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I. Macro-economic Development
GDP Trend (1)

- **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
**Unemployment**

- **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

![Unemployment Rates Chart](chart.png)
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)
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
II. Capital Market Performance
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
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
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

![](chart.png)  
**Unit:** % Growth in the Trading Value (2014)
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 closely related
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%).

![Commission Structure](image)
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