

## **Retail investors : The rise of new powerhouse investors in the Thai capital market**

The Stock Exchange of Thailand (SET) joins major stock markets from New York and Europe to India in welcoming a phenomenal increase in the number of new individual investors. Driving the trend is probably the COVID-19 pandemic as millions of individuals either found themselves more time or considered stock investing a way to make money and grow their wealth.

From January through June 2021, 230,445 new individual investors in Thailand dipped their toes into investing for the first time, showing the continued momentum from 2020 when the number throughout the year was as high as 119,634.

They boosted the number of retail investors in the Thai market to 1.96 million at the end of June, who owned a total of 4.67 million trading accounts. Of total, the trading volume by some 961,000 retail investors in the first six months averaged USD 1.5 billion (THB 47 billion) or nearly half of daily market turnover.

The data dating back to 2017 showed that the number of new individual investors in the Thai exchange had never hit the 6-digit level until 2020. Remarkably, only 47,429 individual investors made their first move into the market in 2019.

The vigorous interest in stock investing has been contributed to the COVID-19 pandemic. Some individuals are encouraged to build an emergency fund, by exploring an additional source of income.

In Thailand, lockdown measures mean many office workers have to work from home, having ample time to observe market movements and to test the waters. One fifth of the 230,445 new retail investors started off by subscribing to PTT Oil and Retail Business pcl (OR)'s IPO shares early this year. The IPO drew more than 500,000 subscriptions from retail investors, the highest ever booking by number of investors for an IPO on the SET thanks to the subscription method that emphasized the number of subscribers rather than the number of shares per subscriber.

New individual investors are active traders. They are estimated to account for 24 percent of trading activity by retail investors during the first six months.

**SET SOURCE** Get to know **new retail trading investors** in 2021

**For 6 months** of 2021, numbers of new trading investors nearly doubled from the full year of 2020 and more than quadrupled from 2017.



**60%** are Gen Y (aged 25-41)



**75%** are those with transaction value up to USD 3,034 per month



All generations including elders use **Internet trading** as main channel.

Note: USD 1 equal to THB 32.96

Source: SET Note titled Get to Know New Trading Investors in the Thai Stock Market

**New breed of investors**

Throughout the past 5 years, of these new individual investors, about 60 percent is Gen Y, or those who are aged 25-41 years. While Gen Y and Gen X (aged 42-56) had contributed the most of trading in the past 5 years, 2021 was the first year that Gen Y's trading exceeded half of trading activity by new individual investors.

**Box 1: Generation Classification**

Gen Z	Gen Y	Gen X	Baby boomer	Post war
1997 – 2009 (Age 13 – 24)	1980 – 1996 (Age 25 – 41)	1965 – 1979 (Age 42 – 56)	1946 – 1964 (Age 57 – 75)	Before 1945 (Age <76 at 2021)

It is worth noting that risk appetite and investing behavior vary accordingly to ages. Those in the low-age zone tend to show more interest in small-sized stocks.

Because of the young age which determines the level of their savings, the average transaction of three fourths of the new individual investors is less than 100,000 baht a month. But their investment briefly jumped in 2020 when SET Index slumped in light of the COVID-19.

In the digital age, digital trading platforms have gained more popularity among these new individual investors. In 2020 and the January-to-June period of 2021, 98-99 percent of these investors executed orders only through the Internet. And the practice is also executed by 86 percent of Baby Boomer Generation.

Notably, in the past 5 years, about one fifth of the investors either stopped trading in the second year or downsized their investment in subsequent years, but more than half of them have remained in the market.

This article is based on SET Note Vol. 7/2021: Get to Know New Retail Investors in the Thai Capital Market.

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