



Taiwan Academy of Banking and Finance (TABF) Taiwan Financial Risk Index (TAIFRI) Monthly Report

Financial Research Institute
Pei-Shan Tung
tnabiki@tabf.org.tw



June TAIFRI Highlights

- TAIFRI scored 100.8 in June, up 1.9 from May**

TAIFRI				
100.8 (▲1.9)				
Asset valuation pressure	Non-financial sector stability	Financial sector stability	Spillover and contagion	
109.9 (▲8.1)	72.0 (▼0.2)	81.1 (▼0.2)	140.4 (▲0.1)	

- Real estate market risks moderate; equity volatility rises**

In real estate, prices were restrained by a slowdown in transactions, while rents showed a recovery, which slightly cooled market risks. In the stock market, the initial estimate of the June P/E ratio was 10.8, a new low since 2008/12; stock yields reached 8%, a high since 2009/3. However, the VIX of Taiwan stocks hit a new high since 2021/3, indicating higher risk of market volatility.

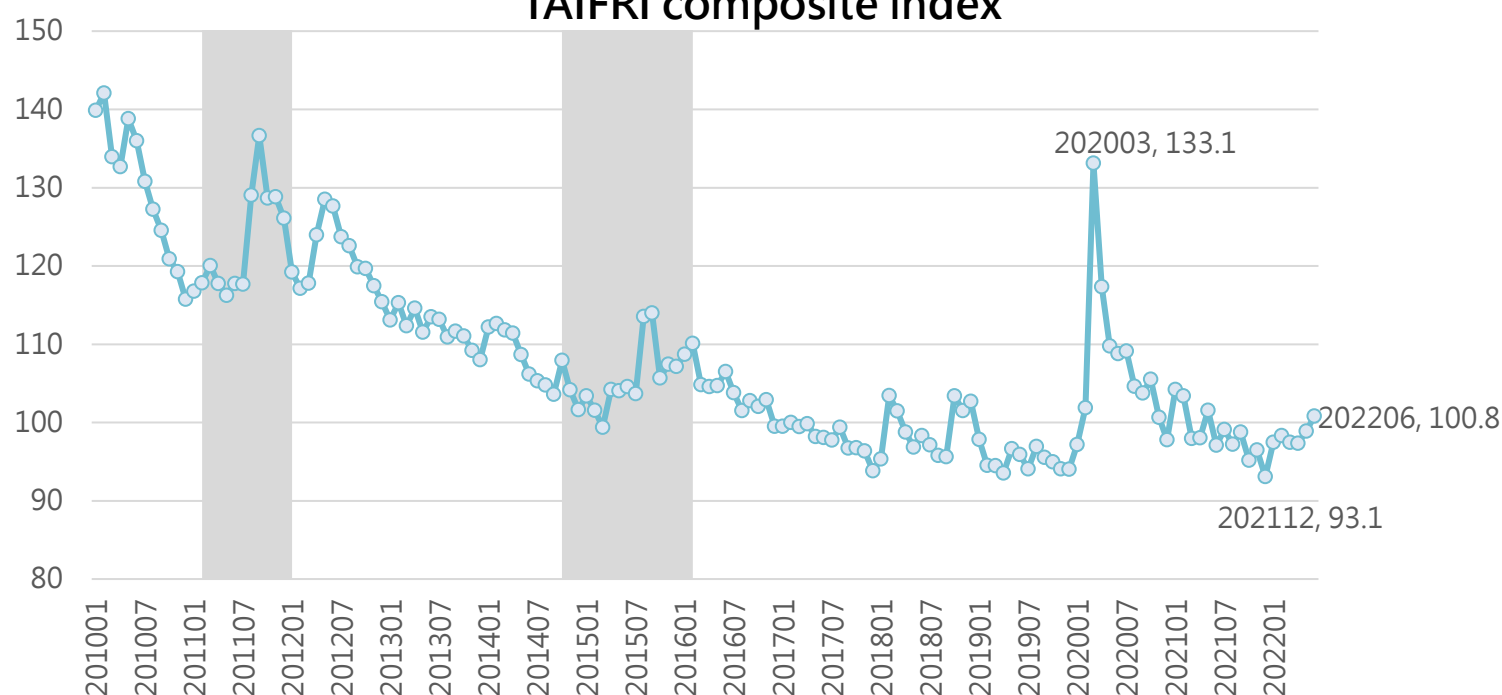
- Overseas credit risk and contagion risk continues to rise**

CDS indices in Taiwan's major exposure regions – the US, China, Japan and Europe – continued to rise. Most significantly, in Europe, annual growth rate of credit risk has exceeded 100%, but the volatility index (VIX) receded this month. Japan fell the most, slightly reducing overseas risks. Domestic financial contagion risk has risen for four months, reaching a nine-month high.

- High-yield bond investments continued to decline**

In the household sector, overseas high-yield investment has declined over 2022. High-yield bond fund investments only account for 7 times general bond investments, a low since 2009/9. Spreads between BBB bonds and government bonds declined slightly, annual growth in corporate lending by domestic banks over 2022 has reached 8%-9%, remaining unaffected by rate hikes.

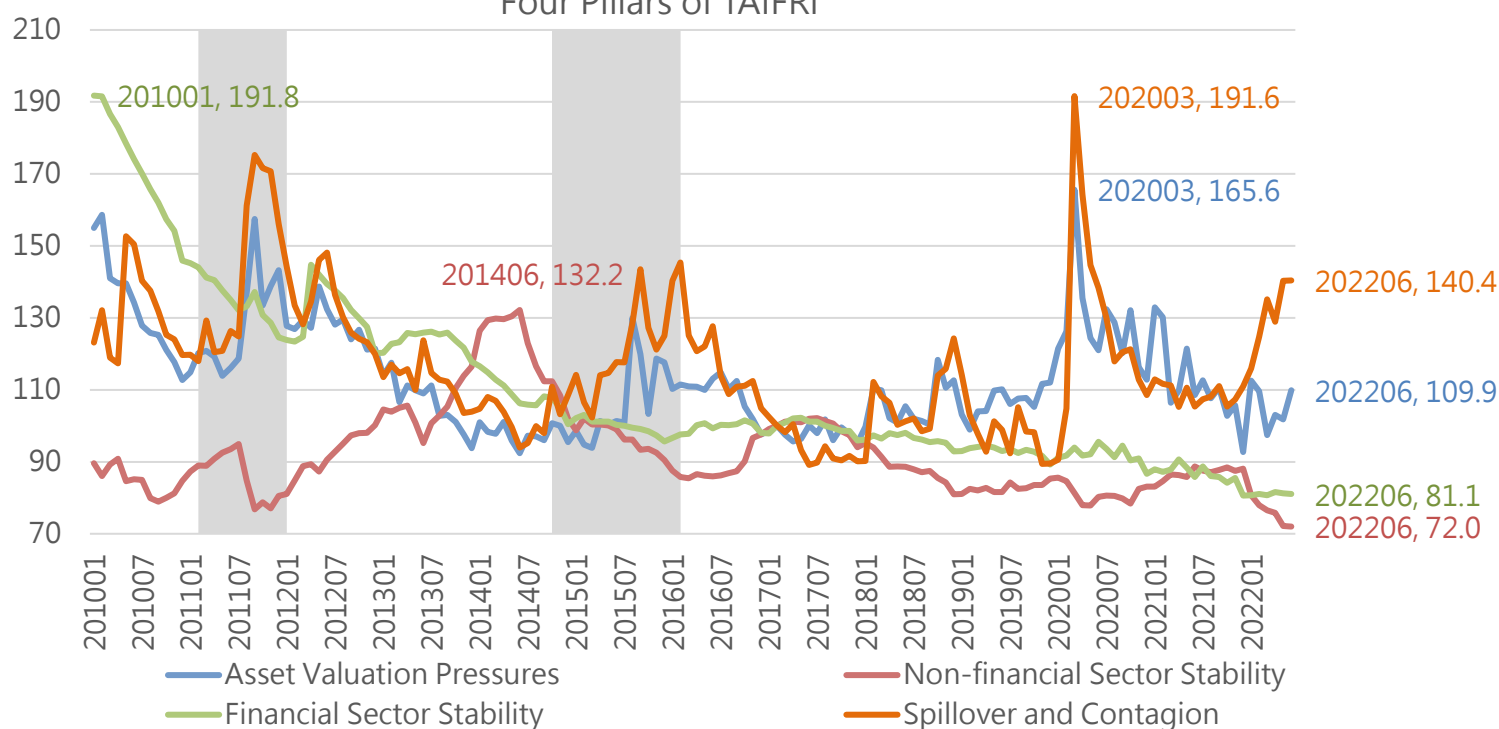
TAIFRI composite index



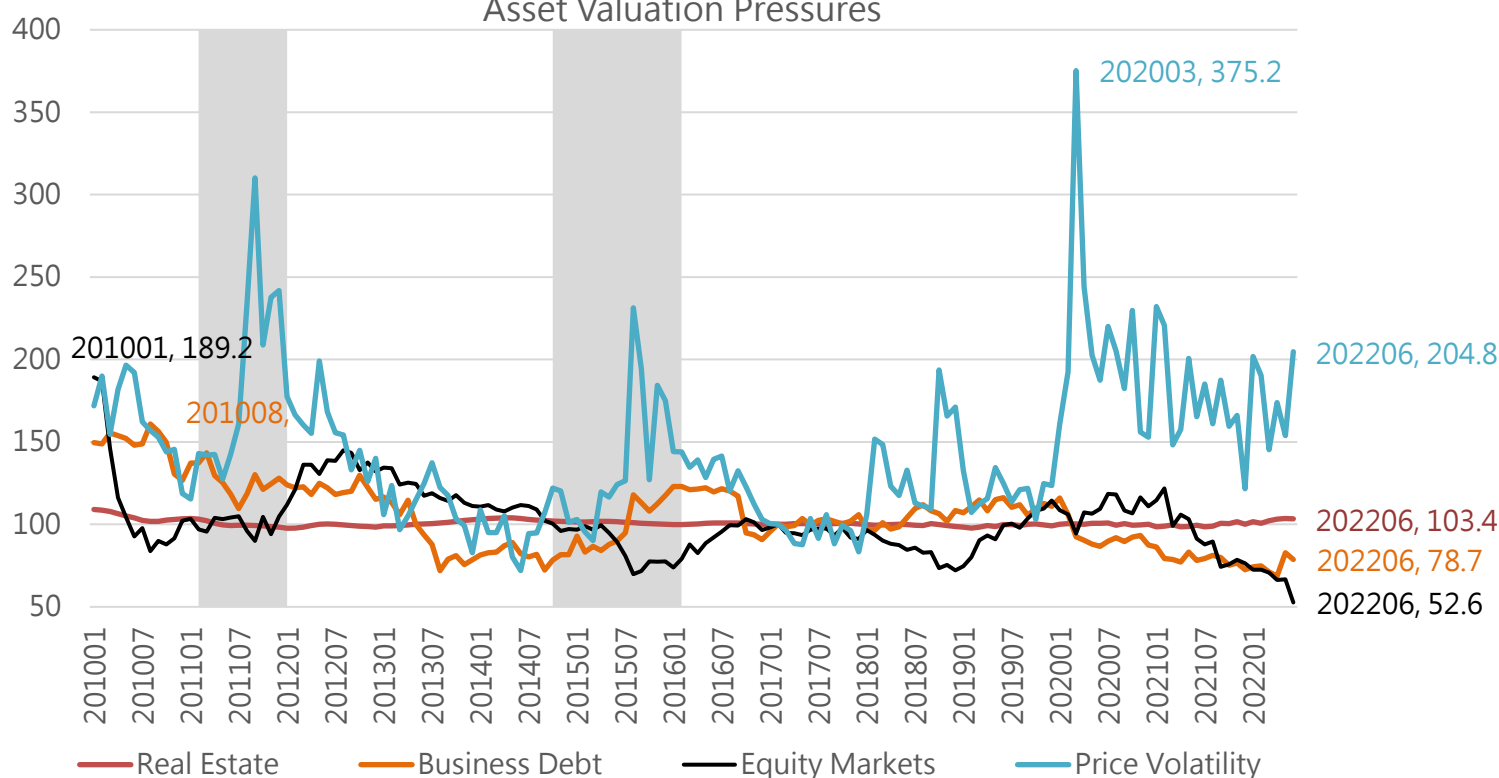
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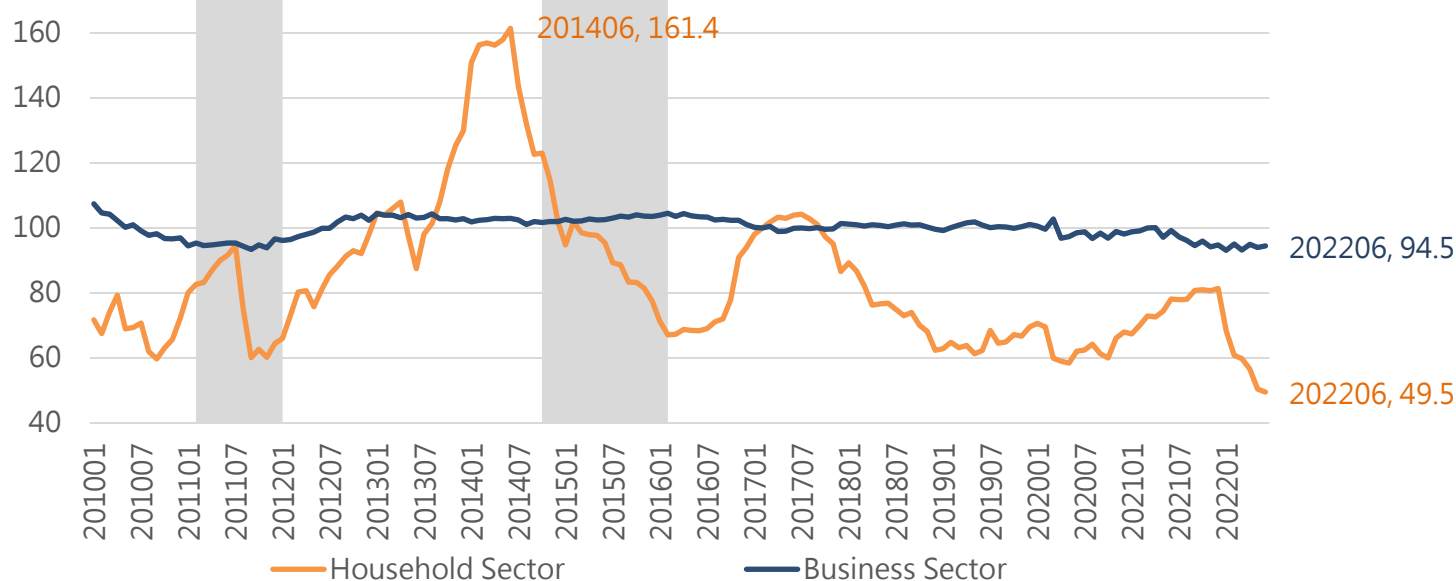
Four Pillars of TAIFRI



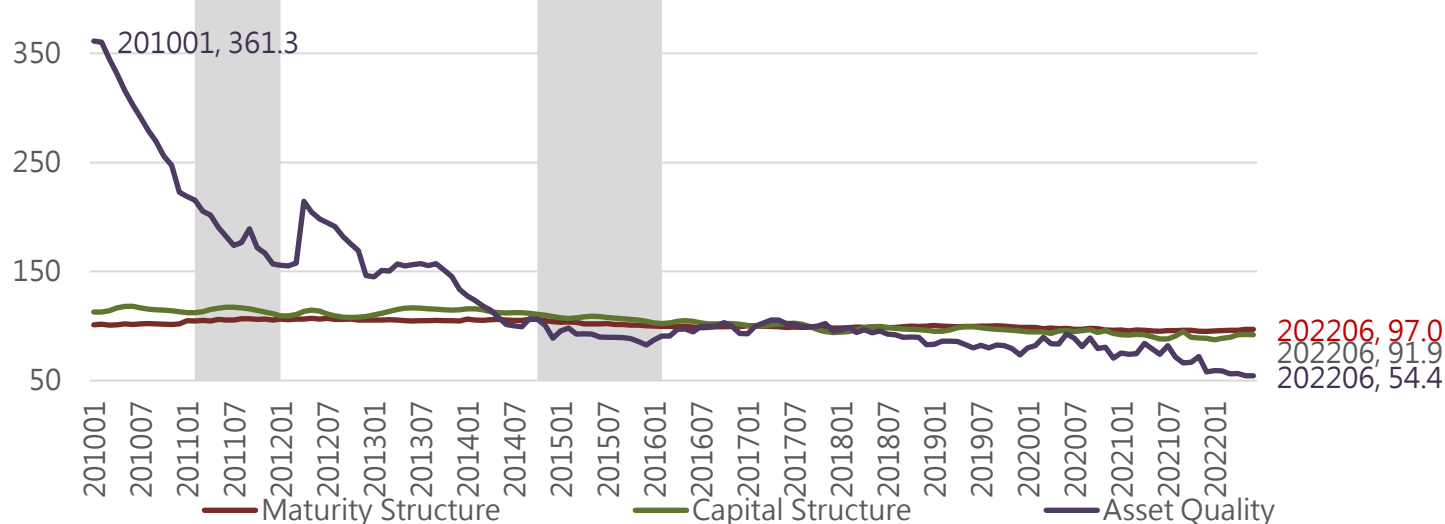
Asset Valuation Pressures



Non-financial Sector Stability



Financial Sector Stability



Spillover and Contagion

