

## **Opening Address**

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**Thailand Focus 2023 – “The New Horizon”**

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### **[Slide 1]**

Ladies and Gentlemen,

It's an honor to address you all at the annual Thailand Focus conference. Bringing together industry leaders, policy-makers, expert voices, and keen investors, we aim to navigate Thailand's shifting economic and financial landscape. This year, "The New Horizon" isn't just our theme—it's our call to adapt and excel amidst global challenges. We gather in this conference against a backdrop of pressing challenges, to navigate and brace ourselves for the changing investment landscape of Thai capital market. Before you will hear from our esteemed speakers in the conference, I'd like to touch on a few

pivotal topics. These cover the steady growth of Thailand's economy and capital market, shifts in political landscape and business opportunities, and our commitment to sustainability practices in capital market.

## **[Slide 2]**

### **[Steady growth: Economy]**

Today, as I outline Thailand's economic journey, it seems challenges overshadow our journey. Despite the robust growth in our tourism and services sectors, coupled with increased domestic consumption and investment, we cannot ignore the global uncertainties, potential export slowdowns, and looming threats of a global recession. Despite prevailing challenges, the Thai economy persists in its recovery from the pandemic, with a growth projection slightly less than 3% this year, as indicated by recent projections from relevant institutions.

Thailand's economy has numerous advantages, such as a robust and diversified real sectors coupled with sound and stable macroeconomic environment. Yet, as we move forward, challenges in enhancing our nation's competitiveness and identifying new sectors for growth remain substantial.

### **[Steady growth: Tourism and soft power]**

Our tourism industry, driven by the inherent hospitality of our culture and the unparalleled beauty of our natural and cultural attractions, is poised to prosper further. This sector, although vital, requires consistent efforts to sustain its contribution to economic growth and support employment nationwide. The growth emerges from our adaptability, innovation, and leveraging our core strengths.

One sector that holds exciting prospects is the "soft power" sector, which spans our creative and cultural domains, from our vibrant film, music, and martial art industries to our internationally recognized culinary traditions, remains a domain with exciting prospects. While

Thailand's soft power sector has inherent potential to reshape the country's economic narrative, it's crucial to strategize its positioning in the global market to realize its potential and propel our growth.

### **[Steady growth: Monetary policy]**

As Thailand moves forward in this economic journey, its financial sector is navigating in a global market filled with uncertainties, attributed by complexities surrounding the relationship between interest rates and growth. In light of these challenges, the pivotal role of monetary policies in promoting macroeconomic stability is evident. They ensure our economy's resilience and readiness for steady growth, even with global uncertainties.

Our central bank has well managed inflation and interest rates, contributing to the stability of our financial system. Our high international reserve, low public debt, relatively low inflation, and robust banking system provide a strong foundation for continued growth. The monetary policy is geared towards keeping inflation and interest rates

in check. These factors are key considerations for both domestic and international investors when evaluating our economy as an investment choice.

### **[Steady growth: Capital market]**

Parallel to this, significant developments have taken place in Thailand's capital market. There are significant strides in digital transformation, improving our market infrastructure. Through targeted initiatives, we've broadened market access, boosting inclusivity and overall market confidence. These efforts are pivotal in keeping us competitive globally.

The Stock Exchange of Thailand ranks among top exchanges in the region. The daily turnover of about \$2.4 billion and a surge in new accounts affirm our market's vibrant liquidity and our position as a regional leader. Last year, we saw a strong wave of IPOs raising \$3.5 billion and secondary offerings of \$3.8 billion. In the first half of this year, IPOs totaled around \$0.6 billion, with secondary offerings at \$1.5

billion. We are also observing a promising pipeline of forthcoming IPOs for both this year and the next, although they remain contingent on fluctuating market factors, including interest rates and liquidity condition.

To broaden market access and inclusion, the Stock Exchange of Thailand has introduced the LIVE exchange for SMEs and startups and launched the Thai Digital Assets Exchange (TDX) to navigate the digital asset realm. The exchange has also enhanced global connectivity, introducing depositary receipts (DRs) for trading global stocks, and rolled out a new trading system aligning with international practices and global trends, accommodating increased volumes and global product offerings.

### **[Steady growth: Market confidence]**

Thai capital market's growth is crucial for economic progress. Its safety and soundness rely on market confidence. However, recent notable incidents like corporate misconduct may be shaking this

confidence. Collective actions from all stakeholders are essential to address these challenges and ensure market sustainability. Bolstering confidence could require initiatives in risk management, market conduct and oversight, corporate sustainability, and ESG-focused investing.

Furthermore, understanding the importance of market confidence, we have focused on improving market supervision. A comprehensive supervisory framework aims not only at compliance and enforcement but also at establishing a culture of integrity and best practices that benefit all market participants and supports confidence in our capital market.

**[Slide 3]**

### **[ (Geo)politics and supply chain relocation]**

Shifting our focus to geopolitical issues, the escalating tensions between Russia and Ukraine have been severely impacting various

aspects of investing. This intensified conflict has significantly influenced energy and commodity prices, driving inflation, disrupting the global supply chain, and potentially hindering the broader economic recovery. Recently, oil prices and inflation rates have shown signs of moderation across several markets, potentially reducing the pressure on stricter monetary policy measures and fostering economic growth. We hold a hopeful outlook for an increased dialogue and collaboration both regionally and on a global scale.

Geopolitical changes can present both challenges and opportunities. Thailand's position may provide some insulation from the direct impacts of the conflict. The ongoing global shifts in supply chains present certain opportunities. Thailand's geographical location, infrastructure, and expertise in high-value sectors place it in a strategic position. In industries such as Electric Vehicles (EV), and partially because of its foundation in the automotive supply chain, Thailand



might appeal to businesses aiming to diversify or relocate their operations.

Thailand has made progress in the adoption and manufacturing of EVs, with steady annual growth in sales and production. The Thai government has set targets for EVs to comprise 30% of all vehicles produced by 2030. Given Thailand's automotive background and government policies, including incentives and infrastructural support, the country aims to be a notable player in the EV market. Through investments, policies, and a focus on innovation, Thailand is positioning itself in the electric transportation sector.

### **[Politics: New government]**

Historically, Thailand's capital market has showcased remarkable resilience, bouncing back swiftly from a range of disruptions, including political changes. In the present political scenario, now that we have voted for Prime Minister, economic policies are a focal point across all political parties. It's expected that the upcoming government will

introduce policies aimed at economic recovery and measures to encourage both domestic and foreign investment. This change in administration represents a shift in economic tactics, emphasizing the importance of adapting and exploring opportunities while ensuring stability.

#### **[Slide 4]**

#### **[Sustainability: Trend and positioning]**

In recent years, the capital market has undergone a profound shift to sustainability. Profitability is no longer the sole metric of success. The lens of sustainability, incorporating environmental, social, and governance (ESG) factors, is rapidly coming into focus. Investors, both institutional and individual, have transitioned from a passive interest in sustainability to making it a key factor of their investment decisions. The boom in ESG investing is evident and it is not just a hype but a major investment theme. Globally, assets under

management dedicated to ESG have surged, underscoring its escalating importance.

Thailand's economic journey has been influenced by global trends and a dedication to sustainability. The increasing emphasis on sustainability in today's world is evident. Several companies on the Stock Exchange of Thailand have gained international recognitions for their sustainability efforts, positioning the exchange as a regional leader in this regard. Specifically, 42 Thai companies feature in the MSCI ESG Universal Index, and the same number in the FTSE4Good Emerging index. Moreover, 26 of these companies have been listed in the Dow Jones Sustainability Index (DJSI), and 12 have received the "Gold Class" status from S&P Global. Such recognitions underscore Thailand's adherence to ESG principles.

**[Sustainability: SET's initiatives]**

Yet, our aspirations for sustainability reach far beyond mere awards and individual corporate practices. We aim to integrating sustainability into the very core of our capital market. Efforts include the implementation of the 'One-Report' mandate, which is a regulatory guideline for companies to disclose their ESG performance. Furthermore, our ESG data platform is another step in this direction. It enables transparency and facilitates efficient information flow, empowering investors and companies with data to make informed decisions. This platform has been instrumental in streamlining the flow of ESG information in the ecosystem of investing. This platform structures and shares ESG data, letting Thai listed companies present their sustainability actions to the investment community. An ESG taxonomy is also under development to standardize and bring more clarity and consistency to ESG reporting and assessment.

Climate risk, an integral component of sustainability, is emerging as a dominant force in the capital market landscape. The trend appears

to be moving towards low-carbon economies. Companies that don't adapt to this trend risk falling behind and losing relevance in the market. This focus on climate risk is leading to new initiatives in the capital market. Potential growth areas include the carbon market, ESG-themed investment instruments, and various ESG products. The ESG information and ESG ratings are also expected to expand, supporting more sustainable investment decisions. As we transition towards the new horizon, trading of carbon credits can incentivize emission reduction, contribute to our climate commitments, and provide a new realm of investment opportunities.

### **[Closing]**

To conclude, we are experiencing a period of growth and change. The resilience of our economy and market, combined with our focus on innovation and sustainability, sets the stage for future developments in capital market and investment. This conference marks the beginning of many insightful discussions, strategic planning, fruitful partnerships

and networking that will shape the future of investment in Thailand's capital market. Throughout this conference, we will hear more about creating a robust, dynamic, and sustainable economic and investment landscape for Thailand.

Thank you once again for your presence here today. The profound discussions and dialogues throughout this conference will pave the way for "the new horizon" of investment perspectives and yield tangible, positive outcomes. Let us look forward to a stimulating and insightful conference.

Thank you.