressure has mainly stemmed from supply-side factors, with the government's energy price stabilization mechanism absorbing most of the increase in oil prices; Japan and South Korea have likewise adopted measures to suppress oil prices in response to the supply-side shock. In the face of inflation caused by supply-side shocks, the effectiveness of monetary policy on prices is relatively limited, but its impact on the economy could be more pronounced; this calls for even more prudent judgment in the conduct of monetary policy, particularly as the economy exhibits uneven growth patterns.

Multiple board directors drew attention to the issue of the economy achieving strong AI-driven growth, while at the same time facing divergent industrial development and income inequality. **One of them** noted that this year's economic growth has been exceptionally strong, unprecedented in years; however, the fruits of this growth have been unevenly distributed across industries and demographic groups: While AI-related industries have benefited more significantly, low-income groups have found it difficult to partake in the gains. **Another board director** pointed out that private consumption momentum has picked up since the third quarter of last year. Although real regular earnings of employees in the industrial and services sectors have registered positive growth, nearly 70% of employees' nominal regular earnings remain below the average; this issue of AI-driven income growth alongside income inequality warrants consideration. Therefore, should the Bank raise interest rates at this juncture, low-income households would bear a disproportionately heavy burden. **One board director** also remarked that Taiwan's economy is currently characterized by external demand outperforming domestic demand, and within external demand, AI-related industries outperforming non-AI industries; this reflects a pattern of divergent development. As monetary policy is a macro-level tool formulated with consideration for the overall economy, any adjustment to the policy rate levels should be carefully assessed for its impact on different industries and demographic groups.

Another board director noted that the Bank revised upward its forecast of this year's CPI inflation rate to 1.91% in June, on the assumption of an oil price of US$90 per barrel amid the evolving U.S.-Iran situation. Looking ahead, most external forecasts for next year's international oil prices now stand below US$80 per barrel, which is also reflected in external CPI forecasts for Taiwan next year, mostly below 2%. Given that the Bank's interest rate policy is guided by medium- to long-term trends of the CPI inflation rate, and that current data indicate an inflation outlook over the coming year within a tolerable range, holding the policy rate steady is acceptable.

(2) Discussions regarding the selective credit control measures

Multiple board directors expressed the view that the domestic housing market has recently experienced declining transaction volumes alongside price consolidation. The effectiveness of the selective credit control measures has gradually become apparent, and at this stage, there is no need for additional measures or relaxation. **One of them** pointed out that Taiwan's housing price-to-income ratio is relatively high compared to major economies and major international cities; therefore, the burden of housing affordability for the public remains relatively heavy. In addition, although the concentration of real estate lending has declined, the overall outstanding balance of real estate loans has continued to rise. Citing these views, the director supported maintaining the current selective credit controls in hopes of further helping to channel banks' credit resources towards industrial sectors.

Two board directors noted the importance to monitor the impact of the new scheme – after its rollout – for the Preferential Youth Housing Loans 2.0 on the housing market and on the effectiveness of the Bank's selective credit control measures. Therefore, it would be appropriate to keep the credit controls unchanged at this stage and, going forward, to continue monitoring the evolving situation and make adjustments as warranted.

Two board directors noted the potential impact of the sustained growth in equity market-related credit. **One of them** pointed out that if the activity of using real estate mortgage loans to fund equity investment continues to expand, it could pose a threat to financial stability; relevant macroprudential measures should be considered. **The other board director** stated that with the public currently showing a tendency toward excessive investment in the stock market, the impact of any future market reversal should not be underestimated.

One board director noted that if trading in the domestic stock market cools down, demand for related personal working capital loans for financial planning would likely decline, and some of these funds could flow into the real estate market instead, potentially pushing housing prices up further, which will warrant close attention. Meanwhile, keeping the selective credit control measures unchanged for now would preserve greater flexibility to respond to future changes in market conditions. **Another board director** expressed support for maintaining the credit control measures as they are, citing the importance of keeping the housing market at its current state of declining transaction volumes and steady prices amid buoyant stock trading, which would also help sustain financial stability.

3. Monetary Policy Decision:

The board directors 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.

Voting for the proposition:

Chin-Long Yang	Tsui-Yun Chuang	Tzung-Ta Yen
Mei-Lie Chu	Ray-Beam Dawn	Junne-Jih Chen
Fu-Sheng Hung	Shi-Kuan Chen	Chien-Yi Chang
Ming-Chang Wu	Chang-Ching Lin	Ming-Fu Shaw
Ming-Hsin Kung (Excused, Appointing Tzung-Ta Yen as Proxy)		

Voting against the proposition:

Shiu-Sheng Chen Yi-Ting Li

III. The Press Release

The board directors 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 Decision of the Board Meeting (2026 Q2)

I. Global economic and financial conditions

Since the Board met in March this year, investment in artificial intelligence (AI) and related technologies has continued to expand, supporting further growth in global manufacturing activity. Nevertheless, the conflict in the Middle East has disrupted global energy supplies. With expectations of international crude oil and other commodity prices to remain elevated, pushing up global inflationary pressures and weighing on global demand, major international institutions have therefore revised their forecasts downward for the global economic growth rate this year while raising their projections of the global inflation rate. More recently, following the announcement of the preliminary agreement reached between the U.S. and Iran, crude oil prices have declined significantly.

In recent months, the European Central Bank has pivoted toward a policy rate hike, while the Bank of Japan has resumed raising policy rates. Although the U.S. Federal Reserve has kept its policy rate unchanged, it has signaled a turn towards tightening. The People's Bank of China has maintained its loose monetary policy stance. Meanwhile, recent market expectations of shifts in the monetary policy stance of major central banks, together with concerns over possible overvaluation of AI-related stocks, have heightened volatility in global financial markets.

Looking ahead, developments in the Middle East conflict, the future course of monetary policy among major central banks, the evolution of U.S. economic and trade policies, and the prospects for AI-related industries could add to uncertainties surrounding the global economic and financial outlook.

II. Domestic economic and financial conditions

1. With robust growth in exports and steady expansion in private investment on the back of strong demand for AI and other emerging technology applications, combined with a pickup in private consumption, the domestic economy performed significantly better than expected in the first quarter of this year and is projected to continue expanding at a remarkably solid pace in the second quarter. Regarding labor market conditions during the first four months of the year, the average unemployment rate declined year on year and the number of employed persons increased, alongside mild wage growth.

   Looking ahead to the second half of the year, the ongoing broadening of the adoption of emerging technology applications are likely to sustain solid export growth and drive private investment momentum, while the improvement in private consumption growth would also likely continue. The Bank revised up its forecast for Taiwan's GDP growth rate to 9.45% (see Appendix Table 1 for the forecasts by major institutions).

2. For the first five months of the year, the annual growth rate of the consumer price index (CPI) averaged 1.52% and that of the core CPI (excluding vegetables, fruit, and energy items) averaged 1.96%.

   In regard to the inflation outlook for the year as a whole, major foreign institutions have revised up their forecasts for this year's international oil prices. Meanwhile, domestic import prices have continued rising, and services inflation has shifted into an upturn. After taking into account the effect of the government's energy price stabilization measures, the Bank revised its all-year inflation forecasts slightly upward to 1.91% and 1.90% for the CPI and core CPI annual growth rates, respectively (see Appendix Table 2 for the forecasts by major institutions). Key drivers for future domestic inflation trends include international geopolitical risks and weather factors.

3. In recent months, both short- and long-term market interest rates drifted up, but domestic market liquidity remained ample. Excess reserves in the banking system averaged above NT$50 billion for the period from March to May this year.

   Amid brisk trading in the local equity markets, retail investors have stepped up borrowing to finance their equity securities investment. Consequently, the balance of banks' loans to individuals for financial investment and financing provided to private securities, futures, and financial auxiliary industries has witnessed a sharp increase since the start of the year. Banks are advised to be attentive to credit expansion and risk management associated with these activities.

   For the first five months of the year, the annual growth rate of the monetary aggregate M2 (measured on a daily average basis) averaged 6.12% and that of bank loans and investments averaged 7.94%, higher than their respective yearly averages of 4.54% and 6.66% registered in 2025.

III. The Board decided 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. With the domestic inflation outlook projected to remain moderate and the domestic economy expected to post solid growth, the Bank, taking a prudent approach to the uncertainty surrounding the global economic and financial outlook and the potential impact of the Middle East conflict on domestic prices and the economy, 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 closely monitor uncertainty factors such as the situation in the Middle East, the monetary policy paths of major central banks, the development of the AI ecosystem, changes in the U.S. economic and trade policies, and extreme weather, and their implications for Taiwan's economic activity and financial conditions. 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. In March this year, the Bank introduced a moderate adjustment to the cap on the loan-to-value (LTV) ratio for a natural person's second housing loan. Thereafter, domestic banks have recorded a further increase in housing loans to non-homeowners as a share of total housing loans. Loans for urban renewal and reconstruction of unsafe and dilapidated housing have also been rising as a share of construction loans. Meanwhile, consumer expectations for housing price rises remain soft, housing market transactions have cooled, and the housing price uptrend has moderated.

The ratio of real estate lending to total lending of all banks (a measure of concentration of real estate lending) has further declined from the peak of 37.6% recorded at the end of June 2024 to 35.2% as of the end of May this year. In the meantime, the balance of real estate loans continued to build up, while other loan categories (i.e., total loans excluding real estate loans) saw a greater increase in their combined balance than that in the real estate loan balance, with significant expansion in equity investment-related lending.

The Bank's selective credit control measures were implemented to curb excessive concentration of bank credit on the real estate market and to help channel credit resources toward supporting productive economic activities. Going forward, the Bank will continue to review banks' internal quantitative management of aggregate real estate lending and monitor the allocation of credit resources to productive economic activities. Meanwhile, the Bank will also keep watch on potential impacts of real estate sector-related policies on the housing market, conduct rolling reviews of the effectiveness of the selective credit control measures, 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 forces (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 will, consistent with its statutory duties, step in to maintain an orderly market.

Appendix Table 1

Taiwan's Economic Growth Forecasts by Major Institutions

Unit: %

Forecast Institutions		**2026 (f)**
Domestic Institutions	**CBC (2026/6/18)**	**9.45**
	NTU/Cathay (2026/6/17)	10.10
	TRI (2026/6/16)	9.33
	DGBAS (2026/5/29)	9.64
	TIER (2026/4/24)	7.56
	CIER (2026/4/17)	7.22
Foreign Institutions	Citi (2026/6/17)	7.85
	Goldman Sachs (2026/6/17)	10.30
	S&P Global Market Intelligence (2026/6/15)	5.64
	UBS (2026/6/15)	8.02
	J.P. Morgan (2026/6/12)	9.90
	Morgan Stanley (2026/6/12)	8.90
	Nomura (2026/6/12)	9.90
	Standard Chartered (2026/6/12)	9.50
Forecast Average		**8.81**

Appendix Table 2

Taiwan's Inflation Forecasts by Major Institutions

Unit: %

Forecast Institutions		2026 (f)
Domestic Institutions	**CBC (2026/6/18)**	**1.91***
	NTU/Cathay (2026/6/17)	2.00
	TRI (2026/6/16)	1.96
	DGBAS (2026/5/29)	1.93
	TIER (2026/4/24)	1.89
	CIER (2026/4/17)	1.98
Foreign Institutions	Citi (2026/6/17)	1.87
	Goldman Sachs (2026/6/17)	1.93
	S&P Global Market Intelligence (2026/6/15)	2.07
	UBS (2026/6/15)	1.89
	J.P. Morgan (2026/6/12)	2.00
	Morgan Stanley (2026/6/12)	1.80
	Nomura (2026/6/12)	2.00
	Standard Chartered (2026/6/12)	2.10
Forecast Average		**1.95**

* The Bank forecasted the annual growth rate of the core CPI (excluding vegetables, fruit, and energy items) to register 1.90% in 2026.