

Financial Conditions September 2019

Monetary Aggregates For the month of September 2019, the monthly growth rates of the monetary aggregates M1B and M2 (measured on a daily average basis) were 0.09% and 0.03%, respectively, both lower than those of the previous month. The annual growth rate of M1B decreased to 7.39% mainly because of slower growth in demand deposits, whereas the annual growth rate of M2 increased to 3.40% mainly because of net foreign capital inflows and faster growth in bank loans and investments. For the first nine months of this year, the average annual growth rates of M1B and M2 were 7.10% and 3.27%, respectively.

Deposits and Loans & Investments At the end of September, the monthly growth rate of total deposits in monetary financial institutions was -0.01%, lower than that at the end of the previous month; the annual growth rate increased from 3.18% at the end of the previous month to 3.32%. The monthly growth rate of total outstanding loans and investments (measured on a cost basis) of monetary financial institutions was 0.67%, higher than that at the end of the previous month. Meanwhile, the annual growth rate increased from 3.95% at the end of the previous month to 4.20% because of faster growth in bank claims on the government and the private sector. If (1) loans and investments extended by life insurance companies, (2) non-accrual loans reclassified and bad loans written off by monetary financial institutions, and (3) funds raised directly from capital markets were all taken into account, the total outstanding amount of funds raised by the non-financial sector would show an annual growth rate of 3.42%, higher than the 3.34% registered at the end of the previous month.

Reserve Money The daily average reserve money in September was NT\$4,212.2 billion, an increase of NT\$20.5 billion from the previous month. Of the components, currency in circulation increased by NT\$13.8 billion, while reserves deposited with the Bank increased by NT\$6.7 billion. The annual growth rate of the daily average reserve money decreased by 0.08 percentage points from 6.40% of the previous month to 6.32%. For the first nine months of this year, the average annual growth rate of reserve money was 6.30%.

Reserve Conditions and Call Loan Rate For the month of September, the daily average net excess reserves of financial institutions were NT\$51.7 billion. The average overnight call loan rate decreased from 0.180% of the previous month to 0.177%.

Foreign Exchange Reserves At the end of September, foreign exchange reserves amounted to US\$469.49 billion, increasing by US\$1.32 billion from the previous month.