

Taiwan's central bank hikes by 12.5bp

As expected, Taiwan's central bank raised the discount rate by 12.5bp to 1.75%. We believe that the central bank will continue to follow the rate hike path of the US Federal Reserve in the first quarter of 2023



Taiwan's central bank

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The post-meeting press conference didn't point directly to either a continuous hike or pause. The central bank said that the future depends on various factors, including other major central banks' policy actions, global raw material prices, geopolitics, extreme climate, and so on.

Overall, we believe the Taiwan central bank will continue to follow the Fed's rate hike path in the first quarter of next year. This is despite the fact that Taiwan's economy has been under the stress of shrinking sales of semiconductors as external demand wanes.

As such, we expect the discount rate to rise to 1.875% in the first quarter of 2023.

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