A nighttime photograph of Wat Arun, a prominent Buddhist temple in Bangkok, Thailand. The temple's central spire is brightly lit with golden lights and topped with a glowing flame-like ornament. The surrounding city lights and the Chao Phraya River are visible in the background and foreground, creating a vibrant urban scene.

# OVERVIEW OF THAI FINANCIAL MARKETS

Sukit Jaratchaiwanna, CFA, FRM

JAN  
2023

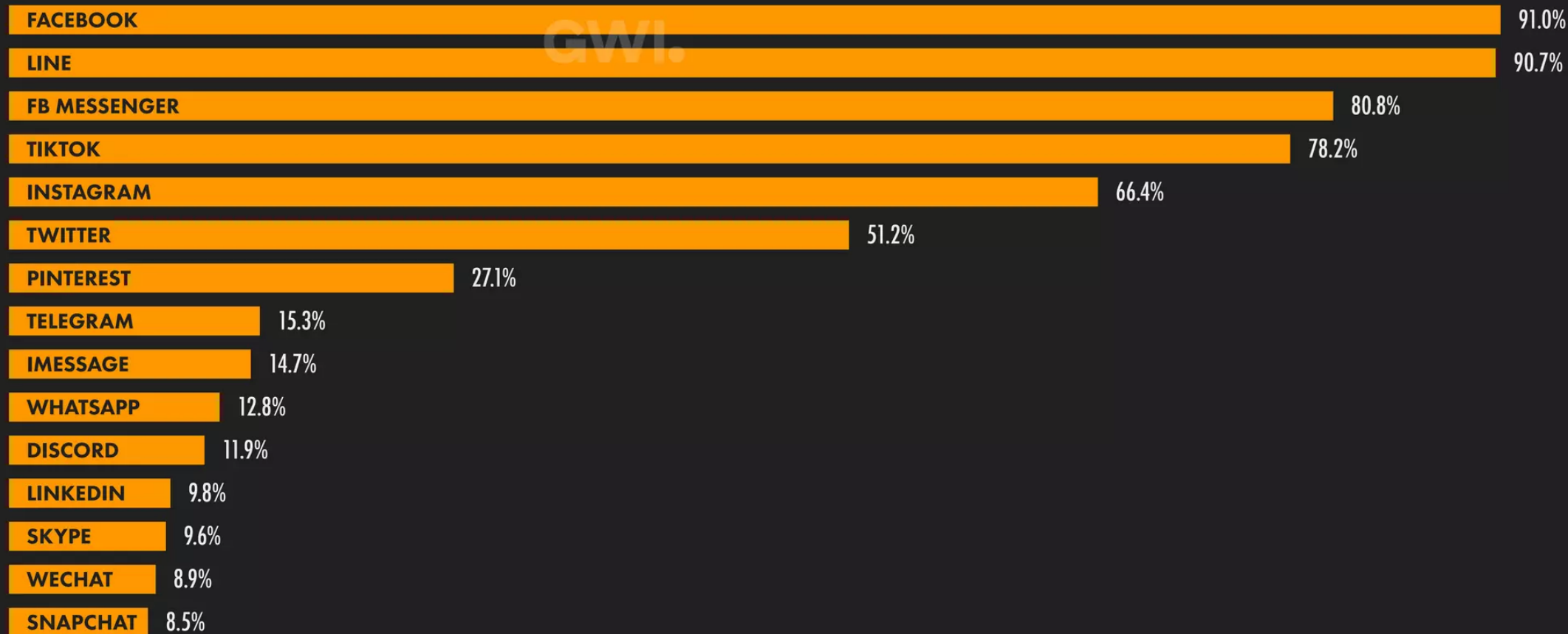
# MOST USED SOCIAL MEDIA PLATFORMS

PERCENTAGE OF INTERNET USERS AGED 16 TO 64 WHO USE EACH PLATFORM EACH MONTH

**NOTE:** YOUTUBE IS NOT OFFERED AS AN ANSWER OPTION FOR THIS QUESTION IN GWI'S SURVEY, SO IT WILL NOT APPEAR IN THIS RANKING



THAILAND



55

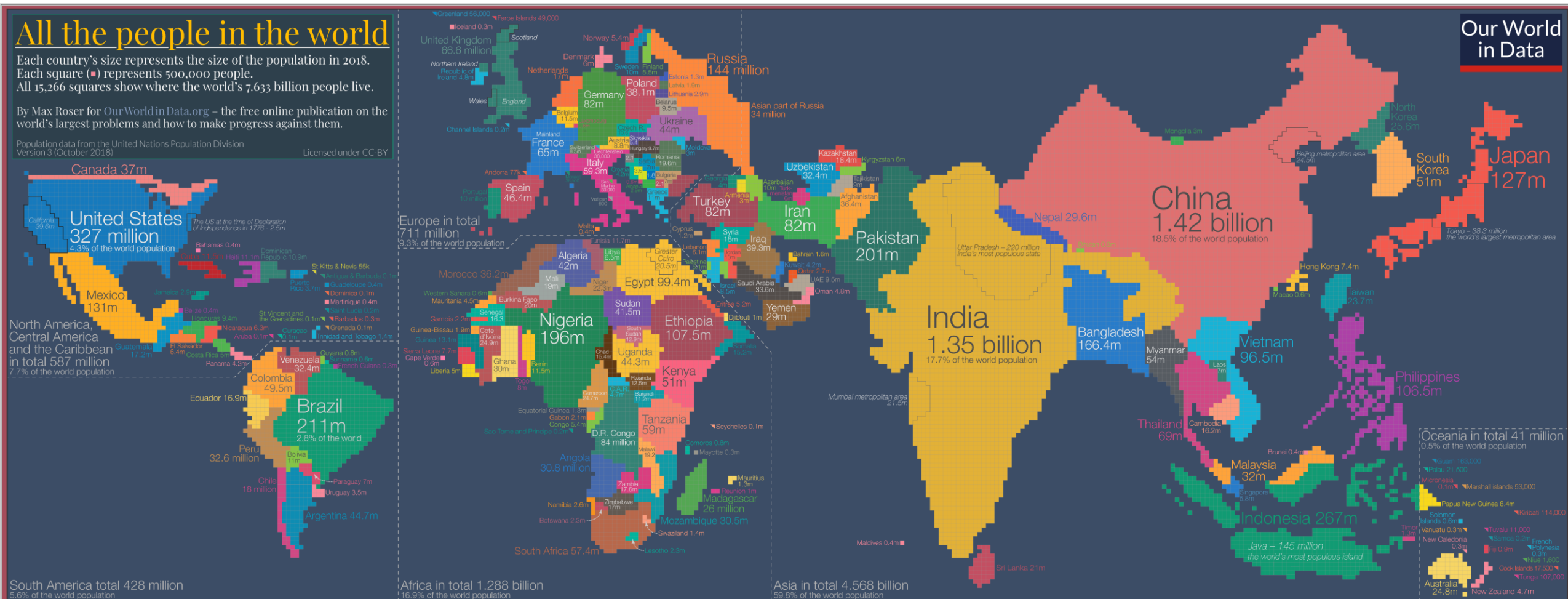
**SOURCE:** GWI (Q3 2022). FIGURES REPRESENT THE FINDINGS OF A BROAD GLOBAL SURVEY OF INTERNET USERS AGED 16 TO 64. SEE [GWI.COM](https://www.gwi.com) FOR FULL DETAILS. **NOTE:** YOUTUBE IS NOT OFFERED AS AN ANSWER OPTION FOR THIS QUESTION IN GWI'S SURVEY. **COMPARABILITY:** A VERSION OF THIS CHART THAT APPEARED IN OUR PREVIOUS REPORTS WAS BASED ON A PREVIOUS QUESTION IN GWI'S SURVEY THAT INCLUDED YOUTUBE AS AN ANSWER OPTION. GWI'S CURRENT SURVEY FEATURES A REVISED VERSION OF THIS QUESTION THAT DOES NOT INCLUDE YOUTUBE AS AN ANSWER OPTION, WHILE OTHER CHANGES TO THE QUESTION'S WORDING MAY MEAN THAT THE VALUES AND RANK ORDER SHOWN HERE ARE NOT DIRECTLY COMPARABLE WITH THOSE SHOWN ON A SIMILAR CHART IN PREVIOUS REPORTS.

we  
are  
social

Meltwater

# ECONOMY OF THAILAND

- Thailand GDP2022 was about US\$536billion, the 9<sup>th</sup> largest econ of Asia.
- Thailand is the 2<sup>nd</sup> largest econ in Southeast Asia after Indonesia, and holds the foreign reserves US\$237.5billion, 2<sup>nd</sup> largest pool after Singapore.
- Its surplus in the current account balance ranks 10<sup>th</sup> of the world. And Thailand ranks 2<sup>nd</sup> in Southeast Asia in external trade volume, after Singapore.
- Thai Economy relies heavily on exports, accounting for 58% of GDP in 2021





# THAILAND AT A GLANCE

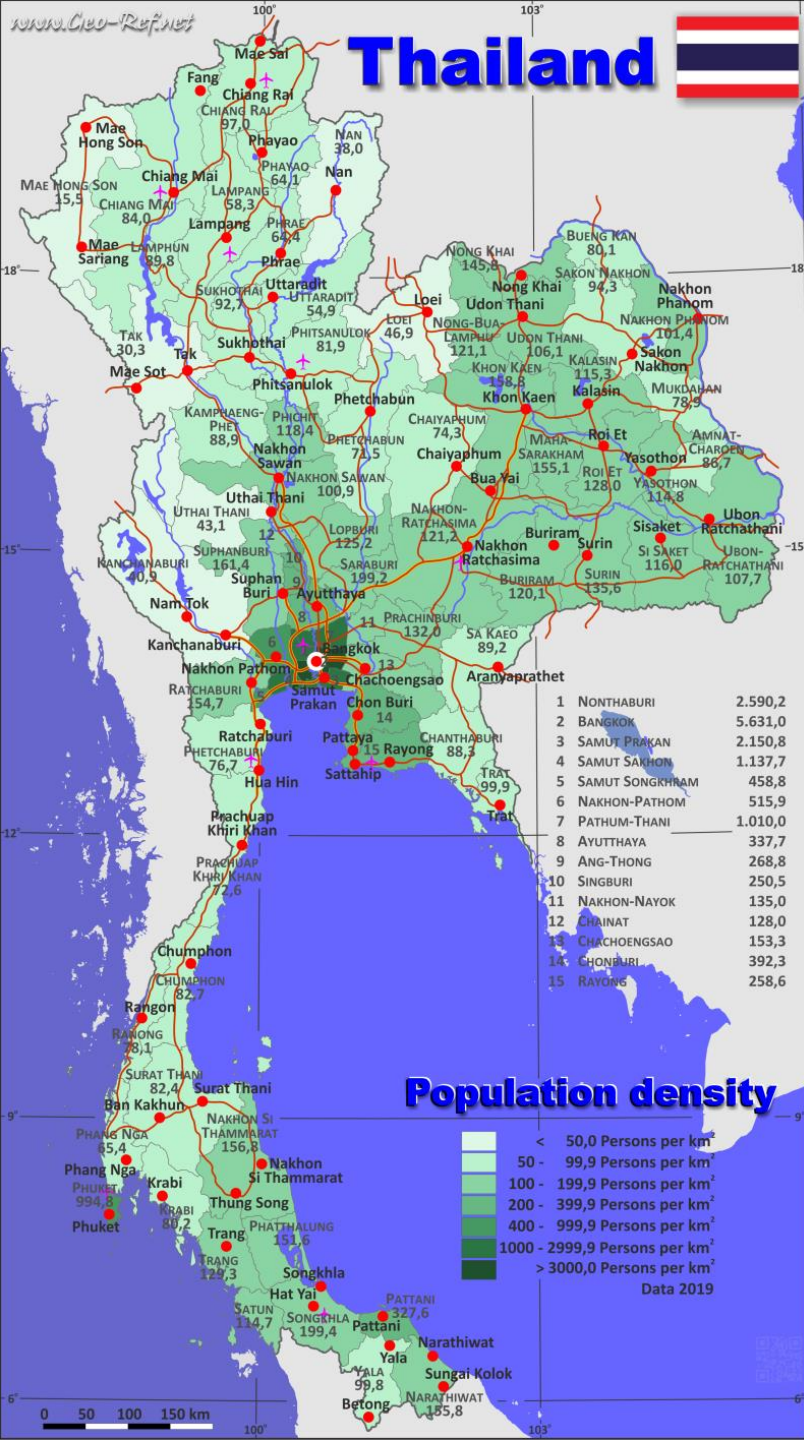
## OFFICIALLY, THE KINGDOM OF THAILAND

- Also, historically known as Siam.
- Thailand is the 50<sup>th</sup> largest country by area, slightly larger than Spain.
- The north is mountainous area, northeast is plateau, bordered to the east by Mekong River.
- Center of the country is the flat Chao Phraya river lowland, running to the Gulf of Thailand.
- The south consists of beautiful islands and long coastal lines to Malaysia.

## TOURISM

- Before COVID, Thailand was the world's 8<sup>th</sup> most visited country, about 39.8million visitors, accounting for 6% of the country economy.





## POLITICS AND GOVERNMENT

### ADMINISTRATIVE DIVISIONS

Thailand is a unitary state. The administrative levels can be divided into 3; central, provincial and local. Thailand has 76 provinces, and 2 specially governed districts – Bangkok and Pattaya.

### CENTRAL GOVERNMENT

The central government consists of ministries, bureaus, and departments

### DEMOGRAPHICS

- About 46% of population concentrates in Bangkok Metropolitan area.
- Thai nationals make up the majority of the population, about 96%. The remaining 4% are Burmese (2%), and others.
- The government-sponsored family planning program resulted in a dramatic decline in population growth from 3.1% in 1960 to about 0.4% today.

Source: [www.geo-ref.net/ph/tha.htm](http://www.geo-ref.net/ph/tha.htm)



# ECONOMIC AND POLITICS HISTORY

## 1. \*\*Economic Transformation (1990s)\*\*:

- Thailand experienced rapid economic growth, becoming one of the "Asian Tigers."
- The country attracted foreign investment, particularly in manufacturing and exports.

## 2. \*\*Asian Financial Crisis (Late 1990s)\*\*:

- Thailand was severely affected by the 1997 Asian financial crisis, leading to a sharp economic downturn.
- This crisis exposed weaknesses in the country's financial system and prompted economic reforms.



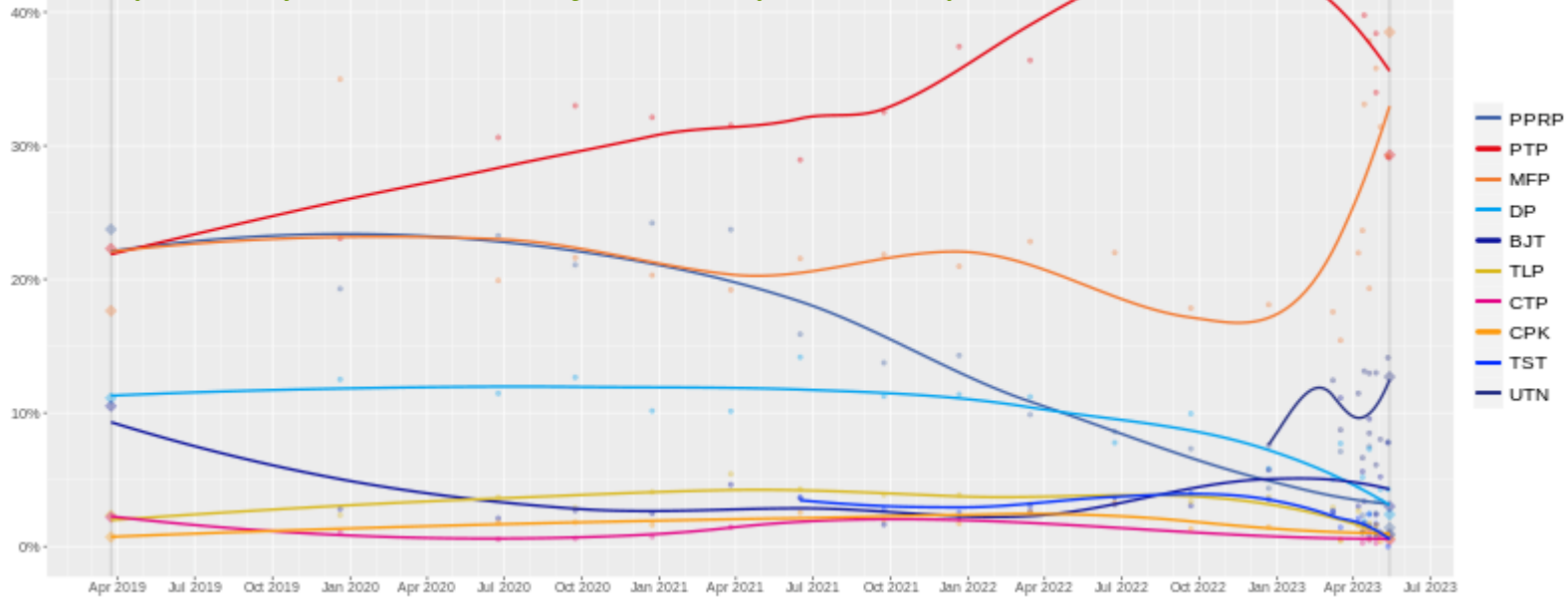
## 3. \*\*Political Turbulence (2000s-2020s)\*\*:

- Thailand witnessed a series of political protests, changes, and military coups during this period.
- Political instability hindered long-term economic planning and development.

## 4. \*\*COVID-19 Impact (2020s)\*\*:

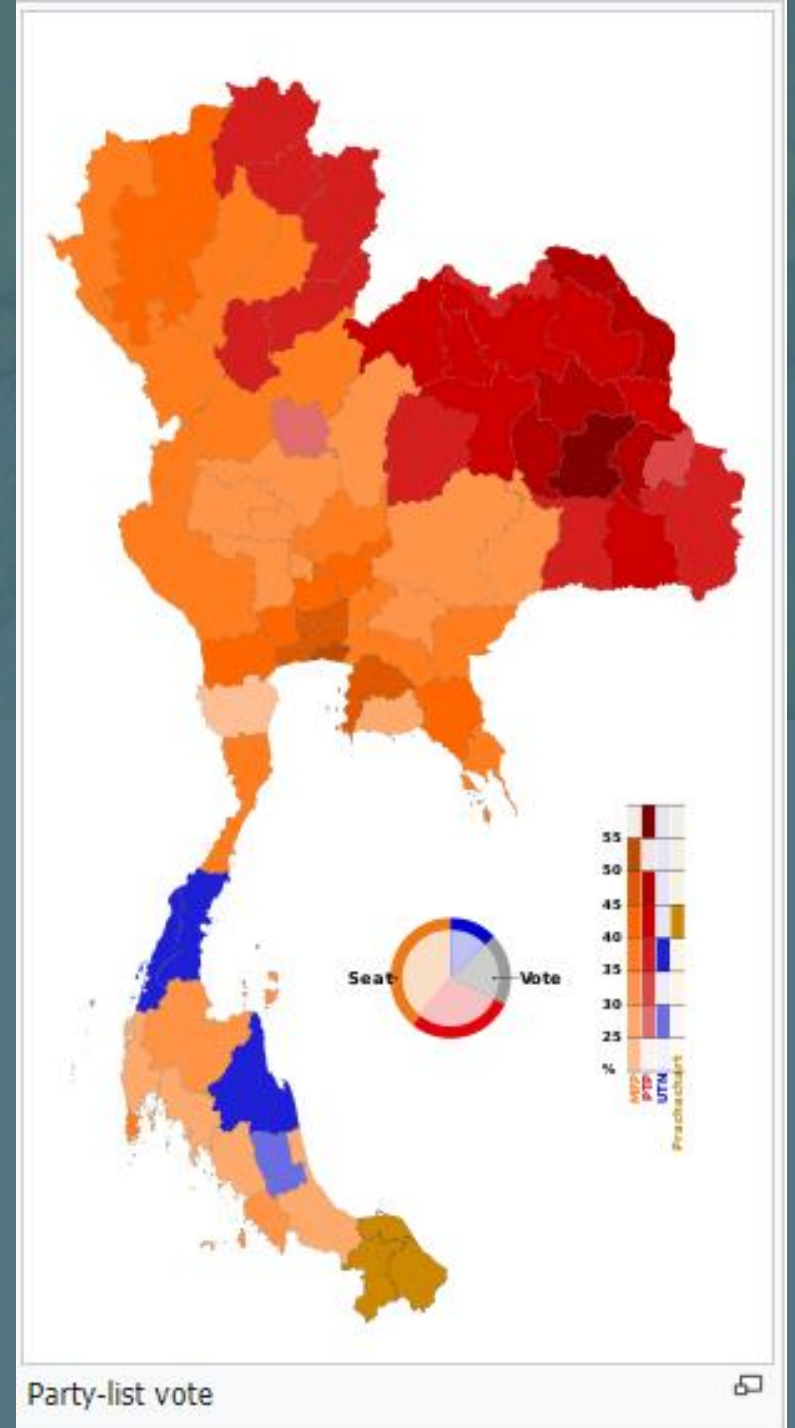
- The COVID-19 pandemic severely impacted Thailand's tourism-dependent economy.
- The government implemented stimulus measures to mitigate economic effects.

## Popularity trend of major Thai political parties in the 2023 election

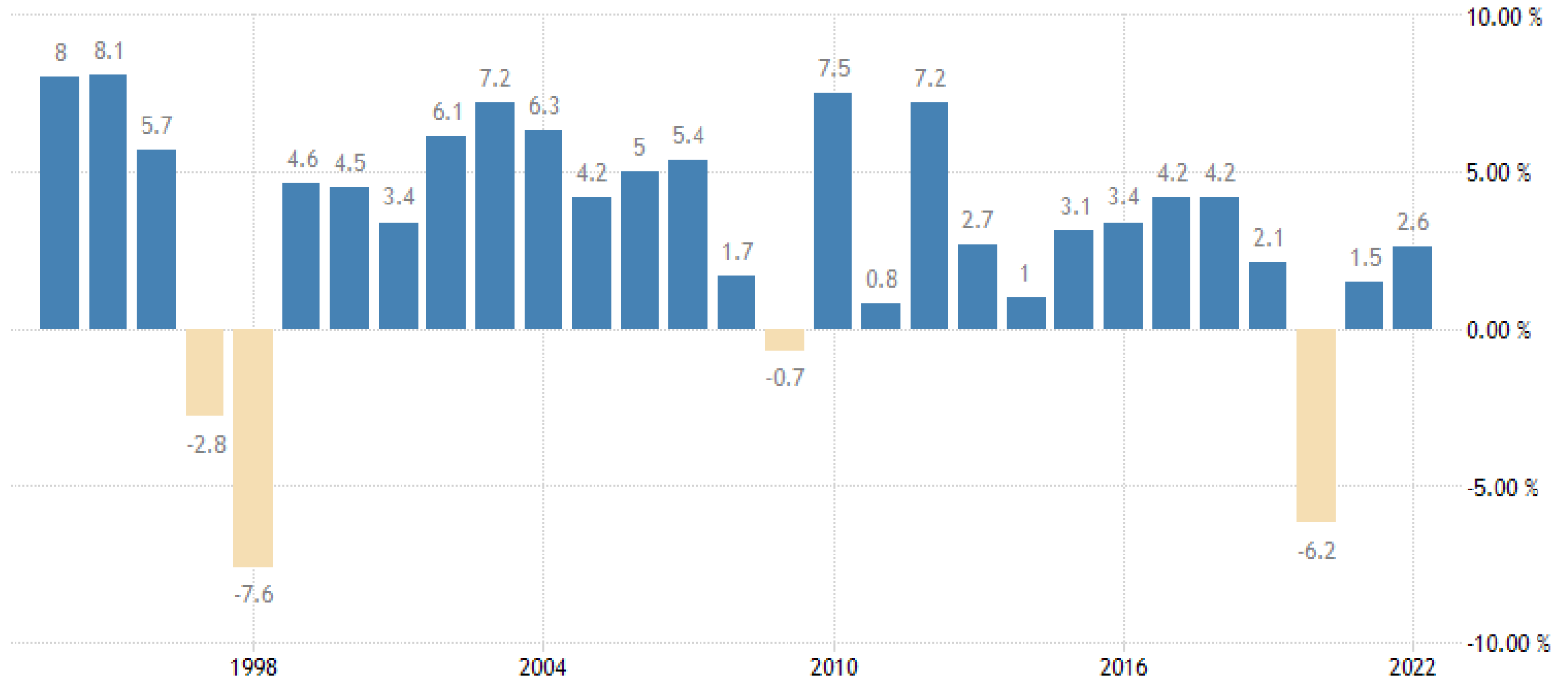


## Latest Election Results – Early Sign for a Wind of Change

- Unexpected victory of Move Forward Party can pose a risk to the existing regime
- Rising popularity can create undercurrent wave as well as long term political instability



# HISTORY OF THAI ECONOMIC GROWTH





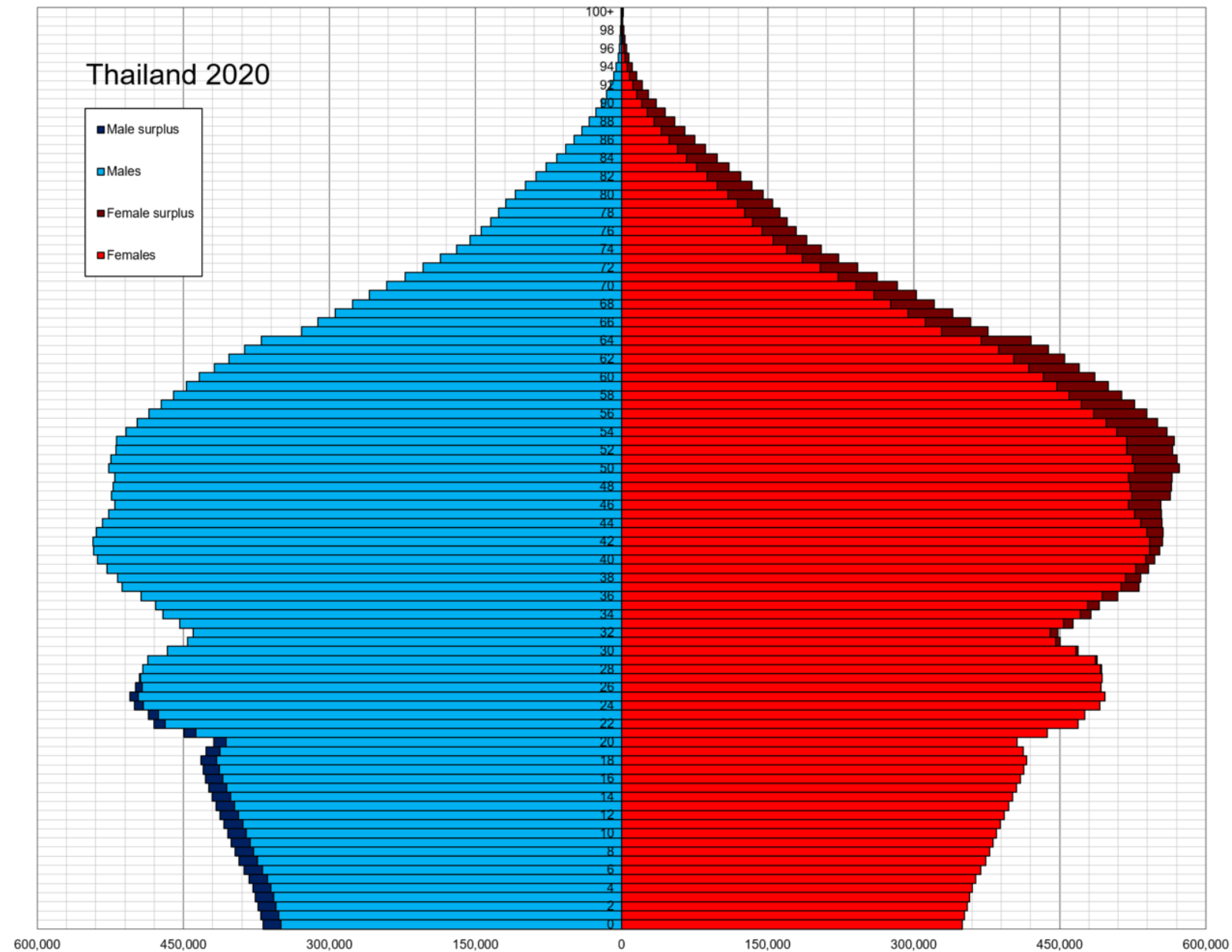
# THAILAND'S AGING SOCIETY

## Rapid Aging Population

Thailand is experiencing a rapid increase in its aging population. The proportion of elderly citizens (aged 60 and above) is growing faster than any other age group

## Economic Implications

An aging society can have economic implications, including a potential decrease in the labor force and increased demands on pension systems. Thailand faces the challenge of ensuring economic stability and sustainability in the face of its aging population.



# MOVEMENT OF USDTHB (THAI BAHT)



## BANK OF THAILAND MONETARY POLICY TOOL

The Bank of Thailand (BoT) uses interest rates as a key tool for implementing monetary policy. The policy rate, known as the "policy interest rate" or "policy rate," is the benchmark rate that influences other interest rates in the economy.



### Inflation Targeting

- The BoT follows an inflation-targeting framework. Its primary goal is to maintain price stability, with an inflation target range set by the government. As of my last knowledge update in September 2021, the target range was between 1% and 3%.
- The MPC assesses economic conditions and adjusts the policy rate to ensure that inflation remains within the target range over the medium term.



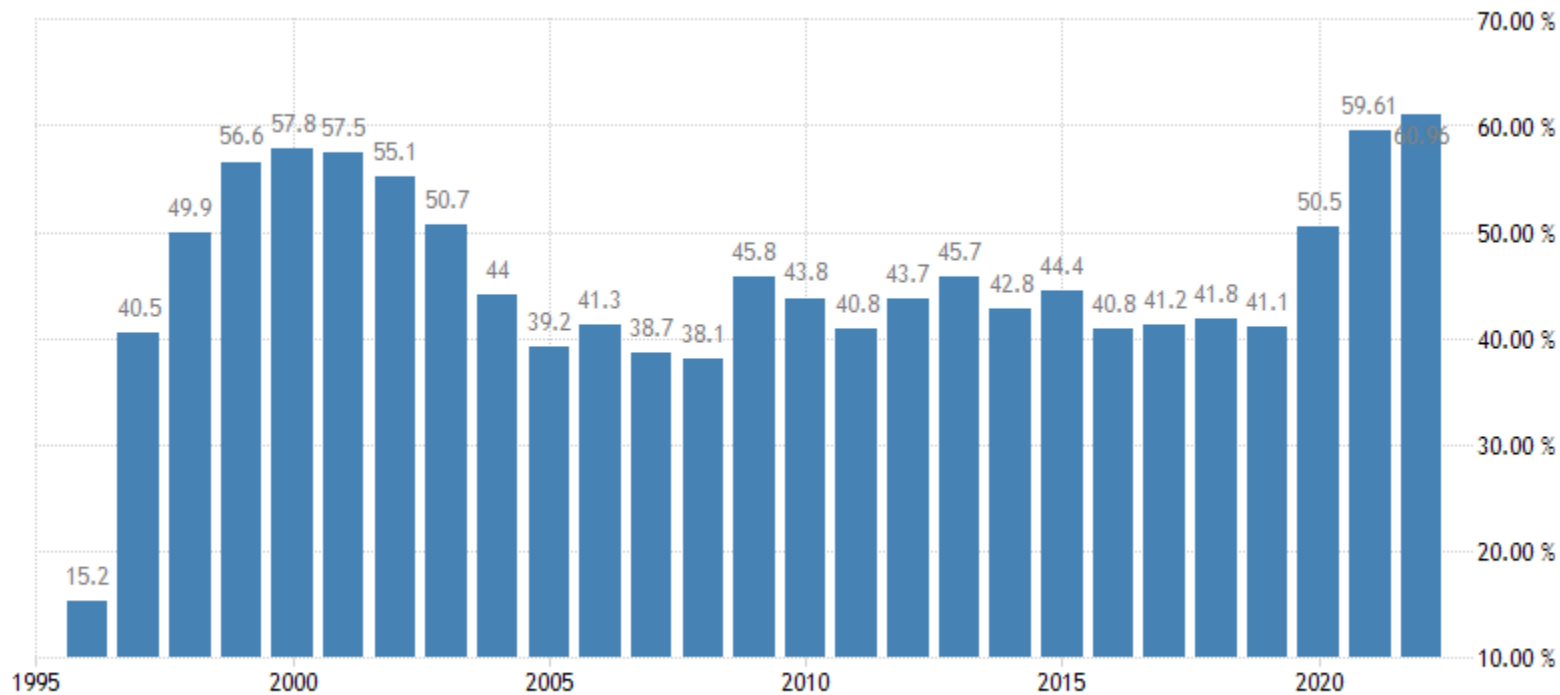
# GOVERNMENT DEBT TO GDP

## Government Debt Levels

- Thailand's government debt-to-GDP ratio was relatively moderate, below 50% of GDP. The government maintained prudent fiscal policies to manage its debt burden.

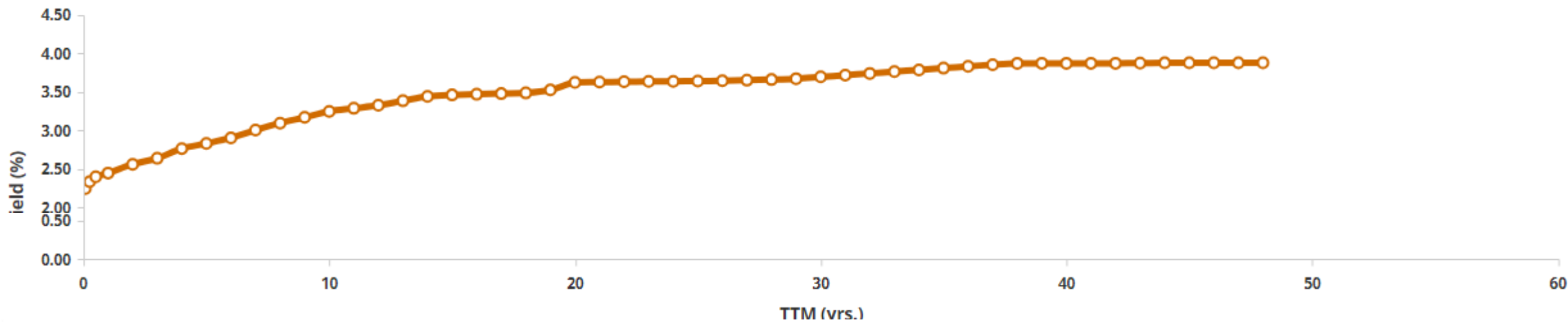
## Impact of COVID-19

- The COVID-19 pandemic led to increased government spending on healthcare, economic relief, and stimulus measures. Consequently, there was a temporary rise in the government debt-to-GDP ratio as the government sought to support the economy during the crisis.



# THAI GOVERNMENT & CORPORATE BOND MARKETS

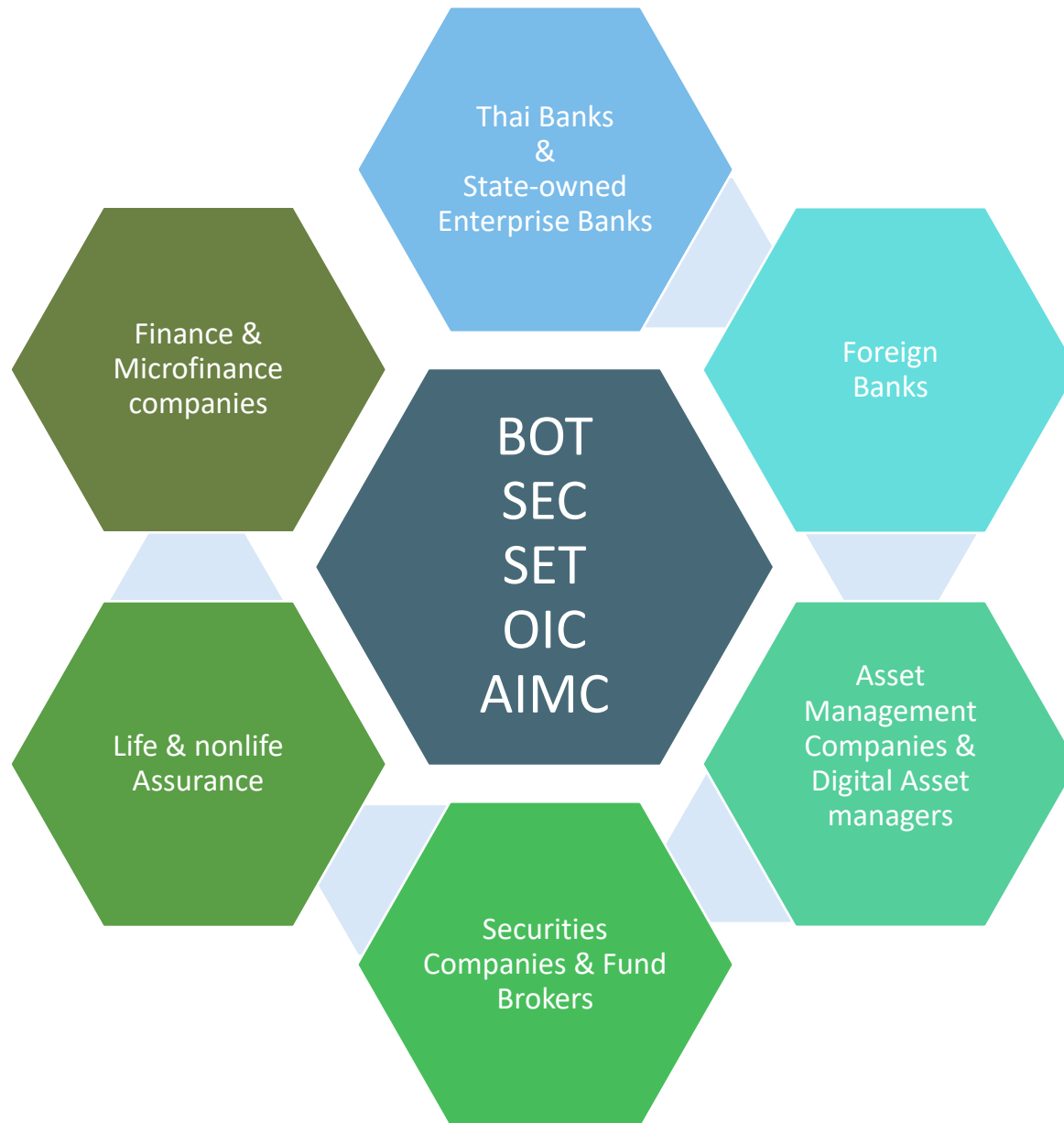
ThaiBMA Government Bond Yield Curve  
as of Monday, September 25, 2023



Corporate Bond Yield Curve (Based on Duration ) as of 25 September 2023

Export to Excel

Group	Averaged Spread (bp)			Standard Deviation (bp)			Averaged Maturity		
	<= 3 Yrs.	3 - 5 Yrs.	> 5 Yrs.	<= 3 Yrs.	3 - 5 Yrs.	> 5 Yrs.	<= 3 Yrs.	3 - 5 Yrs.	> 5 Yrs.
AAA	46.583147	65.908969	91.959193	21.654610	25.273788	34.231590	1.598103	4.201096	9.514459
AA+	51.383548	76.808535	97.685164	18.724329	17.726371	20.283948	1.582013	4.068884	8.860435
AA	54.607314	70.417491	106.666111	19.588150	5.576732	20.407908	1.722520	4.160896	7.923561
AA-	63.980774	102.743405	131.187076	22.856583	32.633367	14.672109	1.766438	4.210115	8.048767
A+	80.076726	111.151154	142.072674	32.791617	26.731796	20.266895	1.604193	4.355765	8.723124
A	76.354344	123.813632	143.620751	29.544387	18.352839	24.629323	1.674809	4.220684	8.042269
A-	96.420705	147.027934	163.870538	32.575743	30.866308	23.328957	1.659661	4.408621	8.087194
BBB+	186.015459	238.657960	296.234909	35.590250	22.960808	-	1.880064	3.838605	6.375342
BBB	248.802699	238.646107	-	30.080792	-	-	1.829999	3.627397	-
BBB-	327.215382	-	-	42.596801	-	-	2.044292	-	-



## FINANCIAL INDUSTRY LANDSCAPE

Key players in Thailand's financial sector includes both traditional players and newer fintech entrants contributing to the industry's growth and transformation.

### TRADITIONAL PLAYERS

There are several key local and foreign players in Banks, Asset Managements, Securities Companies and Insurers, offering wide range of services

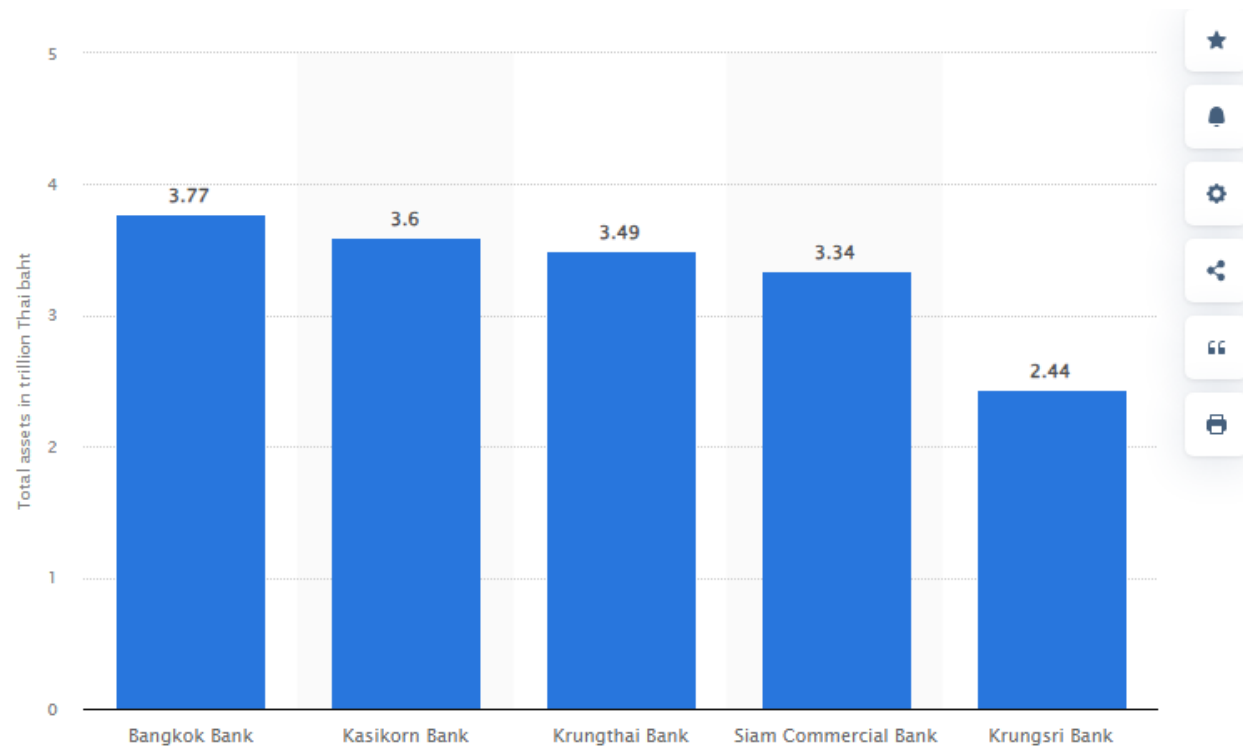
### GOVERNMENT INSTITUTIONS

BOT – Bank of Thailand  
 SEC – The Security & Exchange Commission  
 SET – The Stock Exchange of Thailand  
 OIC – The Office of Insurance Commission  
 AIMC – Association of Investment Management Companies

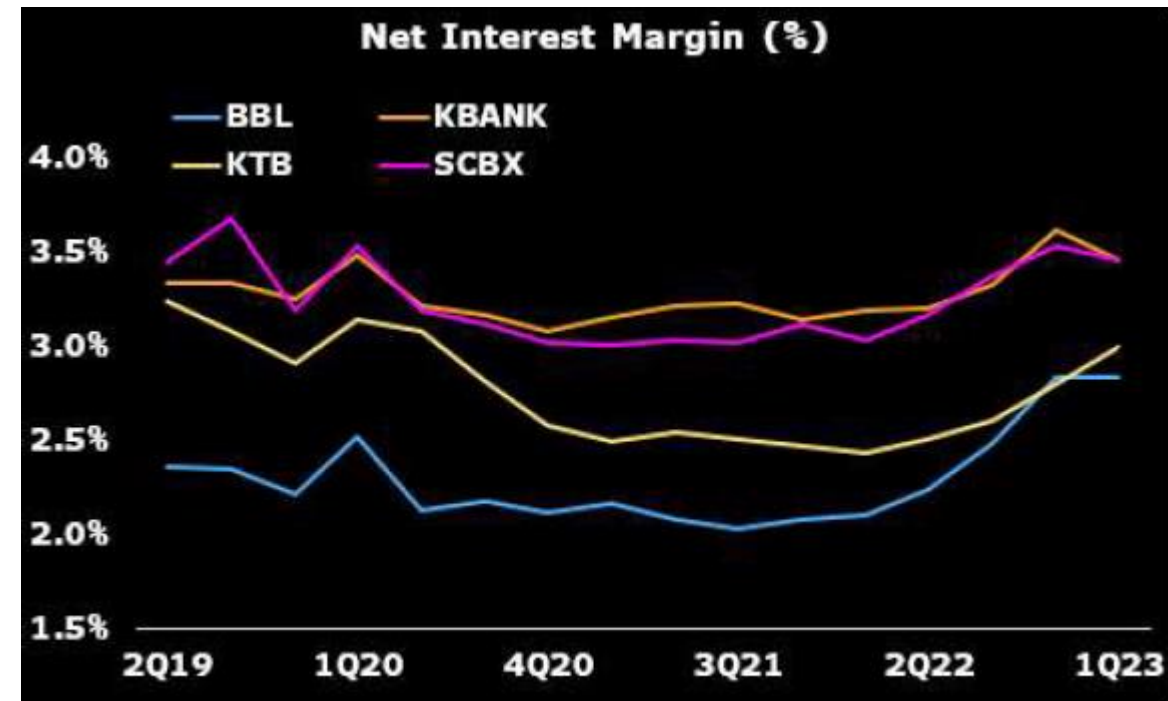
### EMERGING FINTECHS

Emergence of fintech startups/ digital payment service providers such as SCB Abacus, TrueMoney, Promptpay and Digital Asset Fund Managers such as MERKLE Capital





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Source: Company Filings, Bloomberg Intelligence

## RETAIL BROKERS



A member of MUFG  
a global financial group



## INSTITUTION BROKERS



## FOREIGN PRIVATE BANKS



## DISCOUNT BROKERS



## FUND BROKERS



# THAILAND FINANCIAL INSTRUMENTS

## Deposits

- CASA
- Fixed Deposits

## Fixed Income

- Government Bonds (LB)
- Inflation Linked Bonds (ILB)
- Central Bank Bonds (CB)
- Corporate Bonds (DE)
- Bill of Exchange (BE)
- Promissory Notes (PN)

## Equities

- Stocks
  - SET (approx. 800 firms)
  - MAI (approx. 200 firms)
  - Warrants
  - Derivative warrants
  - Depositary Receipts (DR) i.e., BABA, VN30
  - ETF (SET50, CSI300)
- TFEX
  - Futures (Indices/ Single stocks/ Golds/ USD/ Commodities)
- Outright/ Margin

## Mutual Funds

- Money Market Funds
- Short term Fixed Income
- General Fixed Income
- Foreign Fixed Income (PIMCO, Templeton, JPMorgan)
- Balanced Funds
- Thai Equities Funds
- Trigger Funds
- Foreign Investment Funds (FIF)
- Commodity Funds
- Property Funds/ REITs
- Structured Funds
- Private Equities/ Private Debts
- Other alternatives (i.e. Life settlement)

## Structured Products

- Principal Protected Notes (PPN)
- Equity Linked Notes (ELN)
- Exotic notes (Shark Fin, Twin-win, Range accrual, KIKO, Bearish Shark Fin, Rebound Certificates)

## Private Funds & Digital Assets

- Private funds investing in foreign assets (equities, fixed income, structured products, private equities, real assets such as hotels in Japan)
- Digital asset strategy (BITCOIN & others)



## THAI INVESTMENT IDEAS

### 5 themes for the new government

1. Digital Wallet
2. Minimum wage +70% in 4 years
3. Minimum salary for Bachelor's degree +66%
4. Boost agriculture product prices
5. Reduce cost of living

### Expected beneficiary sectors

1. Domestic plays
2. Digital IT
3. Property sector
4. Tourism
5. Reverse of fund flows to underperformed sectors i.e. monopoly group, big power plants

THANK YOU

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