

Taiwan Market Report 2023

Director, Dennis Hsu



Taiwan Securities Association

October 31, 2023

Contents

2

- Economic Overview
- Securities Market
- Bond Market
- Capital Market ESG
- Conclusion



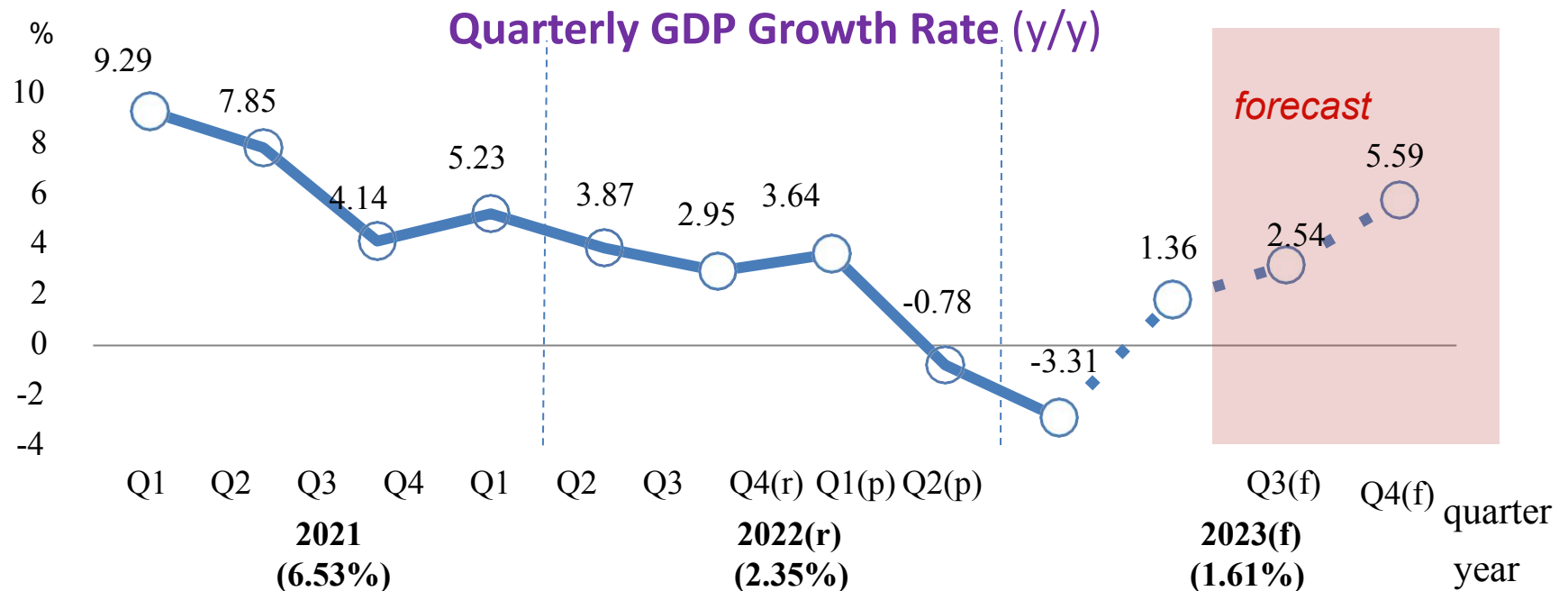
Economic Overview

- The state of the global economy remains fragile, with capital markets facing challenges such as the global economic slowdown and geopolitical risks, among others.
- Taiwan's outlook for 2023 has been influenced by the fact that domestic inflation has slowed down, and the GDP trend for the year is expected to improve quarter by quarter.
- The real GDP is projected to grow by 1.61% in 2023 and 3.32% in 2024, while the CPI is expected to increase by 2.14% in 2023 and then gently rise by 1.58% in 2024.
- Taiwan's financial sector is benefiting from the domestic and international stock market rebound, which is helping securities firms with brokerage fee income and other outstanding performance. We expect optimism about the financial sector's profit performance in the second half of 2023.

2023 GDP Growth Forecast

4

Taiwan's real GDP is projected to grow by 1.61% in 2023. While economic growth is expected to be low in the first half of the year due to ongoing global inflationary pressure, there is potential for momentum to pick up in the second half of 2023.



Securities Market

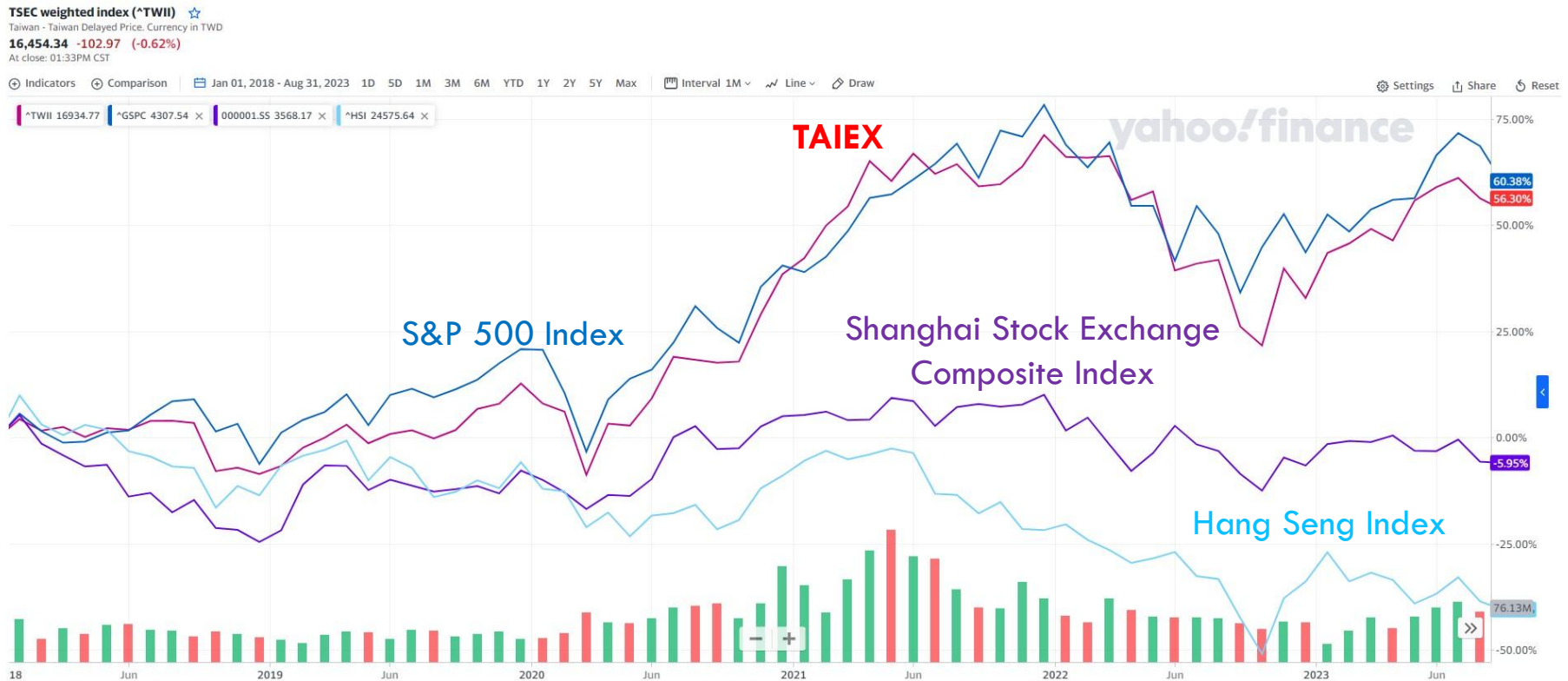
5

- Taiwan's capital markets have established a multi-tiered capital market structure. As of August 2023, there were 1,795 listed companies in Taiwan with a market capitalization of US\$1.8 trillion.
- In 2022, the total trading value of Taiwan's stock market was US\$2.34 trillion, with an average daily trading value of US\$9.5 billion and a centralized market turnover rate in terms of trading value of 115.44%.
- As of August 2023, Taiwan's stock market performance has been strong, with a rise of 18%, a total trading value of US\$1.73 trillion, an average daily trading value of US\$11.15 billion, and a turnover rate in terms of trading value of 80%.
- The proportion of transactions by general investors is approximately 60%, domestic institutional investors make up around 10%, and foreign institutional investors account for about 30%.

Comparison of Stock Market Indices

6

The **TAIEX** (Taiwan Stock Exchange Capitalization Weighted Stock Index) rose 2,497 points, or 18%, from the beginning of 2023 to the end of August.



Date Range: 2018 - August 2023

Bond Market

- Inflation has slowed in most economies, which is generally seen as positive for the bond market, and bond market trading is gradually improving.
- In 2022, Taiwan's total bond issuance reached US\$523.42 billion, with a total bond trading value of US\$957.8 billion and an average daily trading value of US\$3.86 billion.
- As of August 2023, Taiwan's total bond issuance had reached US\$537.5 billion, and the total bond trading value was US\$608.9 billion, with an average daily trading value of US\$3.85 billion.
- Since 2017, social, sustainability-linked, and green bonds have been developed, and the issuance of these bonds has grown rapidly at a rate of 50% to 60% per year.

2050 Net-Zero Emissions

8



Taiwan's 2050 Net-Zero Transition

12 Key Strategies



Capital Market ESG

- To achieve net-zero emissions by 2050, the Taiwan government has planned 12 key strategies to integrate resources and develop action plans.
- In March 2022, the FSC issued the Sustainable Roadmap for the Sustainable Development of Listed Companies, requiring listed companies to complete their GHG inventory by 2027 and undergo GHG inventory verification by 2029.
- In March 2023, the FSC released the Sustainable Development Action Plan for Listed Companies, which covers four key dimensions: governance, transparency, digitalization, and innovation.
- Taiwan's ESG investment has also exhibited rapid growth. As of August 2023, the scale of Taiwan's ESG-related funds reached US\$15 billion, marking a 200% increase from the same period the previous year.



After a generally challenging year in 2023, will the economy improve next year ?

Conclusion

- The Economist Intelligence Unit (EIU) predicts that global inflation will slow in 2023, dropping from an estimated 9.2% in 2022 to 7.1% in 2023 and further to 4.8% in 2024.
- The economic growth rate is expected to decline year by year, decreasing from 3.1% in 2022 to 2.1% in 2023, with a slight increase to 2.5% in 2024.
- Inflation pressure in most economies has gradually eased in the second half of 2023, and most central banks have gradually begun suspending interest rate increases.
- The cooling of global inflation and the nearing end of the interest rate hike cycle are expected to support the pickup of private investment and foreign trade momentum. Taiwan's capital market is anticipated to return to stability in 2024.



Thank You