

## Thailand's Capital Market in 2008

Both internal and external factors severely buffeted the Thai capital market in 2008. In the first half, global financial and oil price crises, and internal political instability negatively impacted the capital market. Even though the Bank of Thailand lifted reserve requirements on short-term capital inflows in March, it failed to adequately stimulate the market. In the second half, the subprime loan crisis (which began in the US in 2007) caused many financial institutions to face lack of liquidity and approach bankruptcy. This financial crisis very rapidly spread to other sectors and triggered a worldwide economic slowdown. Foreign investors around the globe repatriated their funds en masse to meet margin calls and fund redemptions, including in Thailand, where foreign investors became net sellers.

### Equity markets

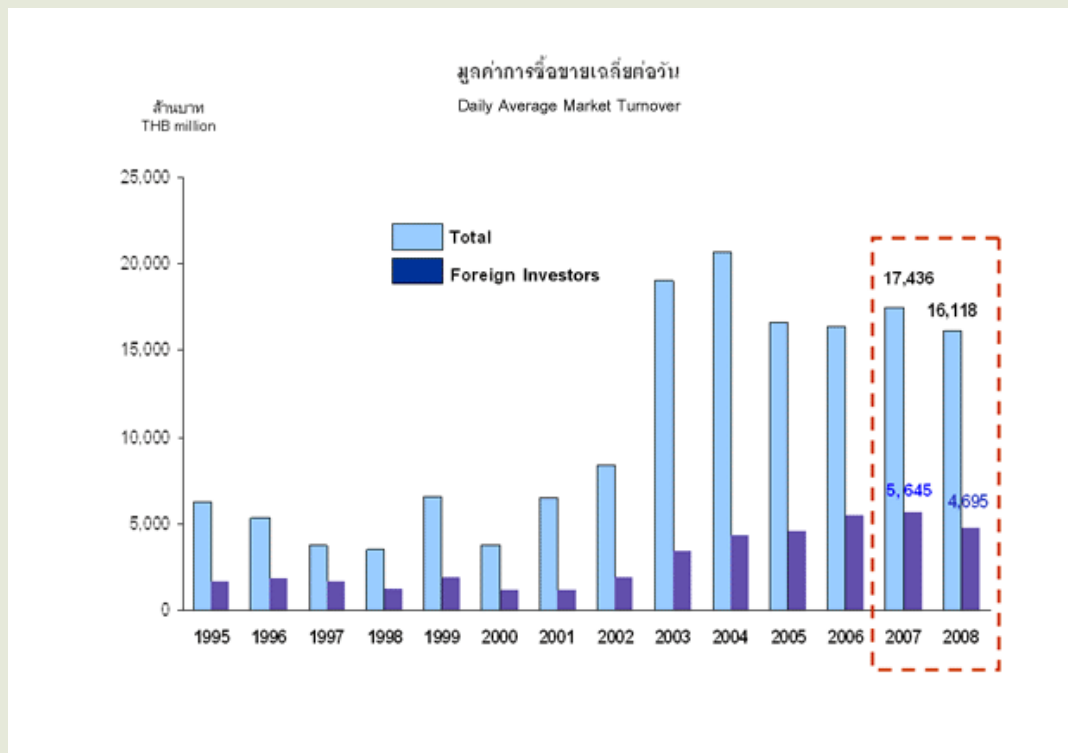
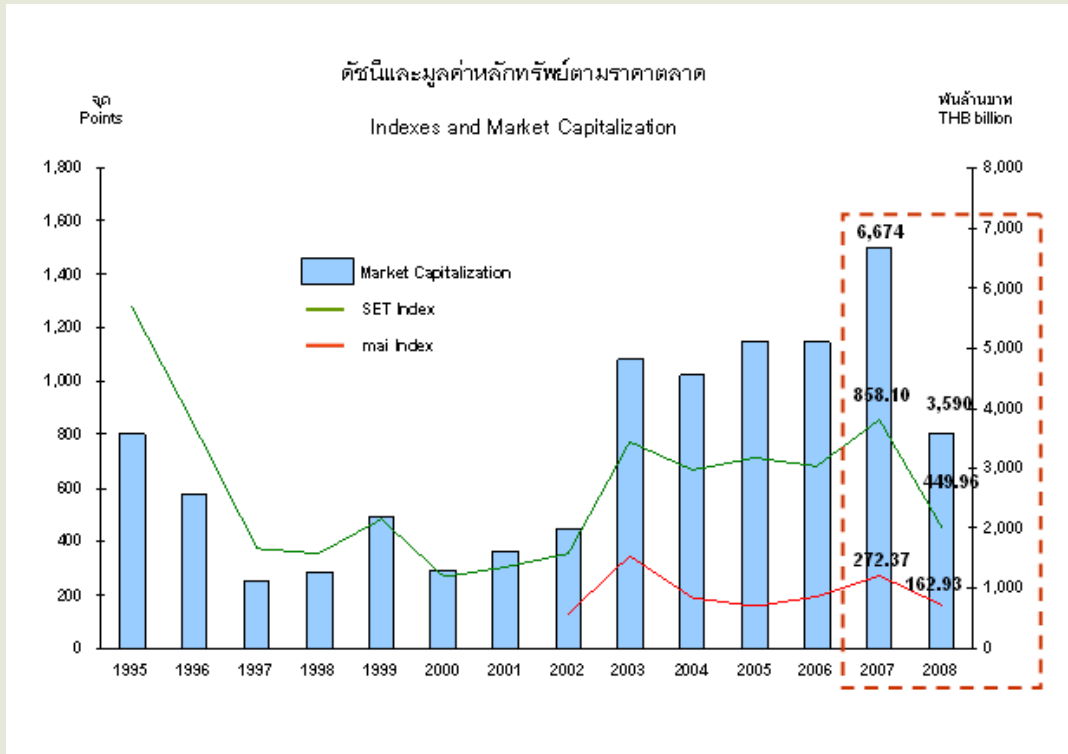
- The global financial crisis caused securities indices worldwide to plummet. In Thailand, the SET Index and SET market capitalization dove over all of 2008 by 48% and 46%, respectively. These drops included those of the mai Index and mai market capitalization by 40% and 42%, respectively.

By end-2008, the SET Index closed at 449.96 points, a decrease of 48% from 858.10 points as at end-2007. The index's highest point was 884.19 and its lowest was 384.15. SET's total market capitalization declined to THB 3.57 trillion (about USD 101.76 billion) in 2008, from THB 6.64 trillion in 2007. The bourse's total turnover was THB 3.92 trillion (USD 111.74 billion) in 2008, a 6% increase from THB 4.19 trillion in the previous year. The daily average turnover on the main board was THB 15,870 million (USD 452.36 million) in 2008, from THB 17,097 million in 2007.

In SET, market dividend yields almost doubled, going from 3.31% in 2007 to 6.57% in 2008, while the market price-to-earnings ratio (market P/E ratio) dropped to 7.01 from 17.03 in 2007.

The Market for Alternative investment (mai) Index closed at 162.93 points at end-2008, shedding 40% from the 272.37 points at end-2007. mai market capitalization reduced to 22,153 million (USD 631.46 million) in 2008, down 42% from THB 38,269 million in 2007. mai's total turnover dropped to THB 61,356 million (USD 1,748.91 million) in 2008, down by 26% on THB 83,043 million in 2007.

mai market dividend yields more than doubled from 3.22% in 2007 to 7.29% in 2008, while the market P/E ratio dropped to 7.50 at end-2008 from 19.30 at end-2007.



- Market share of local retail investors stayed constant, while the share of local institutional investors rose slightly.

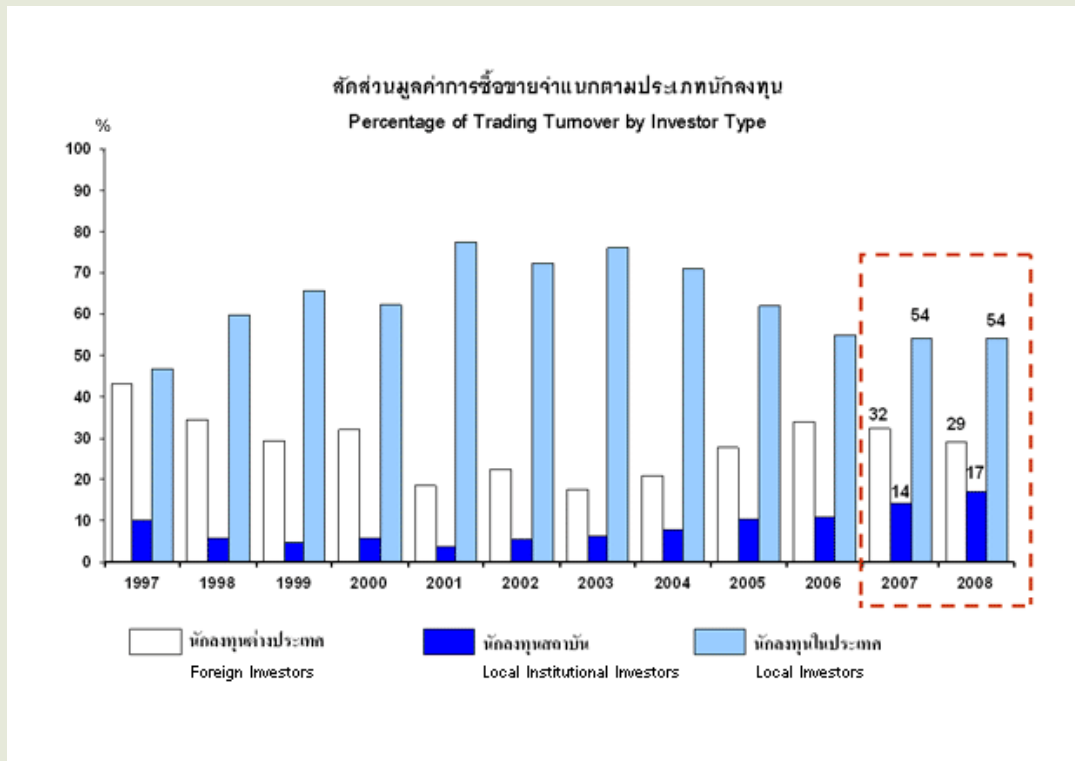
Local retail investors accounted for 54% of 2008's total turnover, same as in 2007. Foreign investors' share of total turnover decreased from 32% in 2007 to 29% in 2008, while that of local institutional investors rose slightly,

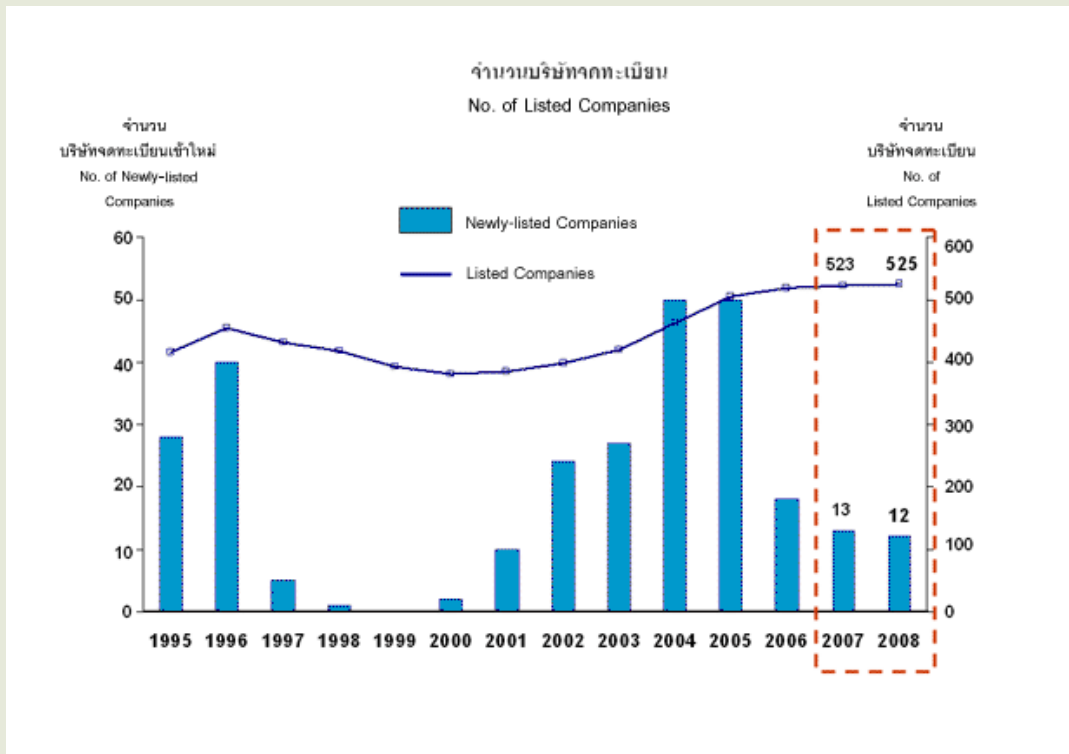


from 14% in 2007 to 17% in 2008.

Foreign investors were net sellers over 2007, with net sales of THB 162,357 million (USD 4,627.88 million).

Meanwhile, both local institutional and retail investors were net buyers, with net purchases of THB 46,210 million (USD 1,317.18 million) and THB 116,147 million (USD 3,310.69 million), respectively.





- Twelve new listings on SET and mai in 2008

In 2008, 12 companies joined the Thai exchanges—nine on SET and three on mai—raising the number of SET-listed companies to 476, and mai-listed firms to 49.

### Bond market

- Value and trading turnover continued to grow

The outstanding value of bonds on the Bond Electronic Exchange (BEX) increased year-on-year (y-o-y) from THB 3.81 trillion to THB 4.01 trillion (USD 114.30 billion). The latter figure consisted of THB 3.50 trillion in government bonds and THB 0.51 trillion in corporate issues. The 2008 total trading turnover was THB 4,364.07 billion (USD 124.39 billion), composed of THB 4,363.84 billion from institutions and THB 0.22 billion from retail investors. This was a tremendous increase over 2007's THB 295.70 billion in total trading turnover, comprised of THB 295.42 billion from institutions and THB 0.28 billion from retail investors.

### Derivatives market

- SET50 Index Futures

Thailand's derivatives market's trading turnover continued to grow. SET50 Index Futures' trading volume rose to 2,099,098 contracts in 2008 from 1,228,238 contracts in 2007. The daily average turnover was 8,498



contracts in 2008, from the previous year's 5,013.

- **SET50 Index Options**

SET50 Index Options' trading volume rose from 8,646 contracts during October to December 2007, to 45,684 contracts over the whole of 2008.

- **Single stock futures debut on Thai derivatives market**

Single stock futures began trading on the derivatives market on November 24, 2008. The first such futures had PTT, PTTEP and ADVANC as the underlying assets. Trading turnover over this short period reached 3,838 contracts.

Data : SETSMART