



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

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September TAIFRI Highlights

- The September TAIFRI index scored 99.2 points; overall risk is slightly increased**

TAIFRI			
99.2 ↑ (+0.3)			
Asset Valuation Pressure	Non-financial Sector Stability	Financial Sector Stability	Spillover and Contagion
101.5 ↑ (+0.7)	94.1 ↑ (+0.4)	93.2 ↑ (+0.3)	103.9 → (.)

- Price-to-rent ratio and real estate market risk have risen**

New mortgage issuance and housing price-to-rent ratios have risen for two months, increasing real estate risks in September. In the stock market, P/E ratios fell to the lowest point since 2019/3, and risk premiums rose to a new high since then, indicating lower stock market risks, but TAIWAN VIX hit a three-month high, showing higher asset valuation uncertainty.

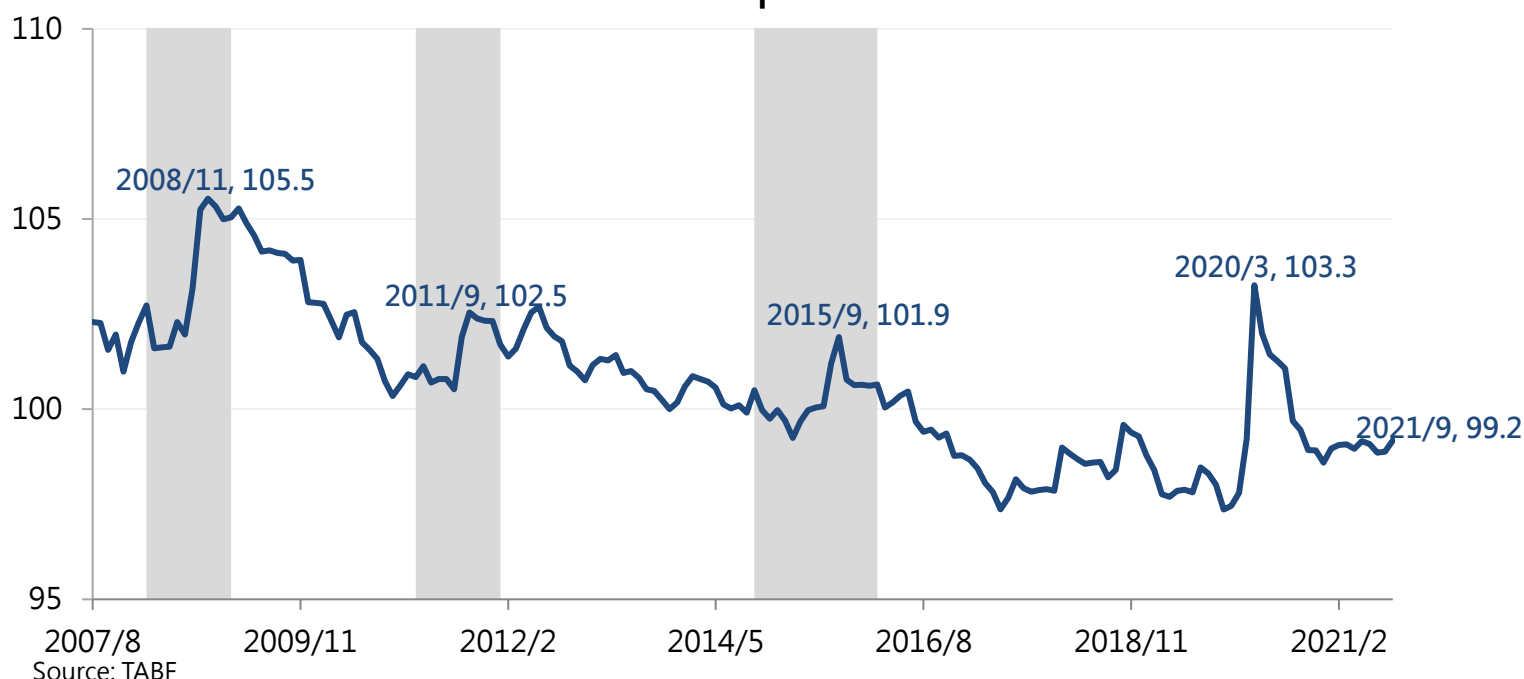
- Asset price volatility risk in overseas markets has risen; credit risks in the US, Japan and Europe have eased**

VIX in the US, China, Japan, and Europe have all climbed significantly, especially in China, which hit a new high since 2020/6. The real estate developer Evergrande defaulted and trading was suspended, affecting China's high-yield bond market. Regarding other international credit default indices, however, liquidity remains abundant, and credit risk has been unaffected.

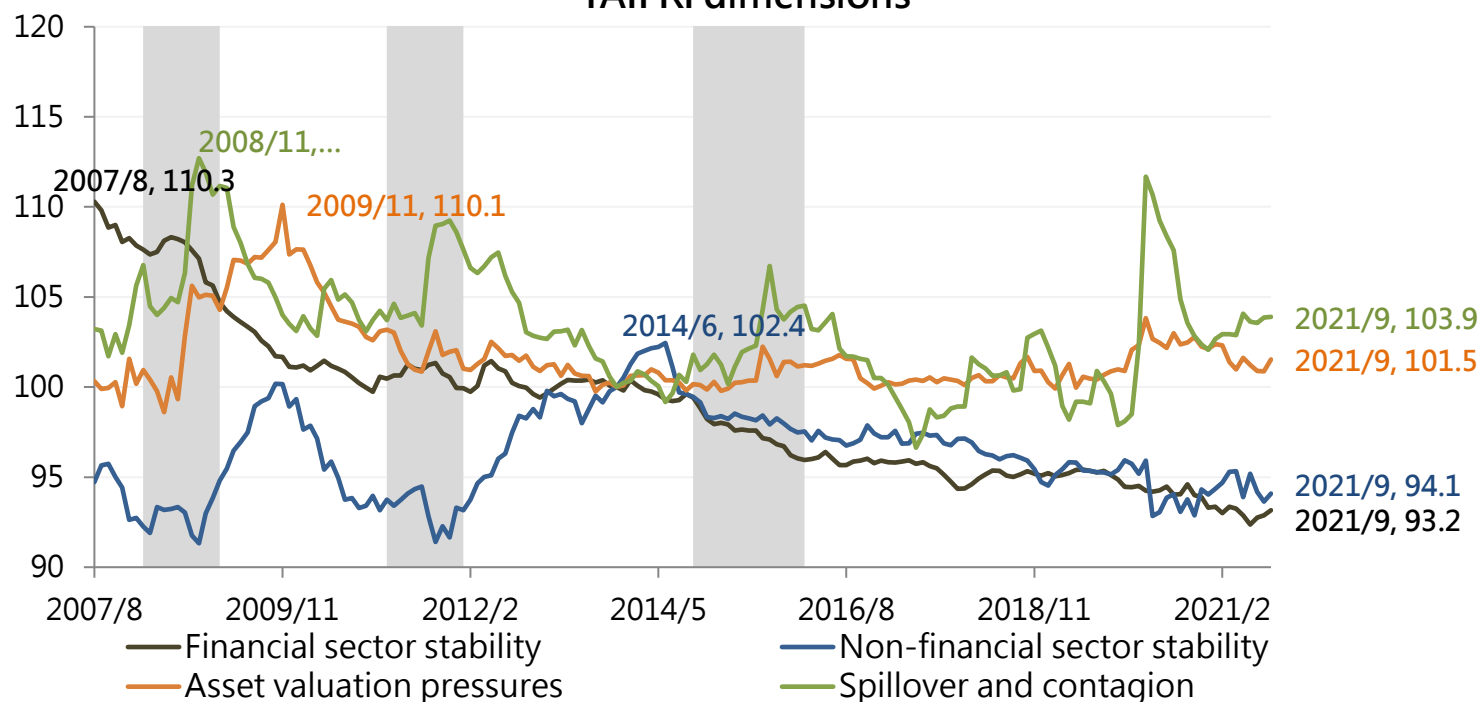
- Stable non-financial and financial sector risks**

In the non-financial sector, investment in overseas high-yield debt funds has exceeded 10x that in general debt funds since 2021/3. Corporate relief loan applications have been extended until Y/E 2021, but lending is expected to subside with the lower pandemic alert. In the financial sector, fund maturity structure, asset quality and capital structure all had record performances.

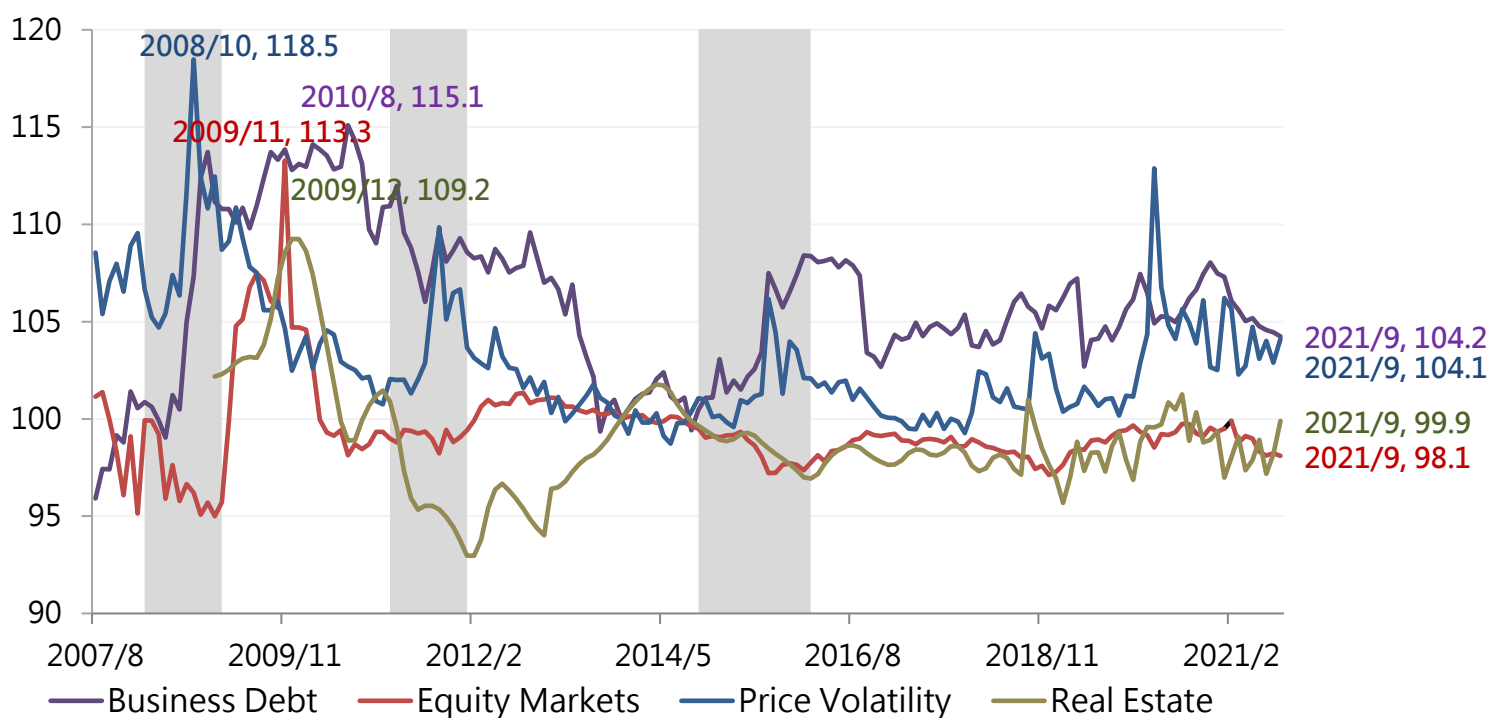
TAIFRI composite index



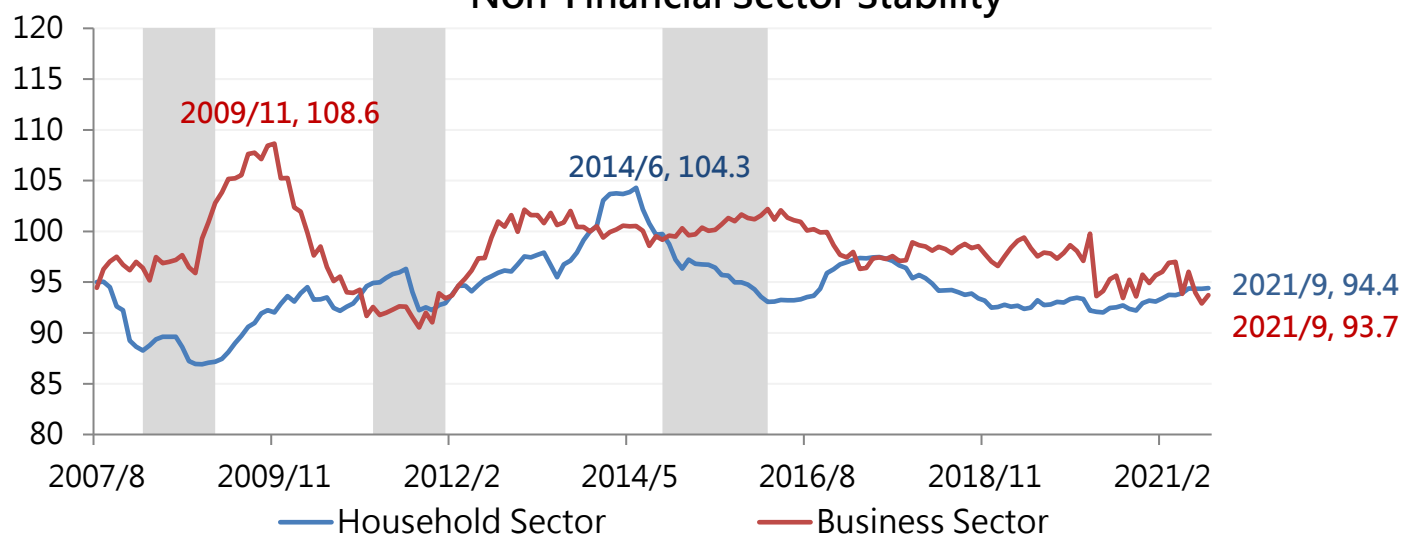
TAIFRI dimensions



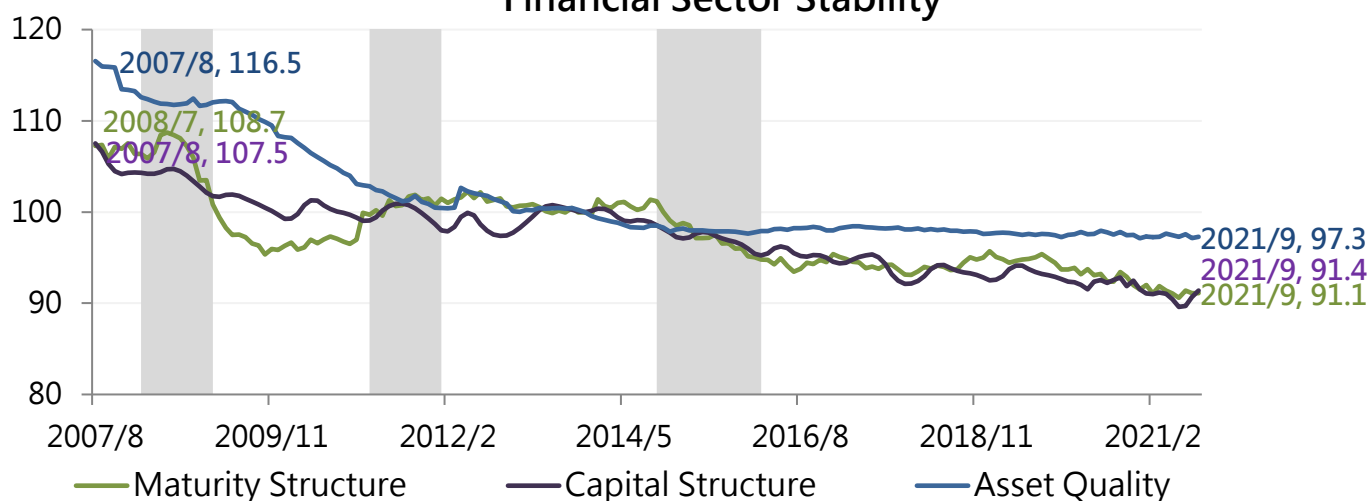
Asset Valuation Pressures



Non-Financial Sector Stability



Financial Sector Stability



Spillover and Contagion

