

# How Thailand's Capital Markets Can Adapt to the Changing World – Part 1

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ABOUT US

# Our Mission



## Our Mission

ASIFMA's mission is to **promote the development of liquid, deep and broad capital markets in Asia**, which is fundamental to its economic development and growth.



## Global Alliance

ASIFMA operates as an independent regional organization with **global integration through membership in the GFMA alliance** with partners AFME in Europe (offices in London and Brussels) and SIFMA in the US (offices in New York and Washington, D.C.).



ASIFMA MEMBERS

# Banks / Financial Institutions

































































ASIFMA MEMBERS

# Asset Managers



ASIFMA MEMBERS

# Non-Banks

				 <small>By SBI Digital Asset Holdings and SIX</small>		 <small>Financial services regulatory consultants</small>	
		 <small>An Affiliate of Moody's Investors Service</small>					
			 <small>Securing Today. Shaping Tomorrow™</small>	 <small>Building a better working world</small>			
							
							
							
							
							

HIGH-LEVEL NARRATIVE

# APAC Macro View

Liquidity continues to pour into Emerging Markets ex China



From UBS Market Structure Analytics

HIGH-LEVEL NARRATIVE

# APAC Macro View

India/Japan/Taiwan have been the key beneficiaries of the liquidity leaving China

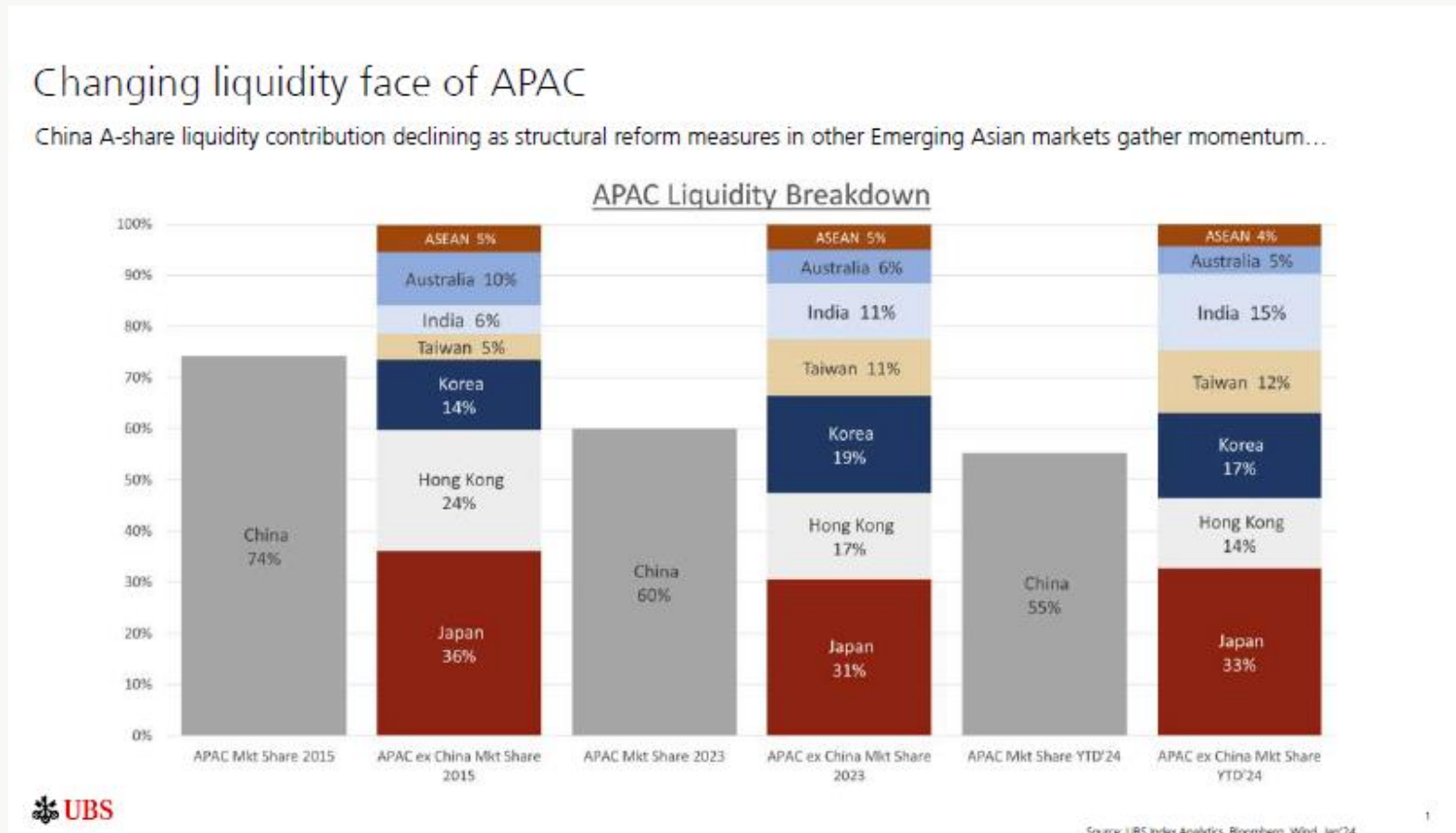


From UBS Market Structure Analytics

HIGH LEVEL NARRATIVE

# APAC Macro View

Liquidity to SE Asia has not changed significantly



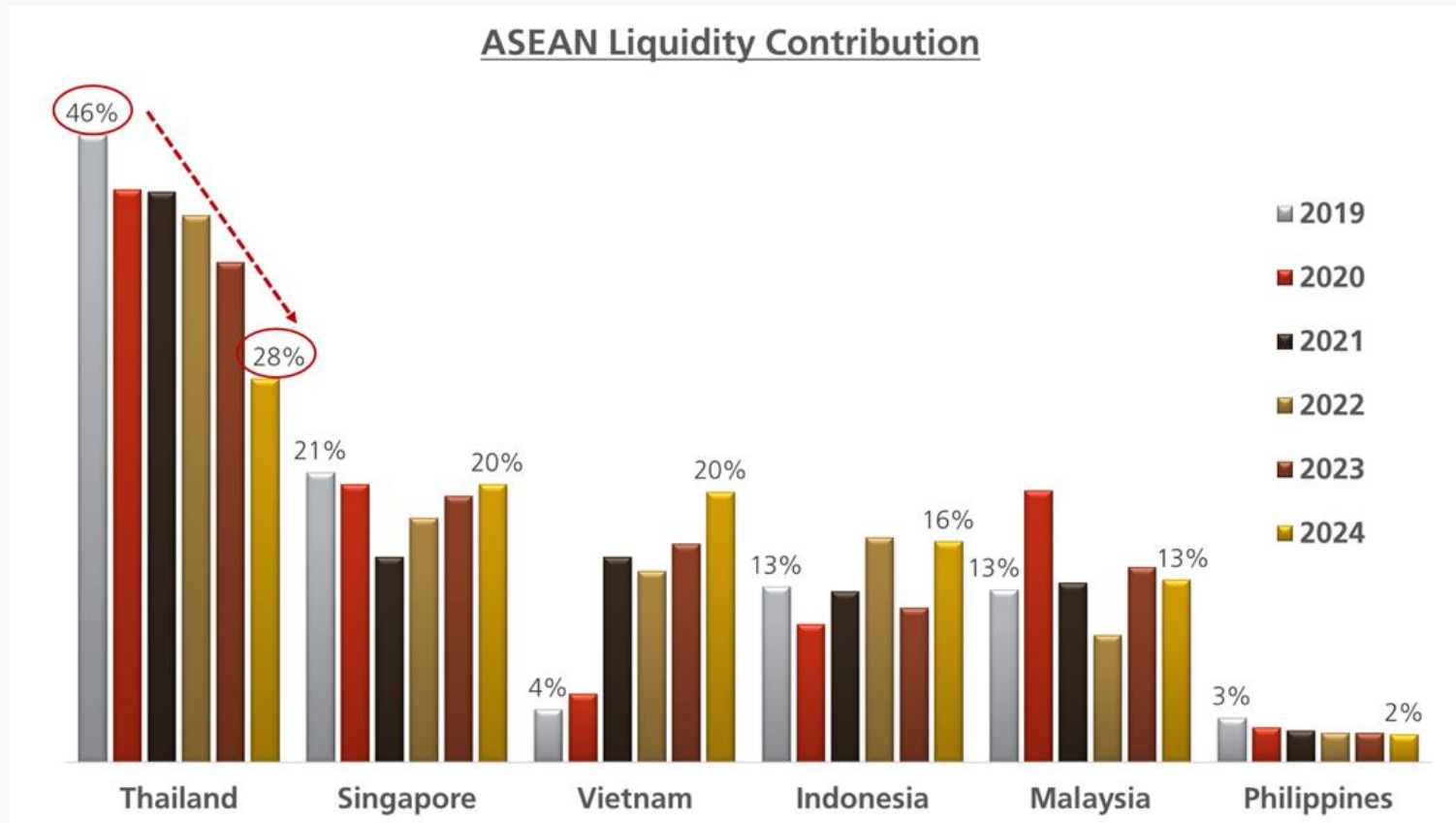
From UBS Market Structure Analytics



HIGH LEVEL NARRATIVE

# APAC Macro View

Thailand has experienced a decline in market liquidity



From UBS Market Structure Analytics

HIGH LEVEL NARRATIVE

# What have been the market headwinds?

Some observations from ASIFMA's annual Capital Markets Survey and from discussion with members

### Corporate governance issues

- STARK Corporation
- JKN Global Media

### Political instability

### Slow economic growth

2020	2021	2022	2023	2024*
-6.1%	1.5%	2.6%	1.9%	2.4%

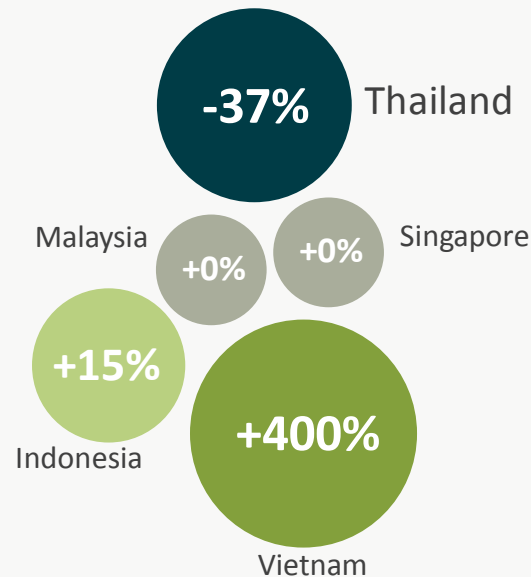
- Household debt at 95% of GDP in Thailand, much higher than peers in region (70% Malaysia, 46% Singapore, 16% Indonesia)
- Hit by deglobalisation, slowing tourism from COVID-19, and high US interest rates

## DECLINING LIQUIDITY

Retail contribution to liquidity, 2021-2024 change



Share of ASEAN Liquidity Contribution, 2019-2024 change



### Regulatory headwinds

Diminishing participation by quant funds because of

- Inefficient SBL mechanism
- Fragmented liquidity (local/foreign/NVDR)
- Recent further tightening of the rules for SBL/HFT

	Apr. 1 – Jun 30	Jul 1 – Jul 31st
# of SS Eligible Symbols	327	261
Overall SS turnover %	12.26%	4.05%
SET50 SS turnover %	7.98%	3.04%

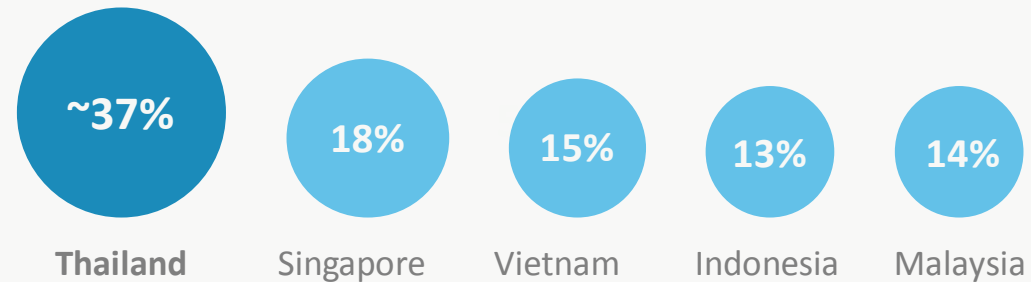
From UBS Market Structure Analytics

HIGH LEVEL NARRATIVE

# Some good signs

Despite Thailand's declining share of ASEAN liquidity, it remains its highest contributor.

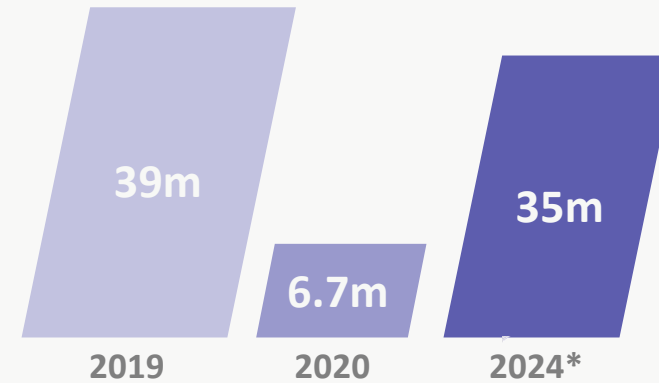
## Share of ASEAN Liquidity, 2023 estimates



From UBS Market Structure Analytics

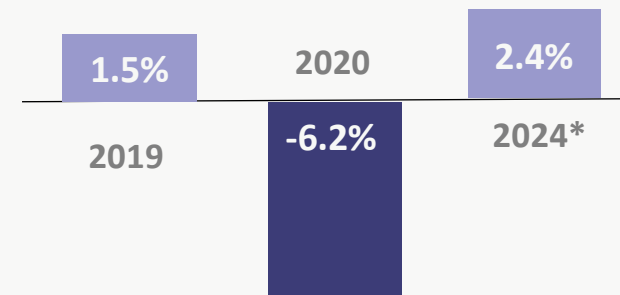
Thailand's tourism sector is experiencing a near full recovery post-COVID.

## Annual number of visitors to Thailand, by year



From Bank of Thailand

## Thailand GDP growth over the same period



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