

Press Release:

Taiwan Consumer Expectations and Policy Response Survey

Recognizing the important role of consumer expectations in shaping inflation dynamics, the Macroeconomic Forecast Team at the Institute of Economics, Academia Sinica has conducted the Taiwan Consumer Expectations and Policy Response Survey biannually since October 2023. While the Consumer Price Index (CPI) serves as the standard measure of inflation, it may not fully capture consumers' perceptions of changes in the cost of living. This survey therefore also explores consumer expectations about the cost of living. The latest round was conducted from April 1 to 22, 2025.

Cost-of-Living Expectations

The survey finds that 60.8% of consumers expect the cost of living to rise in one year, with an average expected increase of 11.6%. These figures are slightly lower than last year's 63.8% and 12.9%, respectively. Among spending categories, consumers anticipate the sharpest increases in *transportation and energy* (15.0%) and *food, including dining out* (13.7%).

Despite declining oil prices before May 2025, April respondents still expected notable increases in transportation and energy costs, likely due to public transit fare hikes (e.g., railway ticket increases effective June 23) and anticipated adjustments in bus and electricity rates. As for food, CPI data show the food category growing at over 3% year-on-year from November 2024 to May 2025, reinforcing consumer expectations of continued price pressure.

Inflation Expectations

Roughly 89% of consumers expect CPI inflation to rise in one year, with a median expected increase of 2.5%. Although actual CPI inflation eased to 1.55% in May 2025—the lowest since April 2021, expectations remained high, likely influenced by survey timing, coinciding with U.S. President Trump's announcement of new tariffs, which roiled financial markets, triggered capital outflows, and weakened the NT dollar, all contributing to inflationary concerns.

Over 75% of respondents expect inflation to exceed 2% a year from now. Among them, 42.7% cite the potential for a global trade war—particularly rising production costs stemming from U.S. tariffs—as the primary driver. Another 26.6% point to increasing commodity prices, while 14.8% attribute their expectations to anticipated hikes in electricity and water rates.

Housing Price Expectations and Policy Response

Since the pandemic, Taiwan's housing prices have surged. Between 2018 and 2024, average annual growth rates reached 6.58% (the Index by the Ministry of the Interior) and 8.12% (the Sinyi Index), far outpacing average CPI inflation of 1.61% and rent growth of 1.40%. In response, the Central Bank has implemented seven rounds of credit controls since December 2020, with the latest round in September 2024, which has cooled the housing market in the first half of 2025, though with regional variation.

Survey results show that 36% of consumers expect housing prices to fall or remain stable over the next six months, while nearly 60% anticipate an increase—mostly under 5%. On average, respondents expect a 2.7% increase in six months. Looking further ahead, 71% expect housing prices to rise over the next three years, with an average projected increase of 4.8%—much below recent historical trends. These results suggest that while longer-term housing price expectations remain resilient, the latest policy measures may have tempered expectations about the pace of future increases.

Survey Methodology

Full methodological details are provided in the March 2024 issue of *Taiwan Economic Forecast and Policy*. The survey employs dual-frame sampling (landline and mobile) and includes 2,205 respondents. Data are weighted by region, gender, and age to reflect the demographic composition of Taiwan's consumer population. The margin of error is ± 2.09 percentage points at the 95% confidence level.