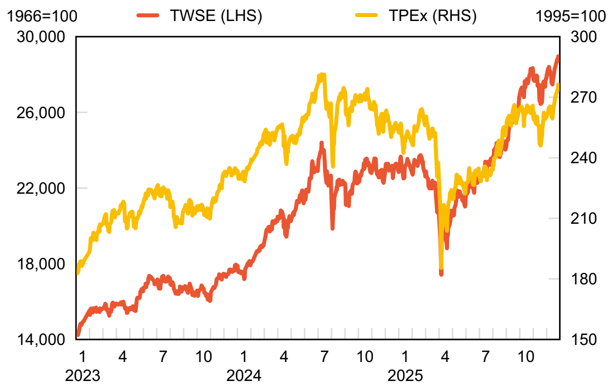
5. Stock Markets

In early 2025, driven by robust demand for emerging AI technology applications, the TAIEX trended upwards alongside U.S. tech stock rallies, reaching 23,730 points on February 21. However, the market subsequently retreated to 17,392 points on April 4 as U.S. tariff issues triggered slumps in major global stock markets, coupled with massive foreign investor selloffs. Thereafter, buoyed by a confluence of factors, including the FSC's market stabilization measures, the deployment of the National Financial Stabilization Fund, the suspension of U.S. reciprocal tariffs, the effect of front-loading, continued AI demand, and stellar corporate earnings, the TAIEX recovered and swung higher alongside U.S. tech rallies. The index reached a fresh historical high of 28,964 points at the end of the year, representing a 25.7% increase from 23,035 points at the end of the previous year.

In 2025, stock groups on the TWSE exhibited divergent performances. While most traditional industries saw share prices weaken, the Electronics sector, which collectively accounted for more than 70% of market capitalization, surged by 35.5% on the back of growing AI demand and expanding applications as well as U.S. tech stock rallies, repeatedly driving the TAIEX to new highs. Glass & Ceramics shares delivered the best performance with a stellar 82.8% gain, buoyed by market expectations of AI themes and rising demand for high-end materials. Plastics shares followed as the second best performer, rising by 37.6% owing to improved industry supply-demand dynamics and enhanced profitability as some major firms transitioned into high-value-added segments. Among the declining sectors, Rubber and Cement dropped by 31.1% and 18.2%, respectively, as both were weighed down by sluggish demand and overcapacity in China. Overall, the daily average turnover on the TWSE reached NT$383.8 billion in 2025, representing a slight year-on-year increase of 0.6%.

At the end of 2025, the Taipei Exchange (TPEx) Index finished 8.0% higher compared to the previous year-end. Leading the gains were Chemical shares, which soared 41.2% as their pivotal role as key chemical material suppliers to the AI and semiconductor industries fueled robust profit growth. Electronics shares took the second spot with a 17.6% increase, riding the wave of the AI boom and rallies in U.S. tech stocks. On the other hand, Building Material & Construction shares suffered the steepest decline of 24.3%, dampened by a cooling

TWSE and TPEx Indices



Sources: 1. TWSE.
2. Taipei Exchange (TPEx).

housing market and a sharp contraction in new project launches. Cultural/Creative Industries shares also gave up some ground, retreating 22.9% following a strong run-up in the previous year. Meanwhile, Iron & Steel shares slipped 15.9%, attributable to lackluster demand and overcapacity in China. In 2025, the daily average turnover on the Taipei Exchange amounted to NT$105.6 billion, up by 9.9% year-on-year.

The TWSE Market

Listings Increased and Capitalization Rose to Record High

At the end of 2025, the number of TWSE listings increased by 32 over the previous year to a total of 1,063. The par value of total shares rose by 1.0% year on year to NT$7.9 trillion, and total market capitalization grew significantly by 27.7% to a record high of NT$94.4 trillion amid the market upswing. Meanwhile, the total number of Taiwan depositary receipts (TDRs) remained 10 as of the end of the year.

Major Statistics of the TWSE Market

Year/Month	Stock Price Index (end of period)	Daily Average Trading Value (NT$billion)	Trading Value Turnover Rate (%)	Market Capitalization (NT$billion)	Net Buying Positions (NT$billion)		
					Foreign Investors Net Buy/Sell	Securities Investment Trust Companies Net Buy/Sell	Securities Dealers Net Buy/Sell
2023	17,930.8	264.3	121.2	56,842.1	275.4	237.3	-262.0
2024	23,035.1	381.4	135.4	73,898.7	-695.1	832.1	-823.8
2025	28,963.6	383.8	118.5	94,358.9	-599.5	105.8	-148.2
2025/ 1	23,525.4	323.5	6.4	75,531.3	-50.6	-1.0	-20.0
2	23,053.2	362.6	9.3	74,051.7	-166.0	-6.2	-34.6
3	20,695.9	304.0	9.6	66,562.0	-465.6	99.2	-157.4
4	20,235.0	271.1	8.3	65,090.8	-61.4	38.5	-106.2
5	21,347.3	310.8	9.1	68,706.3	220.0	38.8	-54.0
6	22,256.0	343.0	10.1	71,696.3	93.4	60.5	-66.1
7	23,542.5	319.9	9.7	75,873.7	228.0	-13.8	96.6
8	24,233.1	419.7	11.3	78,099.4	-62.9	-4.8	23.5
9	25,820.5	452.3	11.4	83,477.2	199.9	-76.7	66.3
10	28,233.4	503.0	11.0	91,225.2	-99.1	-49.9	89.7
11	27,626.5	531.6	11.8	89,945.4	-374.9	12.1	-68.4
12	28,963.6	451.3	10.5	94,358.9	-60.3	9.2	82.4

Source: Securities and Futures Bureau, FSC.

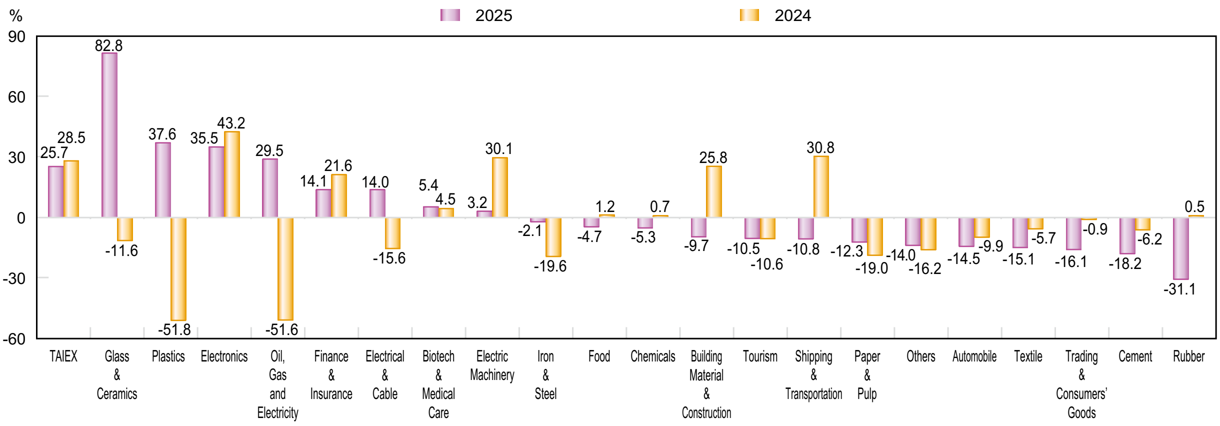
TAIEX Recovered from Earlier Slumps to Hit Successive Highs

In early 2025, propelled by robust demand for emerging AI applications, the TAIEX climbed alongside U.S. tech bull runs to reach 23,730 points on February 21. However, the momentum stalled as U.S. tariff concerns sparked a global market selloff, which, combined with foreign investor selloffs, dragged the index down to a low of 17,392 points by April 9. Thereafter, the TAIEX advanced with intermittent swings, tracking the recovery in U.S. tech stocks. This rally was underpinned by the FSC's stabilization measures, the National Financial Stabilization Fund's intervention, the suspension of U.S. reciprocal tariffs, and front-loaded orders by manufacturers. Coupled with sustained AI demand and strong corporate earnings, the TAIEX oscillated higher to finish the year at a record-breaking 28,964 points, marking a 25.7% gain from the 23,035 points recorded at the end of 2024.

Looking at individual sectors, Glass & Ceramics led the gains with a remarkable 82.8% surge, driven by robust demand for high-end glass fibers and advanced technological materials. Plastics followed as the second-best performer, jumping by 37.6% as industry supply-demand dynamics improved and major players saw profitability strengthen from their transition into high-value-added segments. Electronics shares climbed by 35.5%, buoyed by the AI boom and successive record highs in U.S. tech stocks. Meanwhile, Oil, Gas & Electricity shares rose by 29.5%, as the industrial environment improved and major firms regained solid footing.

Among the laggards, Rubber and Cement shares fell by 31.1% and 18.2%, respectively, reflecting weak demand and overcapacity in China. Trade & Consumers' Goods dropped 16.1%, hit by shifting tariff and trade policies that dampened domestic retail consumption momentum. Meanwhile, Textile shares declined by 15.1% as a global slowdown in demand resulted in fewer orders and lower earnings.

TWSE Stock Price Changes by Industrial Group



Source: TWSE.

Market Turnover Increased

As the stock price index trended upwards and reached successive record highs, trading value in the TWSE market expanded accordingly. In 2025, the daily average turnover reached NT$383.8 billion, edging up by 0.6% from NT$381.4 billion the previous year. Furthermore, as the growth in total market capitalization outpaced that in trading value, the stock turnover rate declined from 135.4% in the previous year to 118.5% in 2025.

FINIs and Local Securities Net Sold; Investment Trust Firms Net Bought

In 2025, foreign institutional investors (FINIs) and local securities dealers posted net sales of NT$599.5 billion and NT$148.2 billion, respectively. Meanwhile, investment trust companies recorded a net-buying amount of NT$105.8 billion.

From January to April 2025, the TAIEX faced successive headwinds, including U.S. President Trump's proposed tariffs on semiconductor products, the emergence of China's DeepSeek, the U.S. Federal Reserve's postponed rate cuts, and global market turmoil triggered by Trump's reciprocal tariff proposals. These factors led to a string of net selling by FINIs.

Between May and July, FINIs shifted to net buying as the easing of U.S.-China trade tensions and robust AI demand drove U.S. tech stocks higher. In August, however, foreign investors capitalized on the TAIEX's high valuation to realize gains, adjusting their positions through net sales.

In September, the Fed's rate cut injected fresh liquidity into the market, prompting another wave of net purchases by FINIs. From October to December, amid concerns over an AI bubble and a subsequent pullback in U.S. stock markets, some investors opted for profit-taking trades to lock in their TAIEX gains, leading to further position reductions and net selling by FINIs.

Regarding local securities investment trust companies, they recorded net sales in January, February, and from July to October. These moves were driven by the need to perform year-end or quarter-end accounting adjustments, meet investor redemption demand, or lock in gains from the rallying stocks. Conversely, from March to June and during November and December, investment trust companies shifted to net buying. This was primarily aimed at boosting fund performance or executing passive positioning through the purchase of constituent stocks for ETFs.

With respect to local securities dealers, who are inclined to conduct short swing trades to buy the rallies and sell the dips, they recorded successive net sales in the first half of 2025, reflecting tactical position adjustments or hedging operations as the TAIEX rebounded after declining sharply. In the second half of the year, net selling occurred only in November during a market pullback and net buying was recorded in all the other months as the TAIEX continued to scale new heights.

The TPEx Market

TPEx Listings and Capitalization Both Increased

At the end of 2025, the number of TPEx listings totaled 874, an increase of 36 from the previous year. The total par value increased by 3.9% year on year to NT$826.2 billion. The TPEx market capitalization, buoyed by rising stock valuations, increased by 13.3% year on year to NT$7.41 trillion.

TPEx Index First Fell Then Rose; Trading Value Increased

In 2025, the TPEx Index moved in tandem with the TAIEX. After retreating from its early-year high to a low of 185.1 on April 9, the Index trended upwards amid the AI boom and foreign net purchases, closing the year at 276.2. This represented an 8.0% increase from the 255.8 recorded at the end of the previous year.

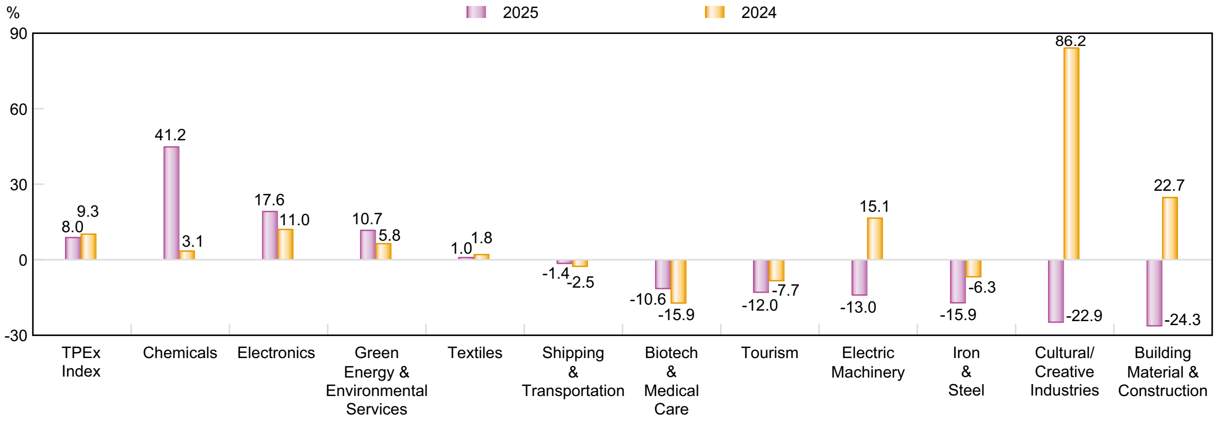
The TPEx market saw a mixed performance across different sectors in 2025. Among the advancing sectors, Chemical shares led the gains with a 41.2% surge, driven by substantial profit growth as a key supplier of essential materials to the AI and semiconductor industries. The Electronics sector followed with a 17.6% increase amid the AI boom and the U.S. tech stock rallies. Meanwhile, Green Energy & Environmental Services shares rose 10.7%, benefiting from policy support and favorable industry tailwinds.

Among the declining sectors, the Building Material & Construction sector suffered the sharpest drop of 24.3%, as a slowing real estate market led to a significant reduction in new housing projects. Cultural/Creative Industries recorded a 22.9% fall owing to a high base effect following the strong gains of the previous year. The Iron & Steel sector also declined by 15.9%, weighed down by weak demand and overcapacity in China.

By type of institutional investor, local securities dealers net sold TPEx equities worth NT$6.9 billion, whereas local securities investment trust companies and FINIs both posted net buying, with the respective amounts of NT$8.9 billion and NT$292.8 billion.

Overall, the daily average turnover of the TPEx market rose alongside stock rallies, rising by 9.9% to NT$105.6 billion from NT$96.1 billion the previous year.

TPEx Stock Price Changes by Industrial Group



Source: TPEx.

Key Measures for the Stock Markets

Key measures for Taiwan's stock markets in 2025 included the following:

(1) April 6: To mitigate the impact of U.S. reciprocal tariff policies on global financial markets and to safeguard capital market stability and investor interests, the FSC announced three stabilization measures: (A) Investors may, with the consent of securities finance enterprises or firms, provide alternative collateral to meet margin calls for margin purchases or short sales; (B) The daily quota for short sales via securities borrowing was reduced from 30% to 3% of the average daily trading volume over the previous 30 business days; (C) The minimum margin requirement for short selling was raised from 90% to 130%.

(2) April 7: The FSC reaffirmed that, pursuant to existing regulations, short selling below the previous closing price is prohibited for stocks that have hit their lower price limits. This measure aimed to moderate the impact of speculative trading on the stock market and to mitigate volatility risks triggered by market panic.

(3) April 9: To counter the global stock market plunge triggered by the U.S. reciprocal tariff policy, the National Financial Stabilization Fund was deployed to buttress the domestic stock market and to bolster investor confidence.

(4) July 1: The FSC introduced the Taiwan Individual Savings Account (TISA) to encourage the public to cultivate retirement savings and personal wealth through mid- to long-term investment.