**Appendix 1**

**Table 1 Taiwan's Inflationary Pressures and Inflation Outlook**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: % | | | | |
|  |  | **Inflationary pressures** | **Inflation**  **outlook** | |
| Jan.-Nov. 2017 | 2017 (f) | 2018 (f) |
| **Domestic institutions** | TIER (2017/11/15) | **0.57 (CPI)**  **0.99 (Core CPI\*)** | 0.75 | 0.80 |
| TRI (2017/12/14) | 0.64 | 0.88 |
| DGBAS (2017/11/24) | 0.62 | 0.96 |
| CIER (2017/12/19) | 0.56 | 0.99 |
| CBC (2017/12/5) | 0.61 (CPI)  1.02 (Core CPI\*) | 1.12 (CPI)  1.12 (Core CPI\*) |
| **Foreign institutions** | UBS (2017/12/15) | 0.64 | 0.96 |
| EIU (2017/12/16) | 0.60 | 1.20 |
| Credit Suisse (2017/12/15) | 0.60 | 1.20 |
| HSBC (2017/12/15) | 0.70 | 1.20 |
| IHS Markit (2017/12/15) | 0.56 | 1.22 |
| Deutsche Bank (2017/12/8) | 0.60 | 1.30 |
| BoA Merrill Lynch (2017/12/18) | 0.50 | 1.30 |
| Goldman Sachs (2017/12/18) | 0.80 | 1.30 |
| Barclays Capital (2017/12/15) | 0.60 | 1.30 |
| Citi (2017/11/16) | 0.60 | 1.30 |
| Nomura (2017/12/15) | 0.60 | 1.50 |

**Median:**

**0.62% (2017)**

**0.96% (2018)**

(domestic institutions)

**Median:**

**0.60% (2017)**

**1.30% (2018)**

(foreign institutions)

\*Excluding vegetables, fruit, and energy.

Sources: DGBAS, Executive Yuan; forecasts by respective institutions.

Compared with other economies, Taiwan’s nominal interest rate is not low and the real interest rate is relatively higher.

**Table 2 Real Interest Rates and Economic Growth of Selected Economies**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | |  | | Unit: % |
| Economies | (1) | (2) | | (3)=(1)-(2) | | **Real GDP**  **growth rate**  **(2017 forecast)** \*\* | |
| 1-year time deposit rate | CPI annual growth rate \*\* | | **Real interest rate** | |
| (As of 2017/12/21) | (2017 forecast) | |
| Indonesia | 4.750 | 3.84 | | 0.910 | | 5.0 | |
| Thailand | 1.500 | 0.70 | | 0.800 | | 3.8 | |
| **Taiwan** | **1.065**\* | **0.61** | | **0.455** | | **2.61** | |
| US | 2.140 | 2.14 | | 0.000 | | 2.3 | |
| China | 1.500 | 1.73 | | -0.230 | | 6.8 | |
| Singapore | 0.250 | 0.49 | | -0.240 | | 3.6 | |
| Switzerland | 0.160 | 0.52 | | -0.360 | | 1.1 | |
| Japan | 0.011 | 0.44 | | -0.429 | | 1.8 | |
| South Korea | 1.300 | 2.04 | | -0.740 | | 3.2 | |
| Malaysia | 2.850 | 3.79 | | -0.940 | | 5.9 | |
| Hong Kong | 0.050 | 1.50 | | -1.450 | | 3.6 | |
| Euro Area | -0.270 | 1.47 | | -1.740 | | 2.4 | |
| UK | 0.860 | 2.69 | | -1.830 | | 1.5 | |
| The Philippines | 0.500 | 3.17 | | -2.670 | | 6.6 | |
| \* 1-year time-deposit floating rate of the five major domestic banks.  \*\* IHS Markit projections, as of Dec. 15, 2017. Forecasts for Taiwan's CPI annual growth rate and the real GDP growth rate are CBC's projections. | | | | | | | |

**Figure 1 Real Interest Rates and Economic Growth of Selected Economies**

Taiwan's real interest rate relative to economic growth stands at an appropriate level compared to many economies: some economies have higher economic growth rates but lower, negative real interest rates.

Economies with a looser monetary policy stance than Taiwan