2009 Taiwan Market Report

Vice Chairman, Thomas K. H. Wu
Chinese Taiwan Securities Association
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Outline

- Market Review
- Reasons for Taiwan Stock Market Recovery
- Future Prospects for Taiwan Equities Market
Taiwan Stock Market Review

- Downward 2008, Upward 2009

Impact of Global financial tsunami

-60%

90%
Taiwan Stock Market Review

Negative Growth of Securities Trading Value

Unit: USD$ Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Securities Trading Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1015.98 USD$ Billion</td>
</tr>
<tr>
<td>2008</td>
<td>808.07 USD$ Billion</td>
</tr>
<tr>
<td>2009</td>
<td>584.62 USD$ Billion</td>
</tr>
</tbody>
</table>

-20.46% growth from 2007 to 2009.
Taiwan Stock Market Review

- Negative Growth of Stock Trading Value

Unit: USD$ Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Stock Trading Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1001.13</td>
</tr>
<tr>
<td>2008</td>
<td>791.38</td>
</tr>
<tr>
<td>2009</td>
<td>485.76</td>
</tr>
</tbody>
</table>

-20.95%
Taiwan Stock Market Review

Negative Growth of Stock Trading Volume

<table>
<thead>
<tr>
<th>Year</th>
<th>Stock Trading Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>887.19 Billion</td>
</tr>
<tr>
<td>2008</td>
<td>778.91 Billion</td>
</tr>
<tr>
<td>2009.08</td>
<td>679.3 Billion</td>
</tr>
</tbody>
</table>

Unit: Billion shares

-12.2% growth

Slide 6
Reasons for Stock Market Recovery

- Expansionary Fiscal Policy
- Expansionary Monetary Policy
- Inflow of Foreign Investment and Offshore Capital Returning Home
Reasons for Stock Market Recovery

- Expansionary Monetary Policy

![Interest Rate Graph](image)

- 2008.08: 3.63%
- 2008.09: 3.50%
- 2008.10: 3%
- 2008.11: 2.75%
- 2008.12: 2%
- 2009.01: 1.50%
- 2009.02: 1.25%
Reasons for Stock Market Recovery

- Expansionary Monetary Policy

![Graph showing M2 and M1b growth from July 2008 to Aug 2009 with percentage differences marked: M2 -5.80%, M1b 8.30%, M2 1.50%, M1b 20.60%]
Reasons for Stock Market Recovery

Inflow of Foreign Investment

- Market Value Held by Foreign Investors

2007: 31.10%
2008: 28.98%
2009.08: 30.91%

- Market Value held by Foreign Investors

2007: 137.53 Billion USD$
2008: 124.69 Billion USD$
2009.08: 136.43 Billion USD$

Unit: USD$ Billion
Future Prospects for Taiwan Stock Market

Taiwan GDP 2007-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Taiwan GDP Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5.70%</td>
</tr>
<tr>
<td>2008</td>
<td>0.10%</td>
</tr>
<tr>
<td>2009</td>
<td>-4%</td>
</tr>
<tr>
<td>2010</td>
<td>5.50%</td>
</tr>
</tbody>
</table>

forecast
Future Prospects for Taiwan Stock Market

Stock Market Recovering in 2009
Future Prospects for Taiwan Equities Market

- Recovering from the Recession

<table>
<thead>
<tr>
<th></th>
<th>P/E Ratio (TWSE)</th>
<th>Average Market Value (Per Share)</th>
</tr>
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<tbody>
<tr>
<td>2007</td>
<td>15.31</td>
<td>38.43</td>
</tr>
<tr>
<td>2008</td>
<td>9.80</td>
<td>20.41</td>
</tr>
<tr>
<td>2009 (forecast)</td>
<td>45.24</td>
<td>29.68</td>
</tr>
</tbody>
</table>
Thank You!