

Regional Report

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Seiwoon Hwang
Chief Economist, Research Fellow
Capital Markets Division
Korea Capital Market Institute



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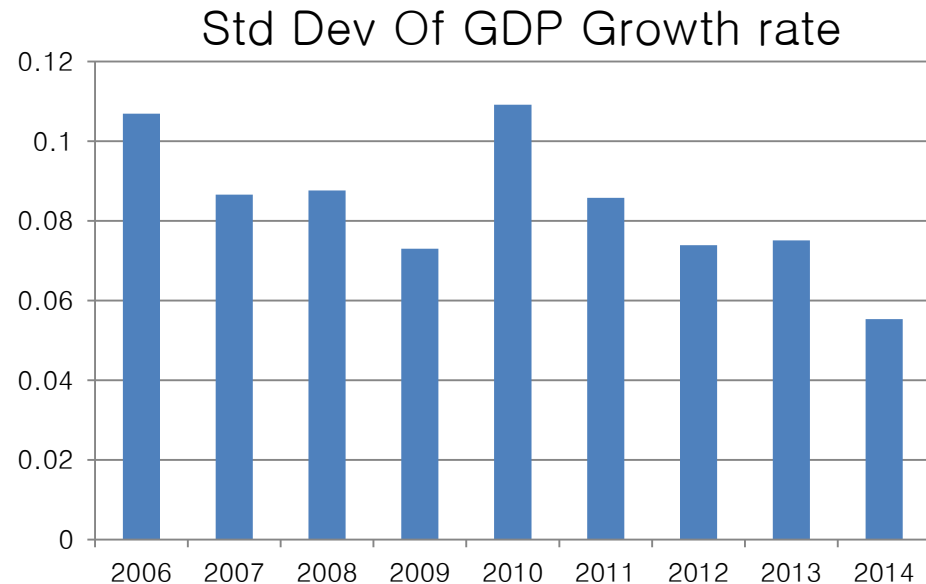
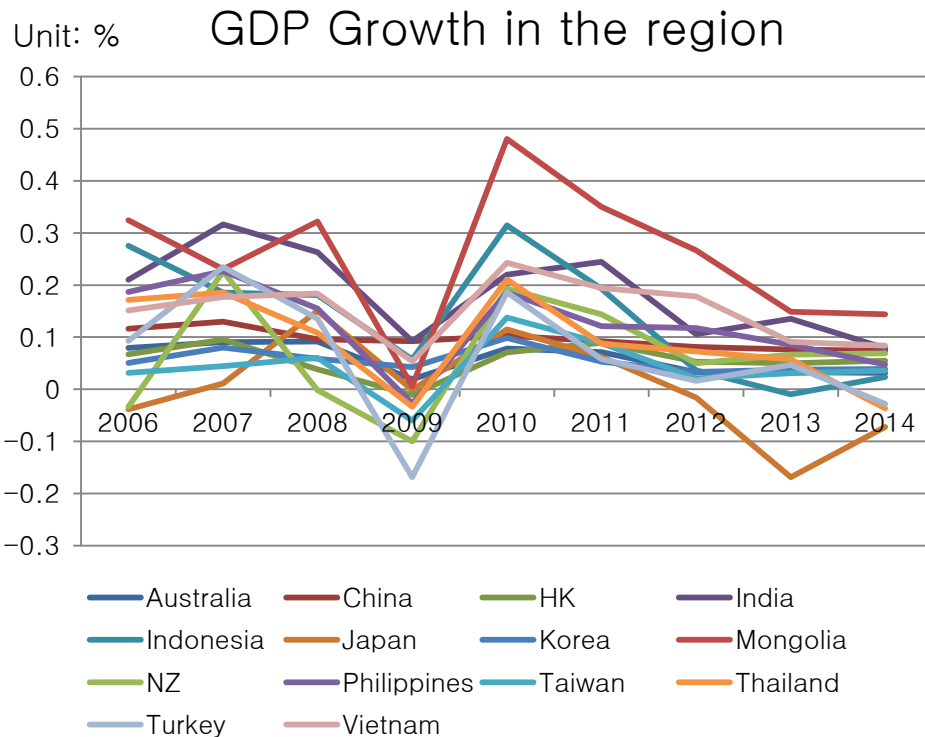
I. Macro-economic Development

❖ Sluggish GDP growth in the region

- China, India, Mongolia, and Vietnam recorded the GDP growth rate higher than 7% annually
- Variation in the GDP growth rate among member countries become smaller
 - Std. Dev in the GDP growth rate across the countries is 5.5% in 2014, which is the lowest since 2006(10.7%)
 - Stronger herding in GDP growth
- Correlation between the local economies and Chinese economy are relatively high in Australia, India, Indonesia, Korea, Philippines, and Thailand

❖ Convergence of the growth rates

- Economic growth subsided in many countries
- Growth rate differences are smaller

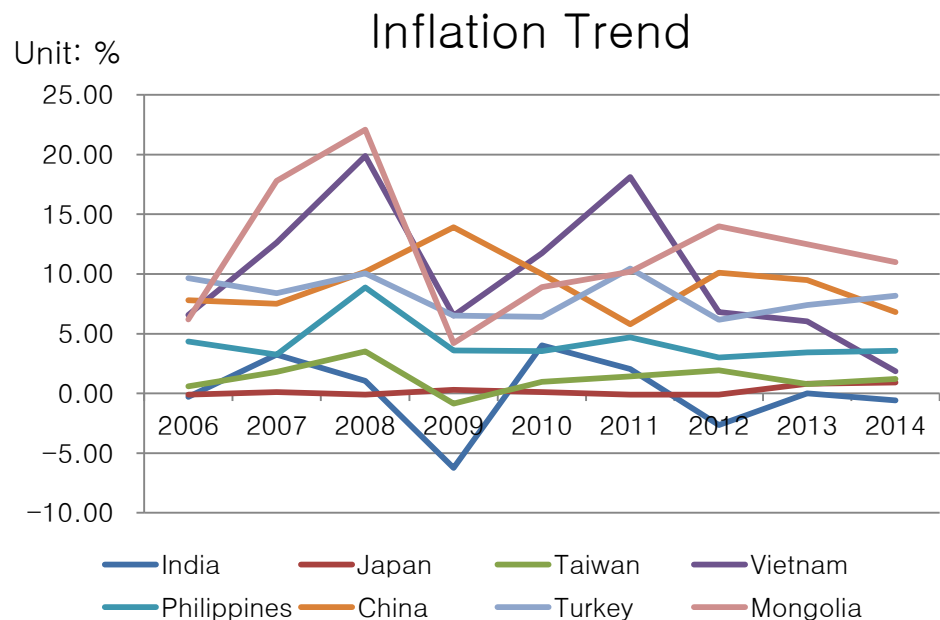


❖ Low inflation in 2014

- Inflation lower in 2014 than in 2013 in 8 countries
 - Australia, China, India, Korea, Mongolia, NZ, Thailand, Vietnam
 - Largest drop in Vietnam(4.2% lower)
- Inflation higher in 2014 than in 2013 in 6 countries
 - HK, Indonesia, Japan, Philippines, Taiwan, Turkey
 - Largest increase in Turkey(0.8%)
 - Japan experienced the largest inflation for the recent 10 years(0.9%)
- Deflation in India(-0.58%) in 2014
- Inflation variation among the member countries is relatively small in 2014

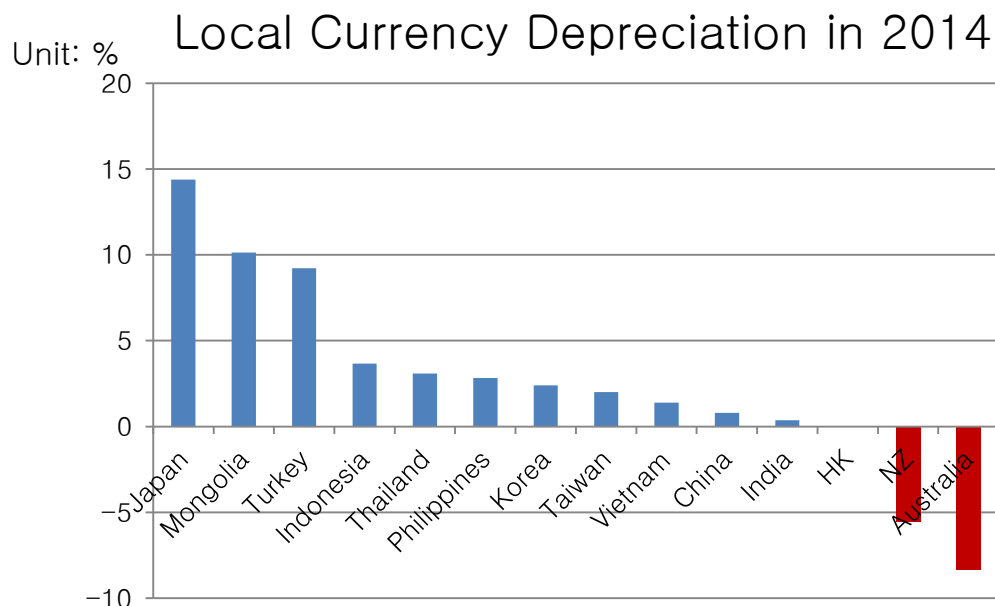
❖ Stable inflation across years

- Inflation rates have been quite stable in most of the member countries since 2012
- Fluctuation in inflation rate lower than 2% on average
 - Japan has the lowest variation in inflation rates followed by Australia



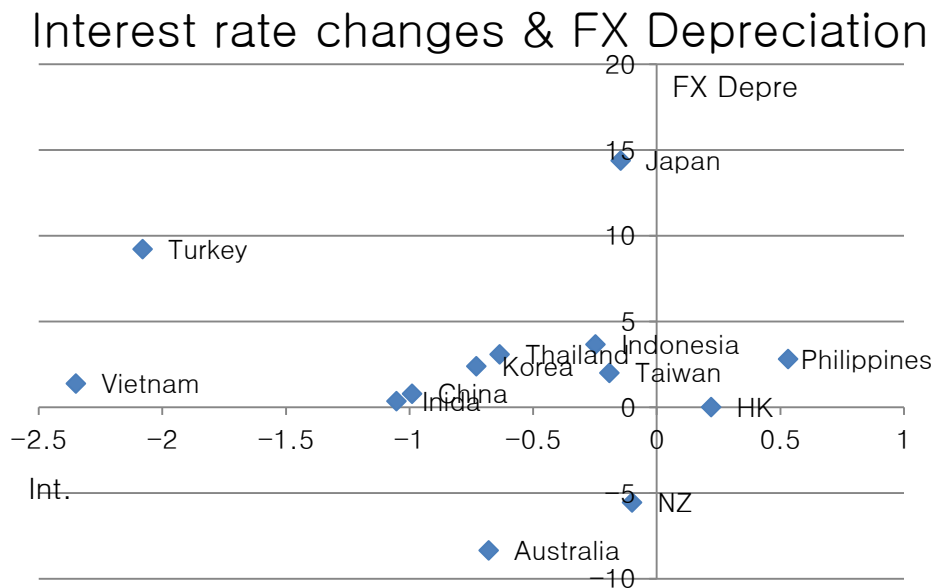
❖ Wave of FX depreciation in 2014

- Most of member countries experienced the depreciation of the local currency over USD
- JPY continued its depreciation since 2012
 - Largest depreciation among the member countries in 2014
- Decrease in the variation across the countries also observed



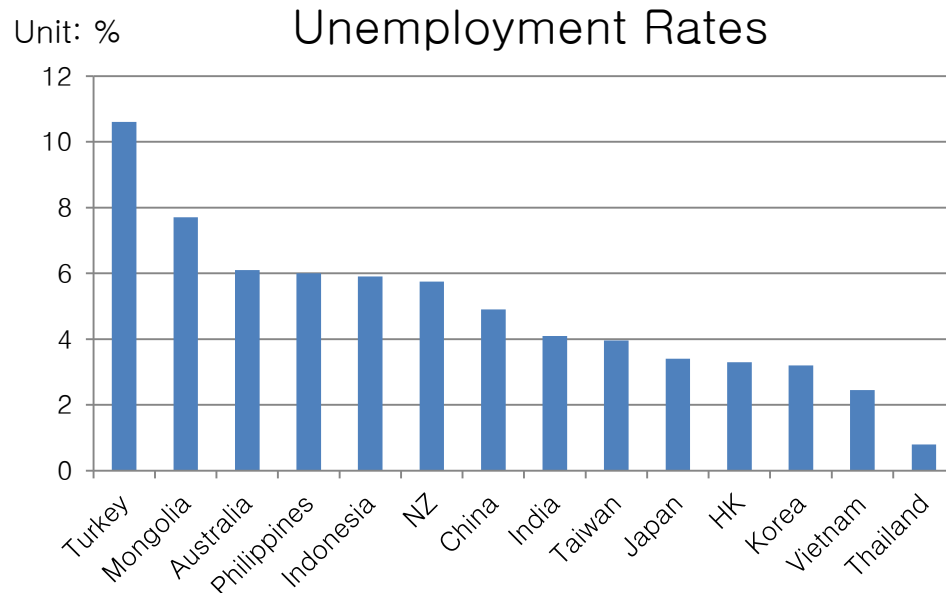
❖ Expansionary monetary policies

- Interest rates in most member countries fell in 2014
- Expansionary monetary policies are for stimulating domestic economic growth
- Move in the same direction in the monetary policy relatively dampened its impact on the FX rates



❖ Mixed employment condition in 2014

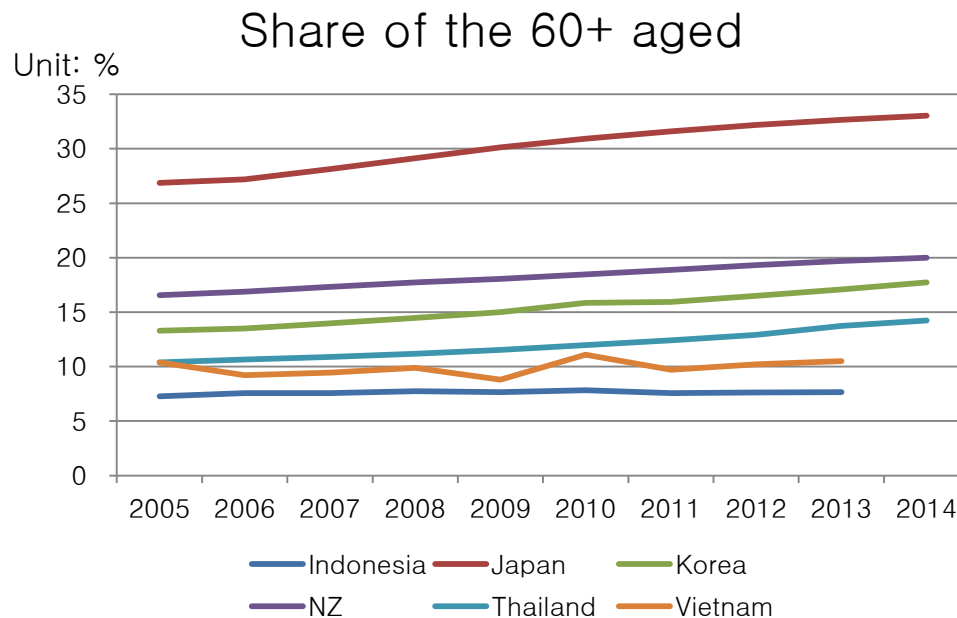
- Lower UR: Vietnam, Japan, Taiwan, NZ, Indonesia, Philippines, Mongolia
- Higher UR: Thailand, Korea, HK, India, China, Australia, Turkey
- Thailand with the lowest UR of 0.8% among the members



Population Structure (1)

❖ Aging

- Aging is a mega-trend in the member countries
 - Aging society(China, Indonesia, Turkey, Vietnam)
 - Aged society(India, Korea, Taiwan, Thailand)
 - Super-aged society(Australia, Hong Kong, Japan, New Zealand)

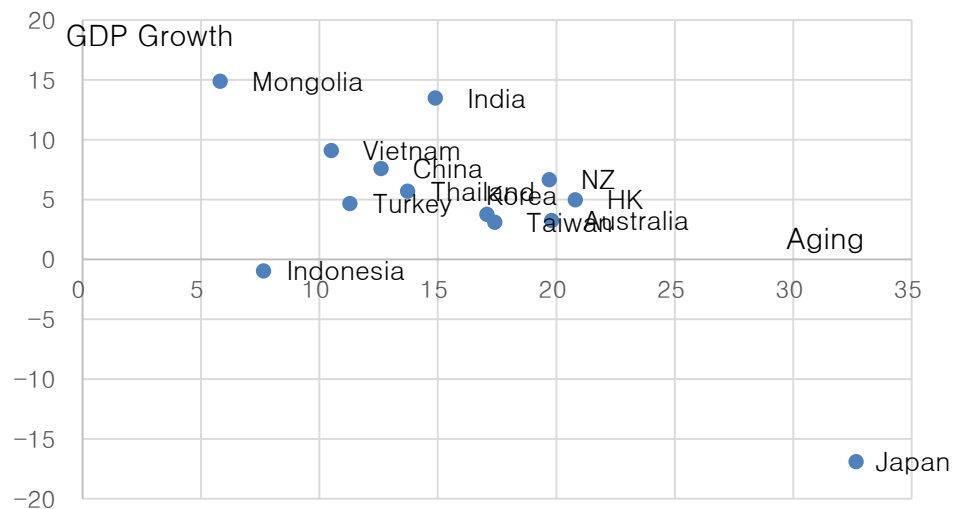


Population Structure(2)

❖ Negative impact on the GDP growth

- Aged population has negative impact on the economic growth as expected
- Correlation coefficient between the population share of the 60+ aged and the GDP growth rate is negative
 - -0.72 with Japan and -0.28 without Japan

Aging & GDP Growth





II. Capital Market Performance

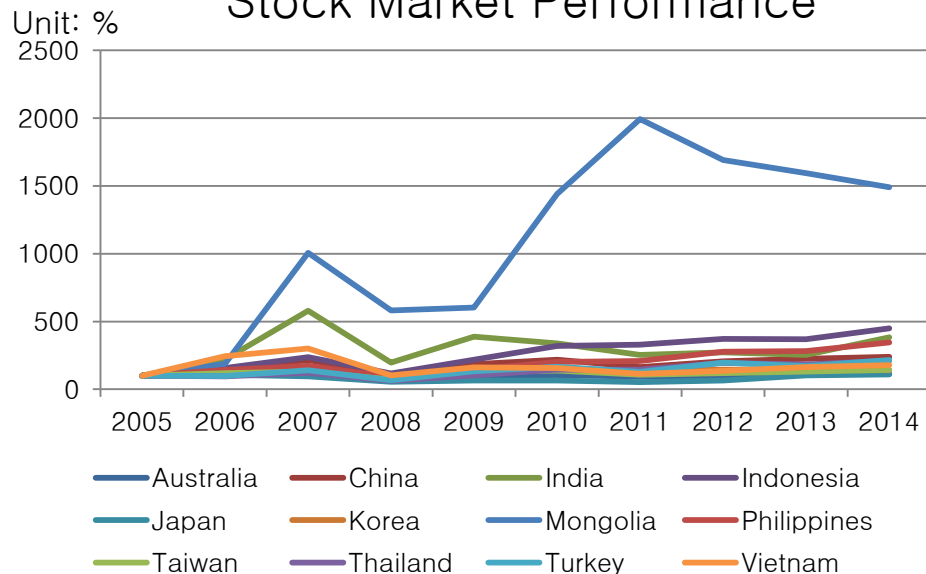
Stock Market Performance (1)



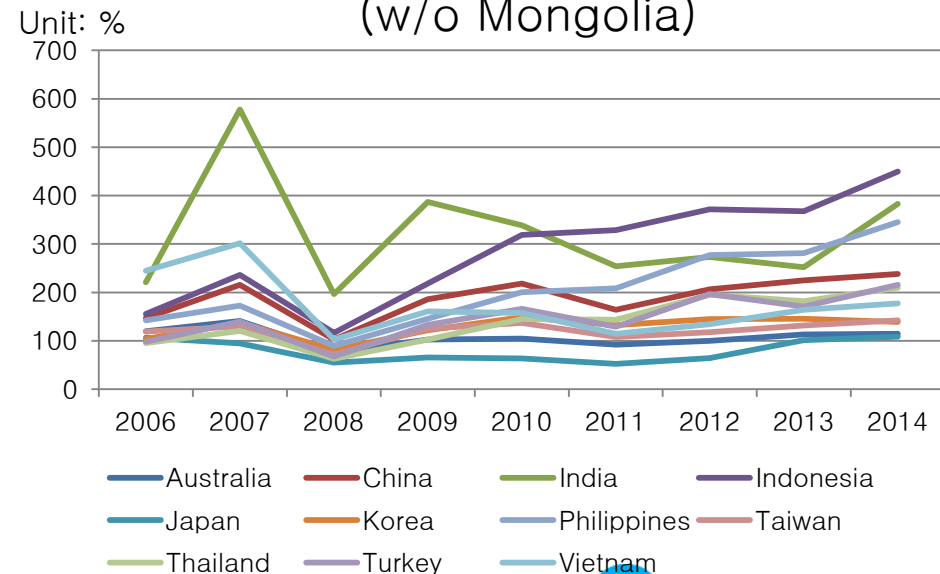
❖ Market growth for the last 10 years

- From 2005 to 2014, Mongolia showed the largest stock market index growth while Japan did the smallest index growth
 - Mongolian stock market recorded almost 1500% growth for the period, and Japanese market did only 8%
- Indonesia showed the steadiest growth

Stock Market Performance



Stock Market Performance (w/o Mongolia)



Stock Market Performance (2)

❖ Market growth in 2014

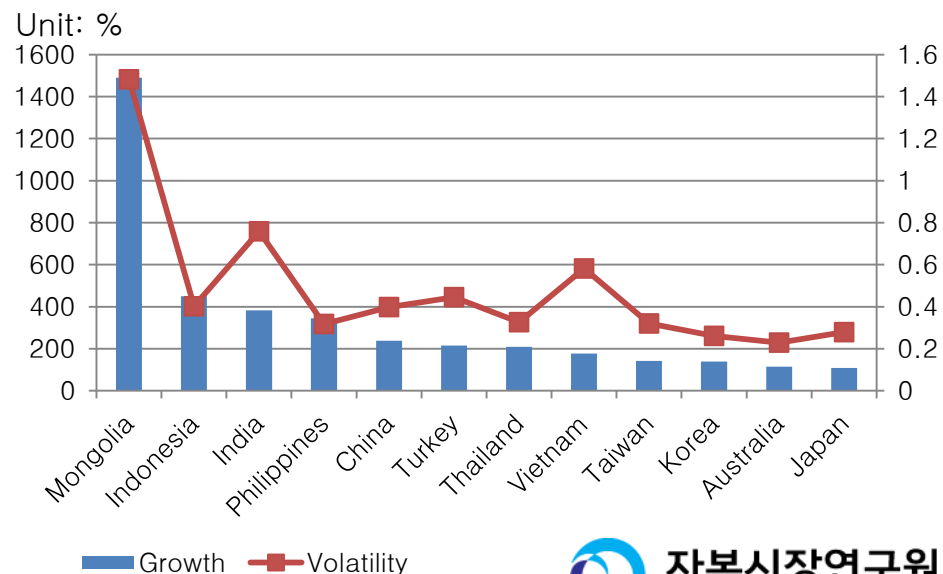
- India recorded the best growth performance in 2014 with 52% followed by Turkey(26%), Philippines(23%), and Indonesia(22%)
- Only Korea(-5%) and Mongolia(-7%) recorded negative growth in 2014

❖ High growth associated with high volatility

Stock Market Growth in 2014



Market Growth & Volatility

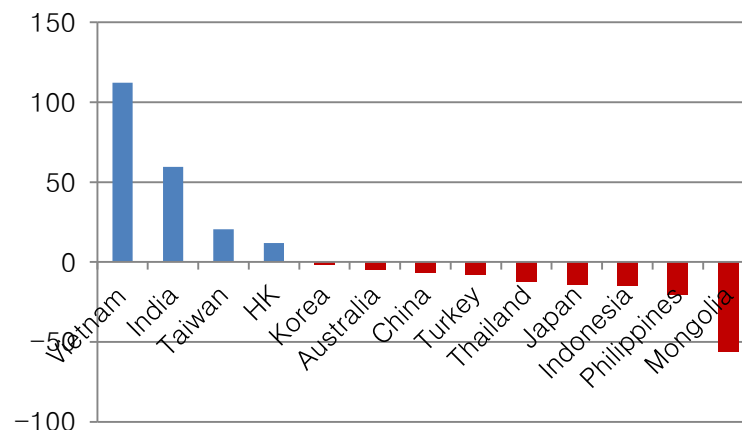


Trading Value in the Stock Markets

❖ Drop in the trading value

- Only 4 countries(Vietnam, India, Taiwan, HK) experienced the increase in the trading value
- Mongolia recorded the largest drop in the trading value in 2014
- Korea is the only one that showed decrease in the trading value for previous three consecutive years
- Trading values are positively correlated with the stock market performances

Unit: % Growth in the Trading Value(2014)

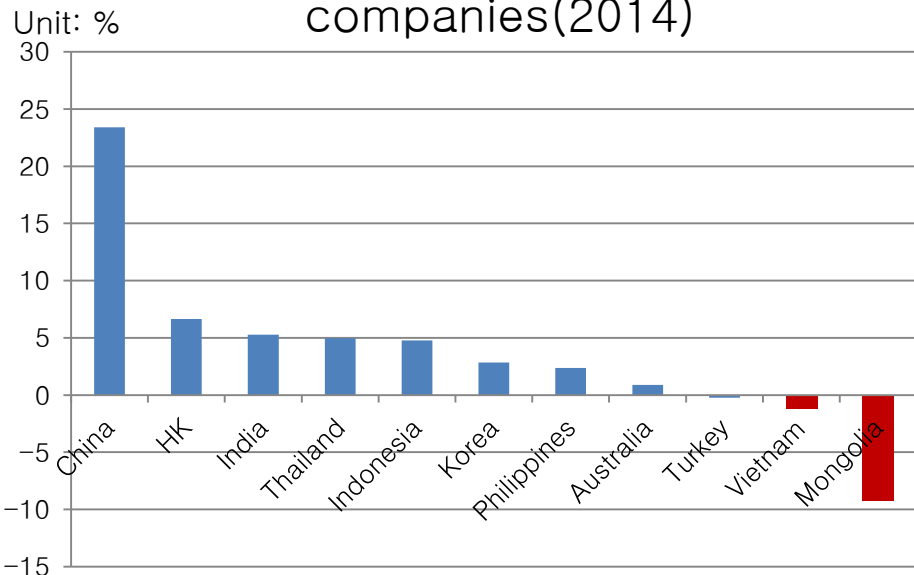


of Listed Companies

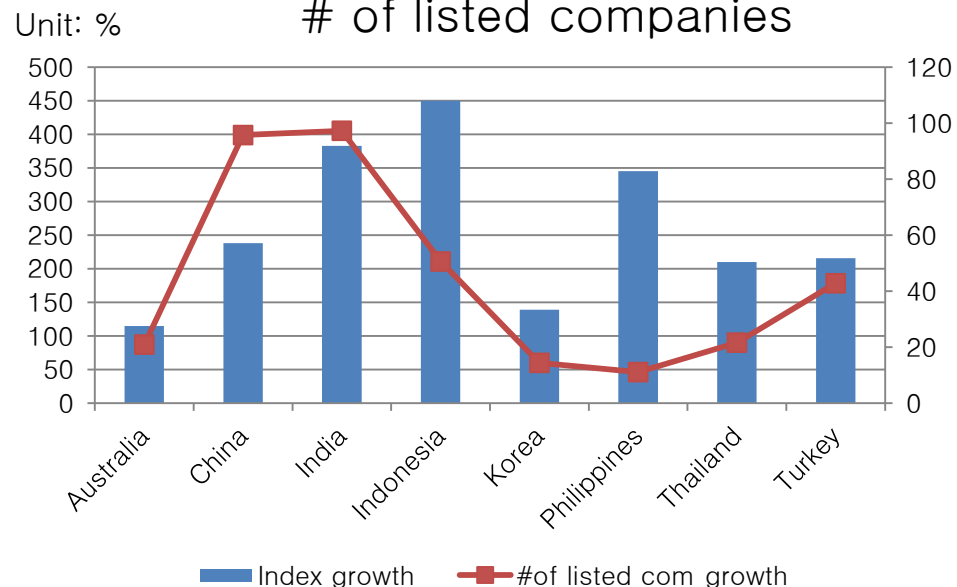
❖ Stock market listing not active in 2014

- Average growth rate in the member countries is less than 4%
- China recorded the most listing in 2014 with 23.4% increase
- Growth of stock market & # of listed companies are closed related

Growth in # of listed companies(2014)



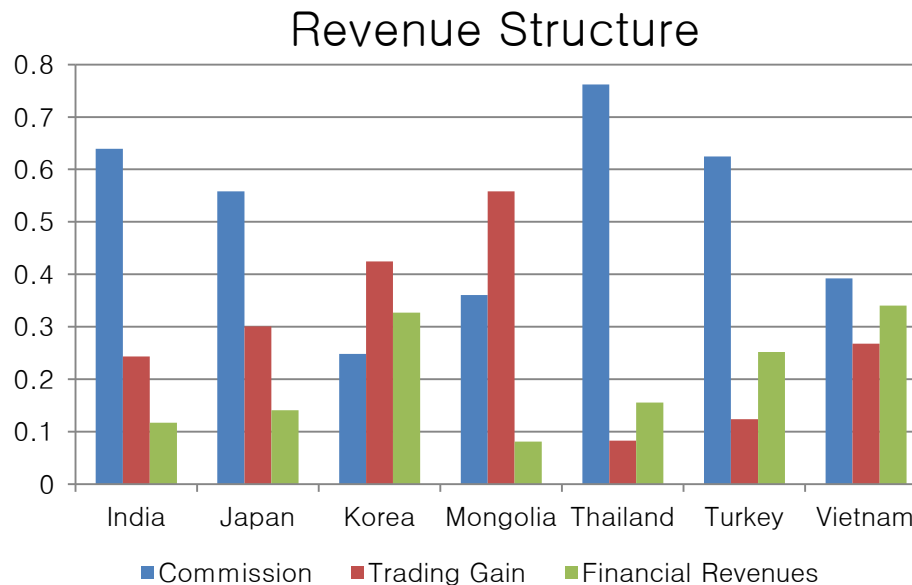
Stock market growth & # of listed companies



Revenue Structure of Securities Company

❖ Revenue from the commission

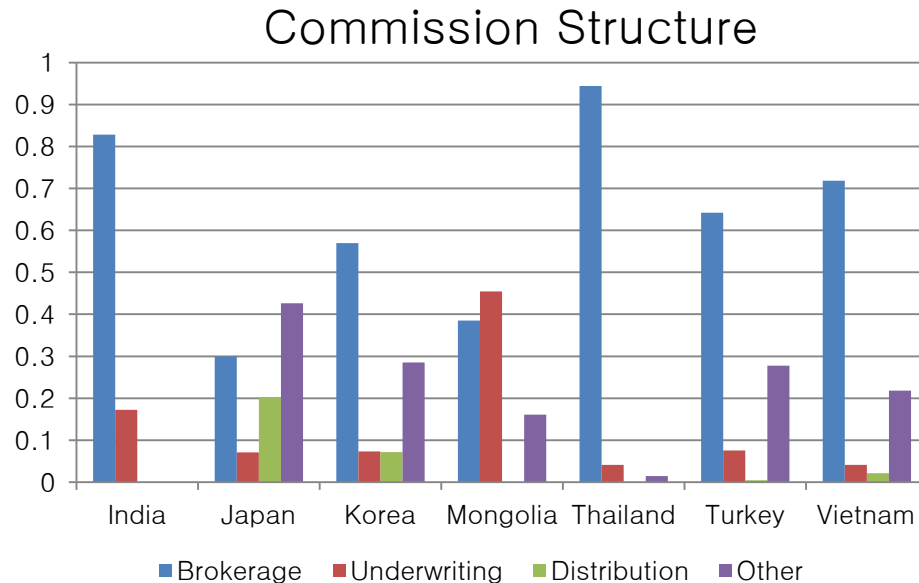
- Securities companies are highly dependent on the revenue from commission in most countries
- Average commission share out of the total revenue is 51% in 2014
 - Securities companies in Thailand showed highest dependency on the commission revenue in 2014



Commission Structure of Securities Company

❖ Commission from the Brokerage

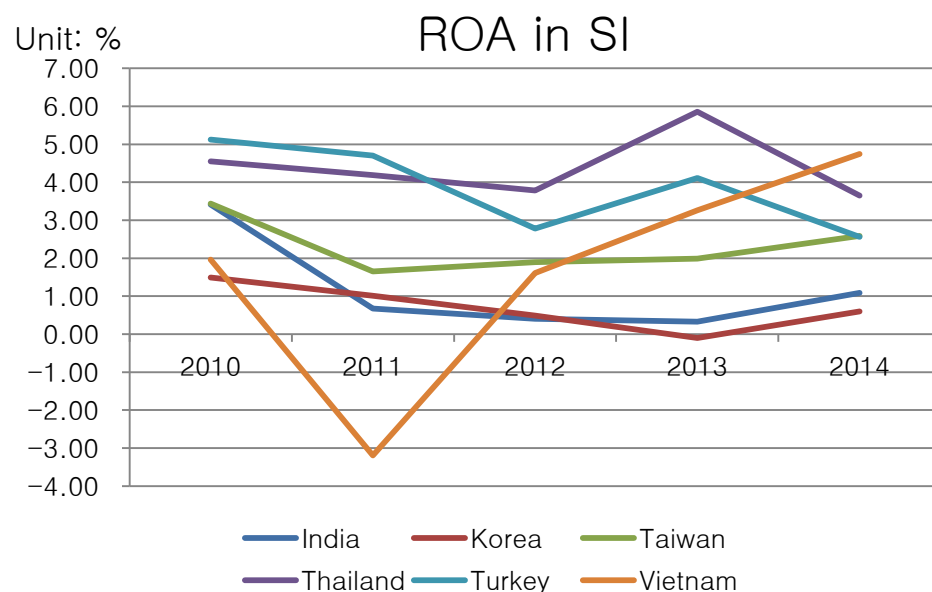
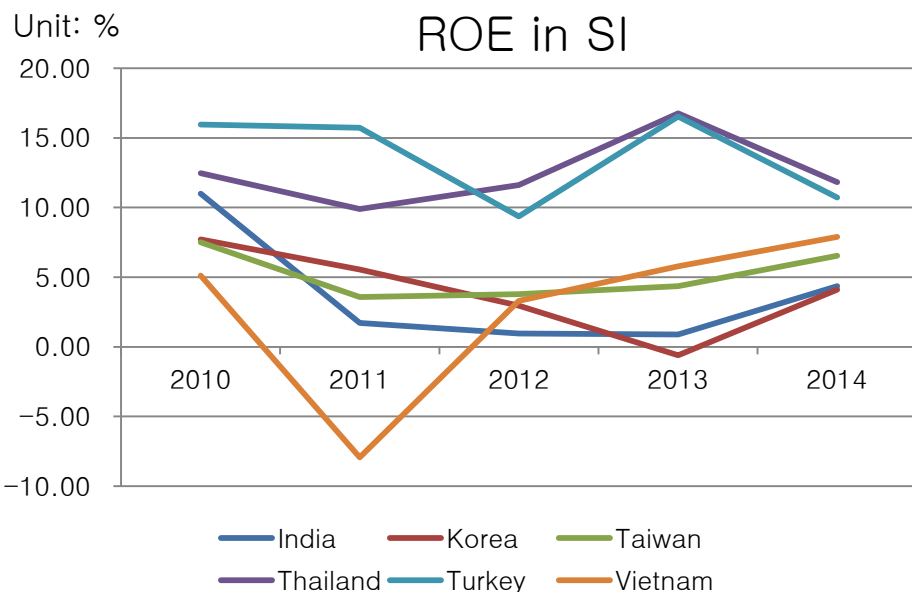
- Securities companies are highly dependent on the commission revenue from the brokerage services
- Average brokerage commission share out of the total commission revenue in 62% in 2014
 - Securities companies in Thailand showed highest dependency on the brokerage commission(94%) followed by India(83%)



ROE & ROA in the Securities Industry

❖ ROE convergence

- ROEs in the securities industry in 2014 were higher than in 2013
 - Thailand, Turkey, Vietnam recorded relatively high ROE
 - Korea, India showed low ROE
- Variation in ROEs among the member countries fell to the lowest level for the recent 10 years



Thank You !

Seiwoon Hwang
Korea Capital Market Institute
Phone: 82-2-3771-0824
E-mail: neptune@kcmi.re.kr