**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