



# The Monetary System and the Capital Market

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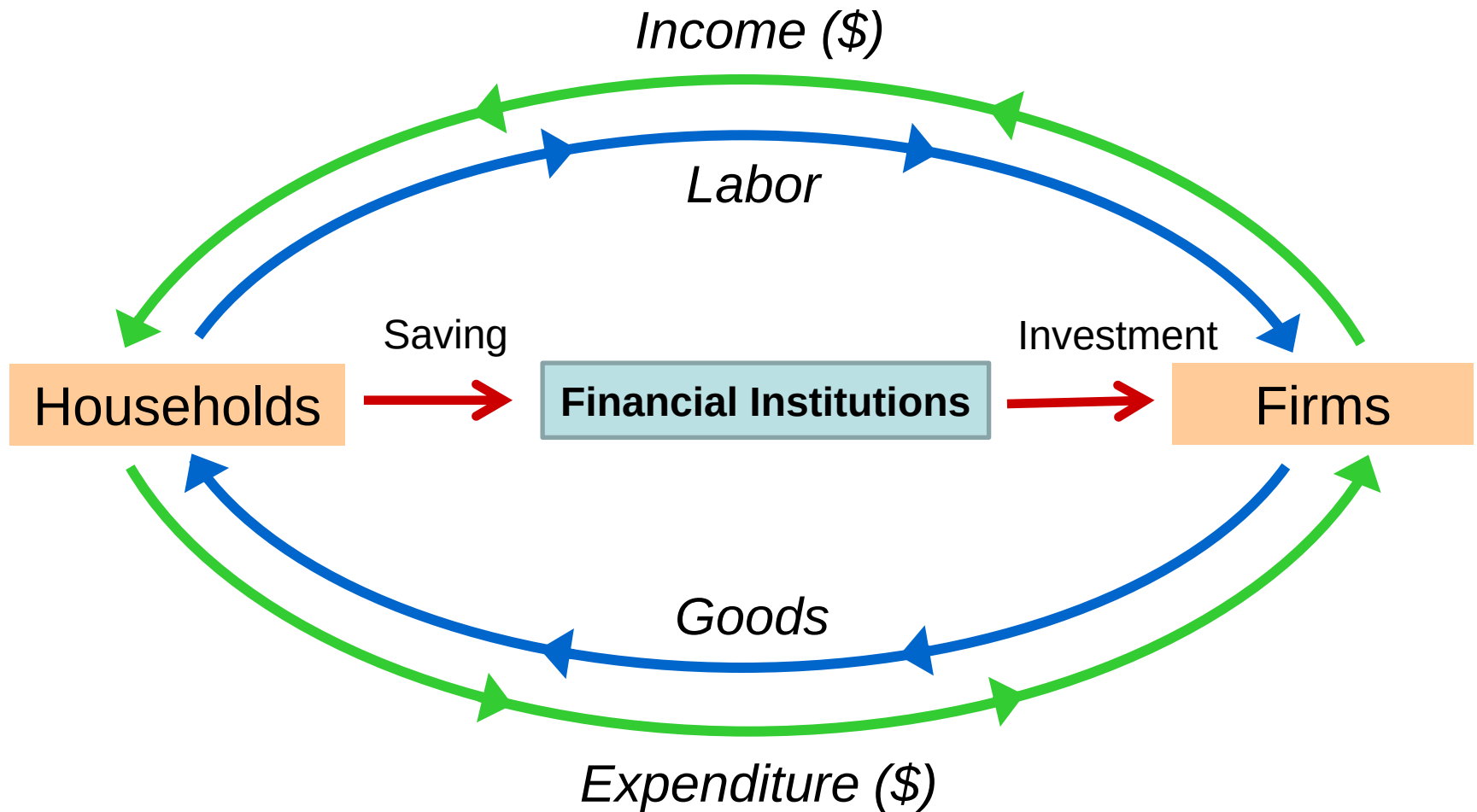
# IN THIS CHAPTER, YOU WILL LEARN:

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- the definition, functions, and types of money
- the model of money market
- how monetary policy is functioned
- Understand the characteristics of the capital market
- Difference between a primary and a secondary market, also between debt and equity market

# **The Monetary System: What It Is and How It Works**

# The Circular Flow



# Money: Definition

**Money** is the stock of assets that can be readily used to make transactions.

Anything that is generally accepted in payment for goods and services or in the repayment of debts.



# Money: Types

## 1. Fiat money

- has no intrinsic value
- example: the paper currency we use

## 2. Commodity money

- has intrinsic value
- examples:
  - gold coins,
  - cigarettes in some US camps during WWII

# Money: Development

- Barter system
- Commodity money (eg precious metal, cigarettes)
- Gold, Full bodied coins
- Bank notes (Fiat money)
- Bank account deposits
- Check
- E-money (Debit card, stored value card)
- Electronic payment

## NOW YOU TRY

# Discussion Question

Which of these are money?

- a. Currency
- b. Checks
- c. Deposits in checking accounts  
("demand deposits")
- d. Credit cards



# The money supply and monetary policy definitions

- The **money supply** is the quantity of money available in the economy.
- **Monetary policy** is the control over the money supply and is conducted by a country's **central bank**.

# Money supply measures

Money supply is divided into multiple categories - M0, M1, M2 and M3 - according to the type and size of account in which the instrument is kept.

| symbol    | assets included                                                                   |
|-----------|-----------------------------------------------------------------------------------|
| <b>M1</b> | Currency (Coins, Bank notes) + current account/ demand deposits                   |
| <b>M2</b> | <b>M1</b> + saving and time deposits, travelers' checks, other checkable deposits |
| <b>M3</b> | <b>M2</b> + promissory note held by private firm, money market mutual funds,      |

# Money Supply

- The central bank substantially controls the quantity of money that circulates in an economy, the **money supply**.
  - The central bank directly regulates the amount of currency in circulation.
  - It indirectly influences the amount of checking deposits, debit card accounts, and other monetary assets.

# The money supply and its significance

- The money supply is important to economists trying to understand how policies will affect interest rates, employment, and growth

For example:

If money supply increases, interest rates will go down → boosting up investment → creating employment → higher income/output (GDP)

**$M \uparrow \rightarrow r \downarrow \rightarrow I \uparrow \rightarrow E_m \uparrow \rightarrow Y \uparrow$**

**$M \downarrow \rightarrow r \uparrow \rightarrow I \downarrow \rightarrow E_m \downarrow \rightarrow Y \downarrow$**

# Money Demand

- **Money demand** represents the amount of monetary assets that people are willing to hold (instead of illiquid assets).
  - What influences willingness to hold monetary assets?
  - We consider individual demand of money and aggregate demand of money.

# What Influences Aggregate Demand of Money?

1. **Interest rates/expected rates of return:** monetary assets pay little or no interest, so the interest rate on non-monetary assets like bonds, loans, and deposits is the opportunity cost of holding monetary assets.
  - A higher interest rate means a higher opportunity cost of holding monetary assets → lower demand of money.
2. **Prices:** the prices of goods and services bought in transactions will influence the willingness to hold money to conduct those transactions.
  - A higher level of average prices means a greater need for liquidity to buy the same amount of goods and services → higher demand of money.
3. **Income:** greater income implies more goods and services can be bought, so that more money is needed to conduct transactions.
  - A higher income increases the need for liquidity → higher demand of money.

# A Model of Aggregate Money Demand

The aggregate demand of money can be expressed as:

$$M^d = P \times L(R, Y)$$

where:

$P$  is the price level

$Y$  is real national income

$R$  is a measure of interest rates on nonmonetary assets

$L(R, Y)$  is the aggregate demand of real monetary assets

Alternatively:

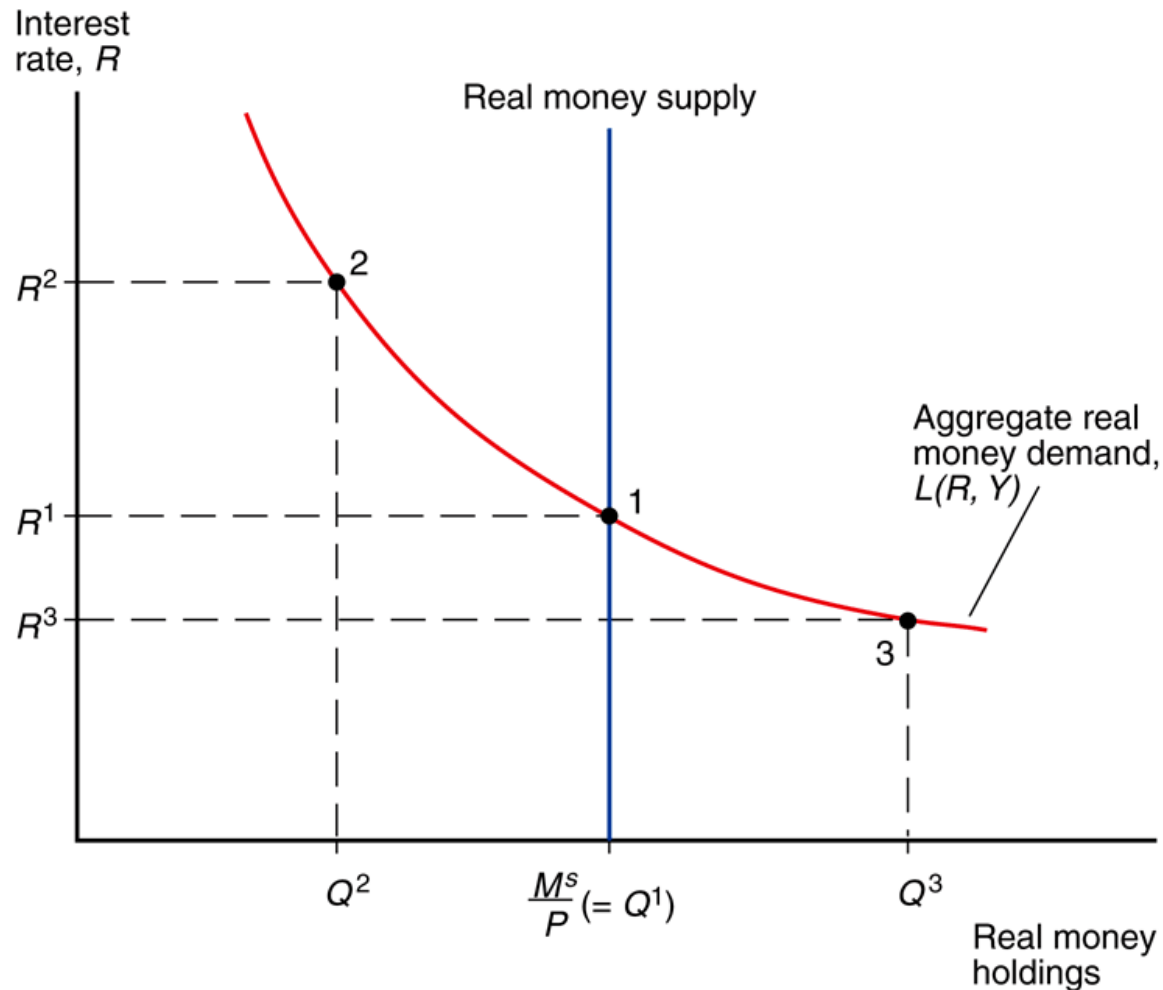
$$M^d/P = L(R, Y)$$

Aggregate demand of real monetary assets is a function of national income and interest rates.

- When the quantity of real monetary assets supplied matches the quantity of real monetary assets demanded, the model achieves an equilibrium:

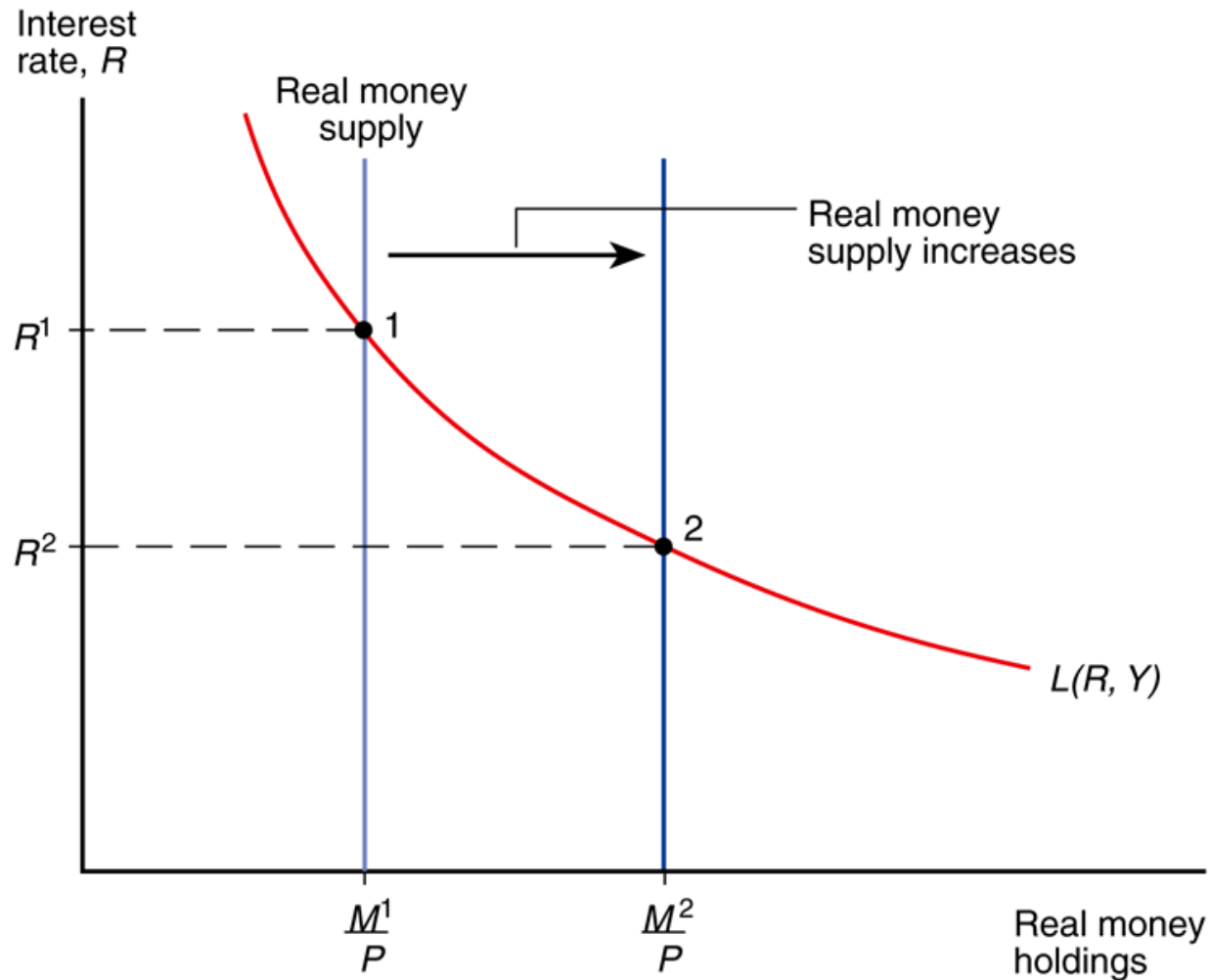
$$M^s/P = L(R, Y)$$

# Determination of the Equilibrium Interest Rate

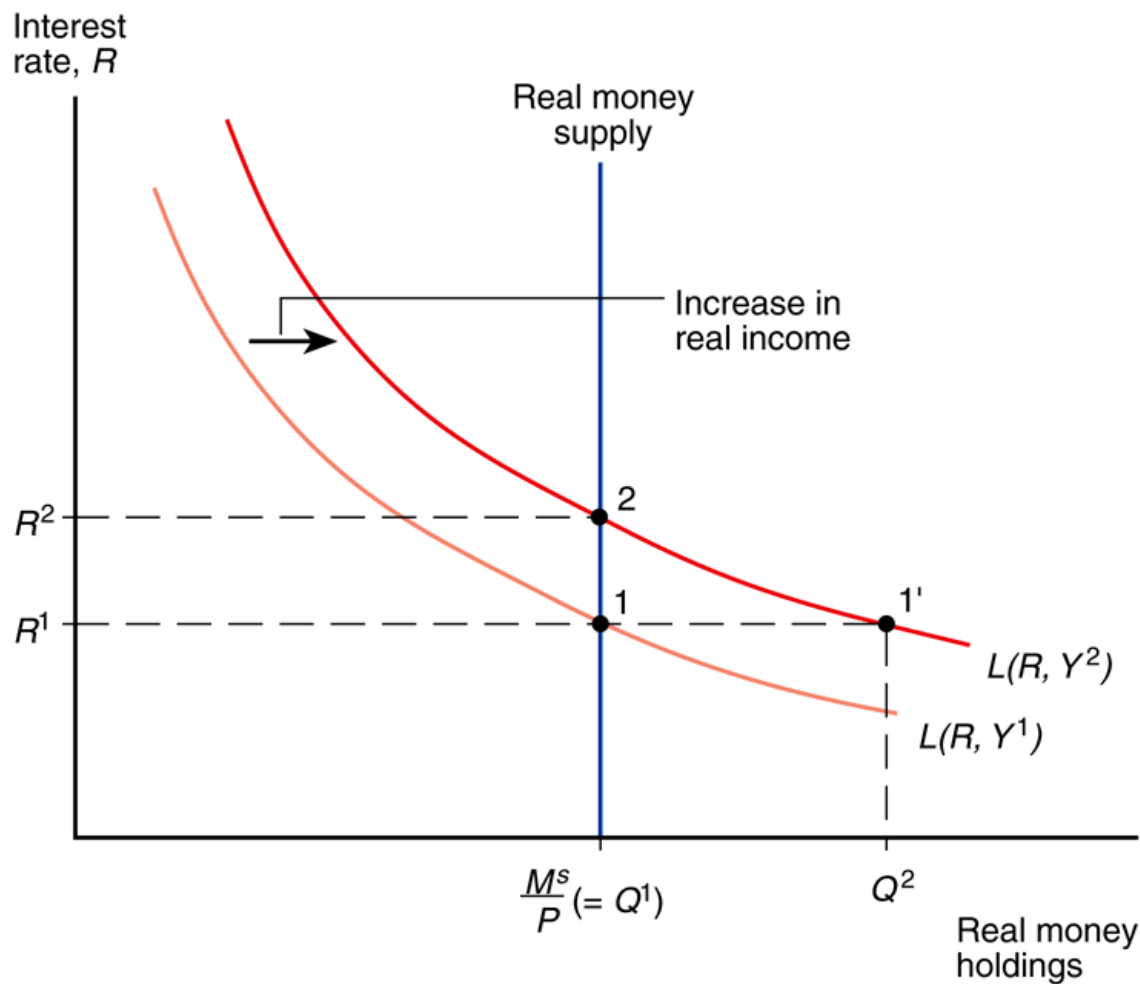




# Effect of an Increase in the Money Supply on the Interest Rate



# Effect on the Interest Rate of a Rise in Money Demand as income grow



# Monetary policy

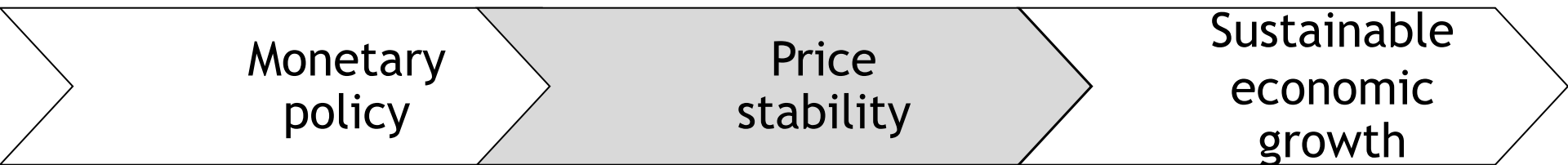
- **What Does *Monetary Policy* Mean?**

The actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates. Monetary policy is maintained through actions such as increasing the interest rate, or changing the amount of money banks need to keep in the vault (bank reserves).

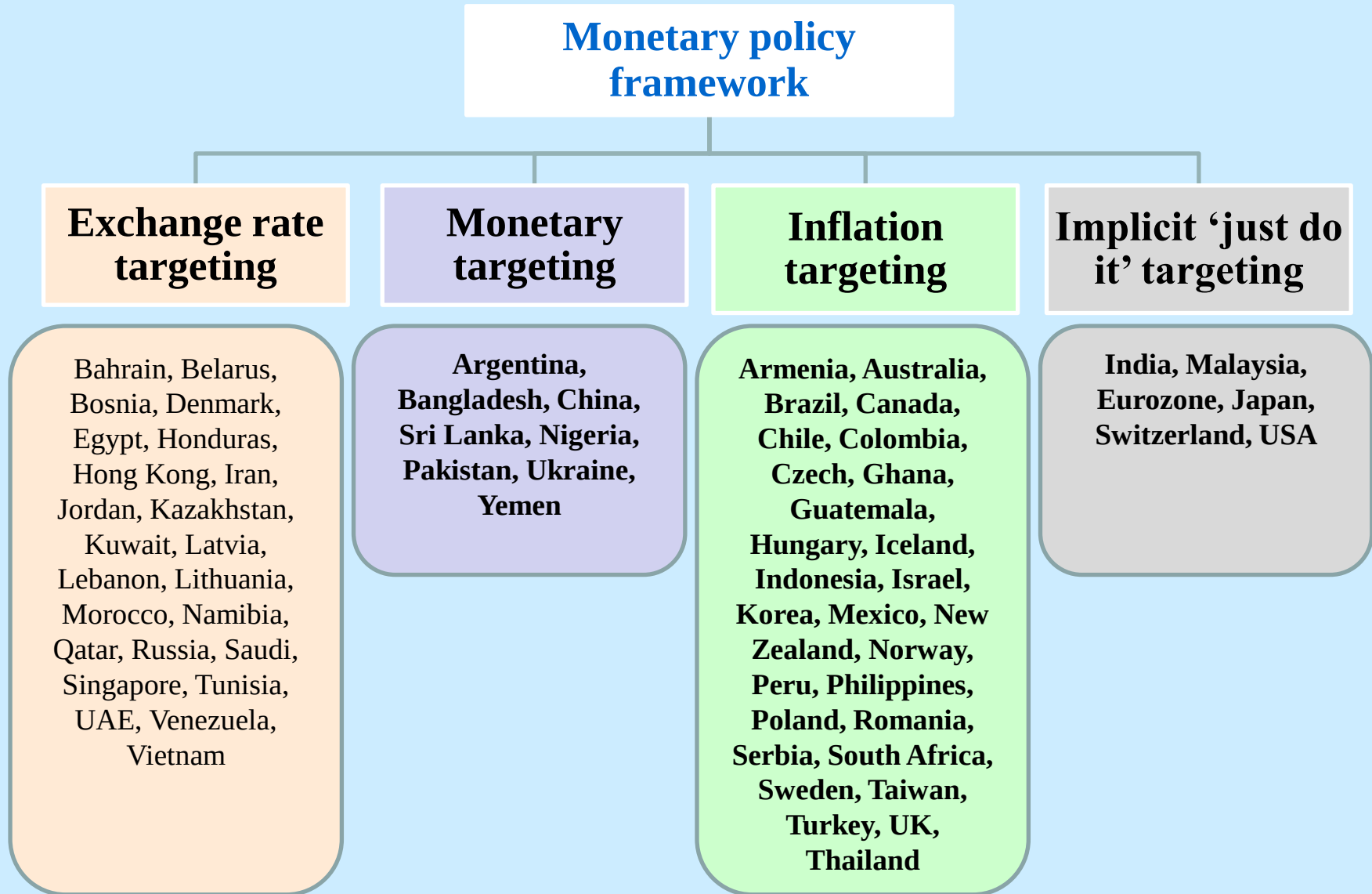
- In Thailand, the Bank of Thailand (BOT) is in charge of monetary policy. The monetary policy is one of the ways the government attempts to stabilize the economy.

# Bank of Thailand's Roles

1. Print and issue banknotes and other security documents
2. Promote monetary stability and formulate monetary policies.
3. Provide banking facilities to the government and act as the registrar for the government bonds
4. Provide banking facilities for the financial institutions.
5. Supervise and examine the financial institutions
6. Manage the country's foreign exchange rate under the foreign exchange system and manage assets in the currency reserve according to the Currency Act.



# Monetary policy framework



# Countries adopt inflation targeting

| Country      | Year | Inflation Target |
|--------------|------|------------------|
| New Zealand  | 1990 | 1-3%             |
| Canada       | 1991 | 1-3%             |
| Australia    | 1993 | 1-3%             |
| Sweden       | 1993 | 2.00%            |
| Israel       | 1997 | 1-3%             |
| Czech        | 1998 | 2.00%            |
| South Korea  | 1998 | 2-4%             |
| Brazil       | 1999 | 4.50%            |
| Chile        | 1999 | 3% +/-1%         |
| Poland       | 1999 | 2.5% +/-1%       |
| South Africa | 2000 | 3-6%             |
| Switzerland  | 2000 | 0-2%             |
| Thailand     | 2000 | 1.0-4.0%         |
| Indonesia    | 2001 | 5% +/-1%         |
| Mexico       | 2001 | 3% +/-1%         |
| Norway       | 2001 | 2.50%            |
| Peru         | 2002 | 1-3%             |
| Philippines  | 2002 | 4% +/-1%         |
| Turkey       | 2006 | 5.50%            |

# Thailand's Monetary policy development

- 1) Pegged Exchange Rate  
(November 1984 – June 1997)
- 2) Monetary Targeting  
(July 1997 – May 2000)
- 3) Inflation Targeting  
(May 2000 - Present)



# Monetary policy in Thailand

***The development of the monetary policy framework in Thailand can be divided into 3 periods.***

**1. Pegged exchange rate regime** (Second World War - June 1997): This regime was first adopted after the Second World War. The value of the baht was initially either pegged to gold, a major currency, or to a basket of currencies.

The basket regime was adopted from November 1984 until June 1997. During this period, the Exchange Equalization Fund (EEF) would announce and defend the value of the baht against the U.S. dollar daily.

Given the environment at the time, a fixed exchange rate was deemed to be the best monetary policy regime which would support long term economic growth.



# Monetary policy in Thailand

**2. Monetary targeting regime** (July 1997 - May 2000): After the adoption of the floating exchange rate system on 2 July 1997, Thailand received financial assistance from the International Monetary Fund (IMF).

While the IMF program, a monetary targeting regime was adopted. Under this regime, the Bank targeted domestic money supply using the financial programming approach in order to ensure macroeconomic consistency as well as to reach the ultimate objectives of sustainable growth and price stability.

The Bank would set the daily and quarterly monetary base targets, on which its daily liquidity management was based.

# Monetary policy in Thailand

**3. Inflation targeting regime** (23 May 2000- present): After the IMF program, the Bank made an extensive reappraisal of both the domestic and the external environment and concluded that the targeting of money supply would be less effective than the targeting of inflation.

The main cause for change was that the relationship between money supply and output growth became less stable over time, particularly since the financial crisis. Financial innovation has been cited as evolution that makes the relationship less stable.

# **Inflation target from May 2000 to December 2008**

## 1) The use of core inflation as the policy target

- Core inflation is expressed in terms of year-on-year percentage change in the Consumer Price Index (CPI) that excludes fresh food and energy prices.

## 2) Setting the core inflation target at between 0.0-3.5 percent, based on:

- The ability of people in various groups of the economy to adjust to changes in the price level,
- Consistency with inflation of Thailand's trading partners to enhance export price competitiveness.

# **Inflation target 2009 – 2014**

- Narrow the core inflation to lie between 0.5-3.0 percent

# Inflation target in 2015

- The Cabinet has approved the proposal on January 6, 2015. The new target is set for the annual average of headline inflation in 2015 to be at 2.5 percent with a tolerance band of  $\pm 1.5$  percent.
- The main objective for the change is to strengthen the effectiveness of monetary policy in anchoring long term inflation expectation. The rationales are as follows:
  - headline inflation is better in reflecting more accurately the change in the cost of living since it captures changes in prices of all goods and services in the CPI basket
  - core inflation has somewhat lost its ability to track overall inflationary pressure as it has diverged from headline inflation for much longer time period, compared to the past.

# Key objective: Price Stability

Price stability helps facilitate decision-making and planning of consumption, production, saving and investment by the private sector, which in turn supports sustainable economic growth and employment in the long run. This is because low and stable inflation helps

- Preserve the purchasing power of consumers and savers
- Maintain price competitiveness of businesses in both domestic and international markets
- Reduce volatility of the real interest rate
- Promote a good overall economic environment through reduced uncertainty, which would otherwise negatively affect private-sector consumption and investment planning and decision-making

# Monetary policy in Thailand

- **What Does *Accommodative/ Expansionary Monetary Policy* Mean?**

When a central bank (such as the Bank of Thailand or the Federal Reserve) attempts to expand the overall money supply to boost the economy when growth is slowing (as measured by GDP) and led to lower inflation. This is done to encourage more spending from consumers and businesses by making money less expensive to borrow by lowering the interest rate. Furthermore, the Central Bank also has the authority to purchase Treasuries on the open market to infuse capital into a weakening economy.

Also known as an "easing monetary policy".

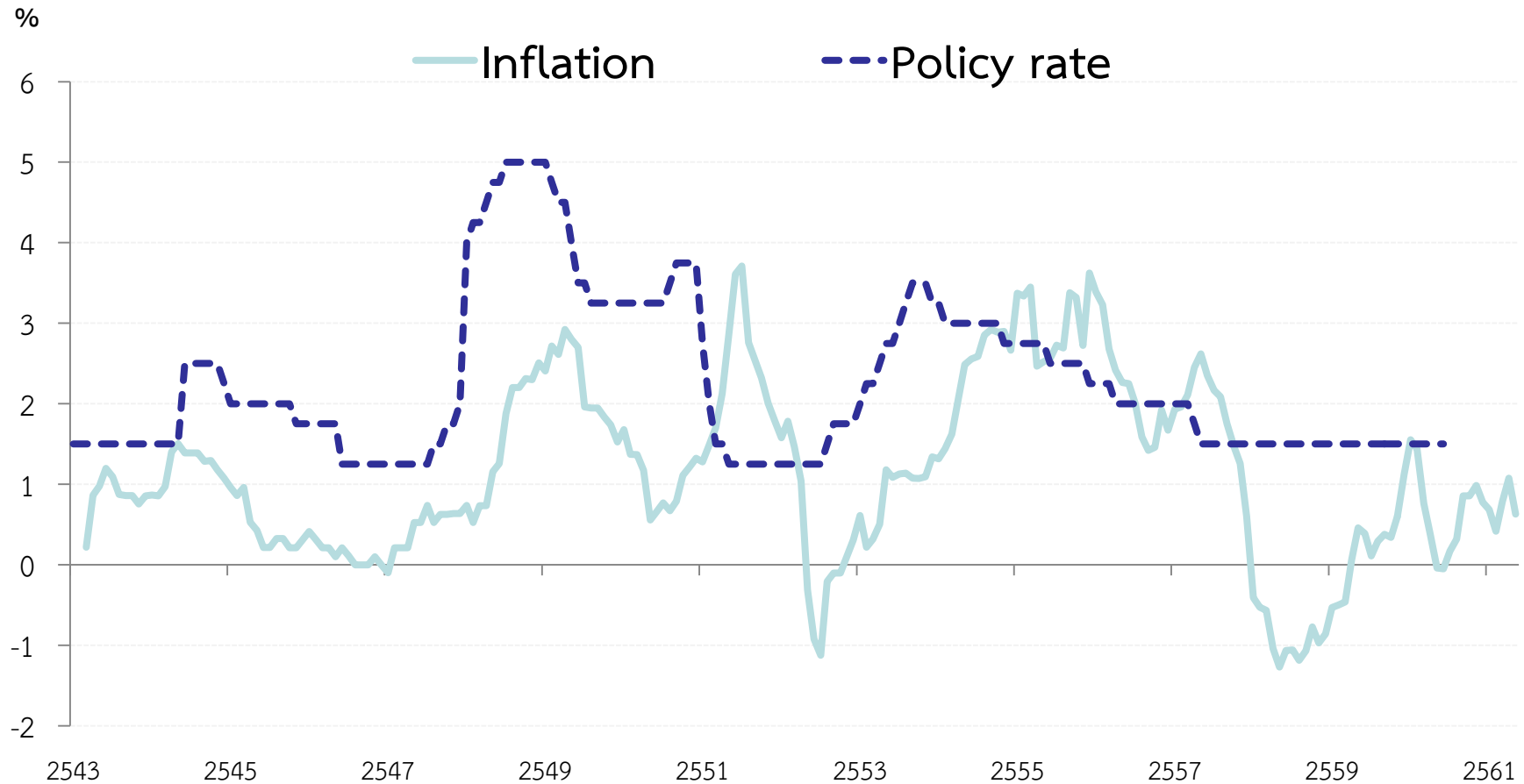
# Monetary policy in Thailand

- **What Does *Tight/ Restrictive Monetary Policy* Mean?**

A course of action undertaken by the Central Bank to constrict spending in an economy that is seen to be growing too quickly, or to curb inflation when it is rising too fast. The BOT will "make money tight" by raising short-term interest rates (also known as the 1 day repurchase rate or the policy rate), which increases the cost of borrowing and effectively reduces its attractiveness

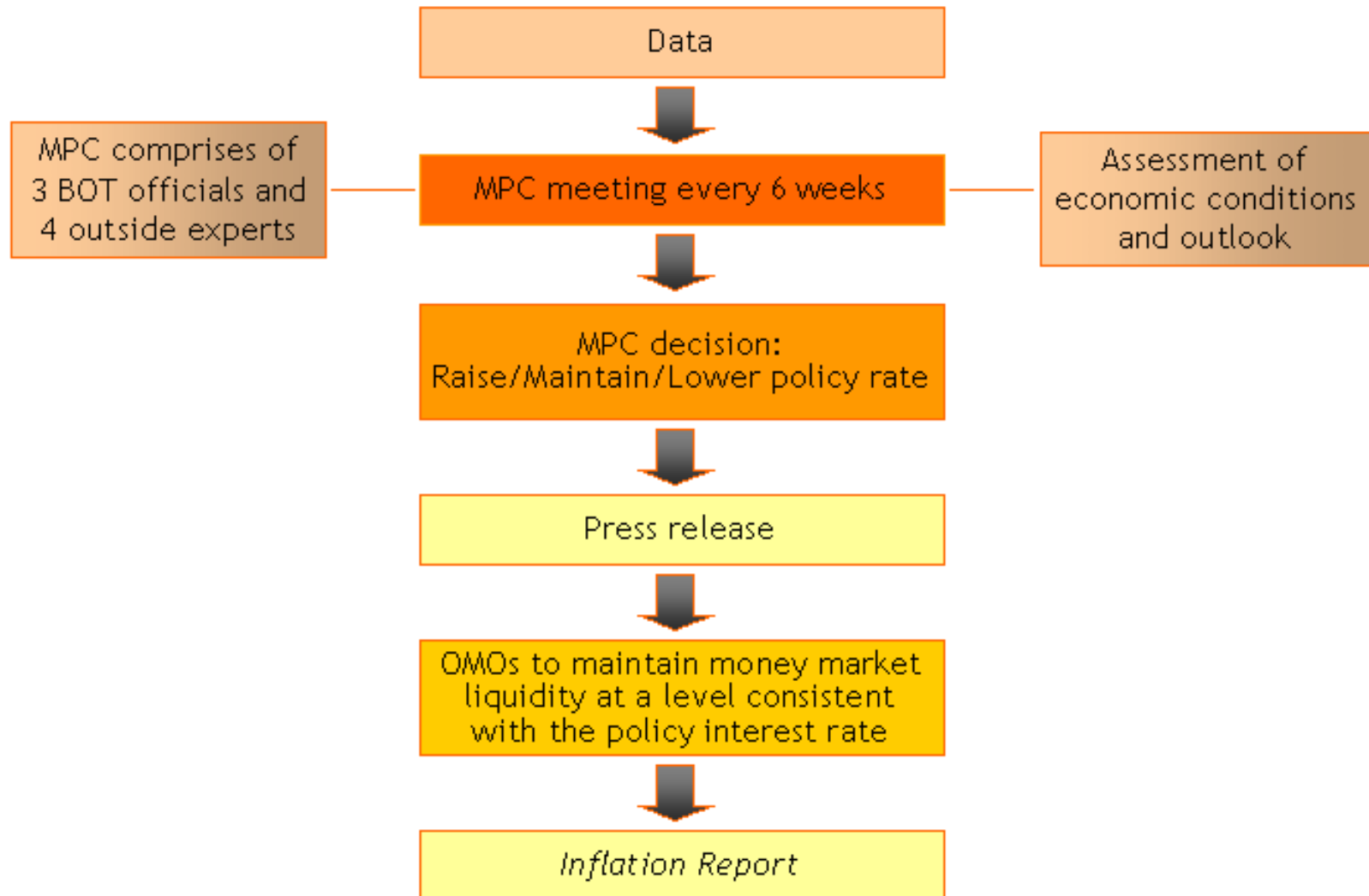
- *The BOT can sell Treasuries on the open market in order to absorb some extra capital during a tight monetary policy. This effectively takes capital out of the open markets as the BOT takes in funds from the sale with the promise of paying the amount back with interest. The BOT will often look at tightening monetary policy during times of high economic growth and high inflation.*

# Inflation and the policy rate

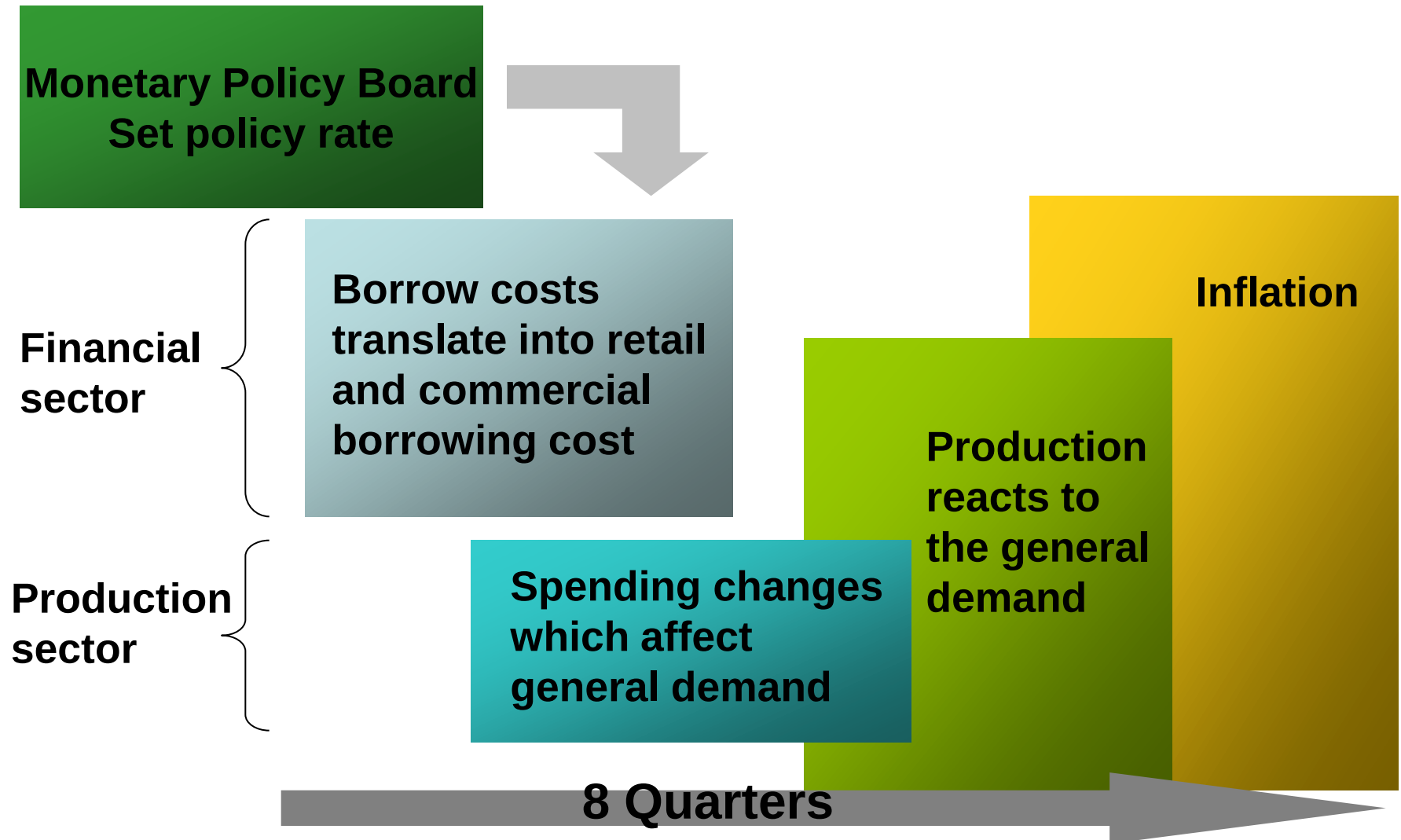




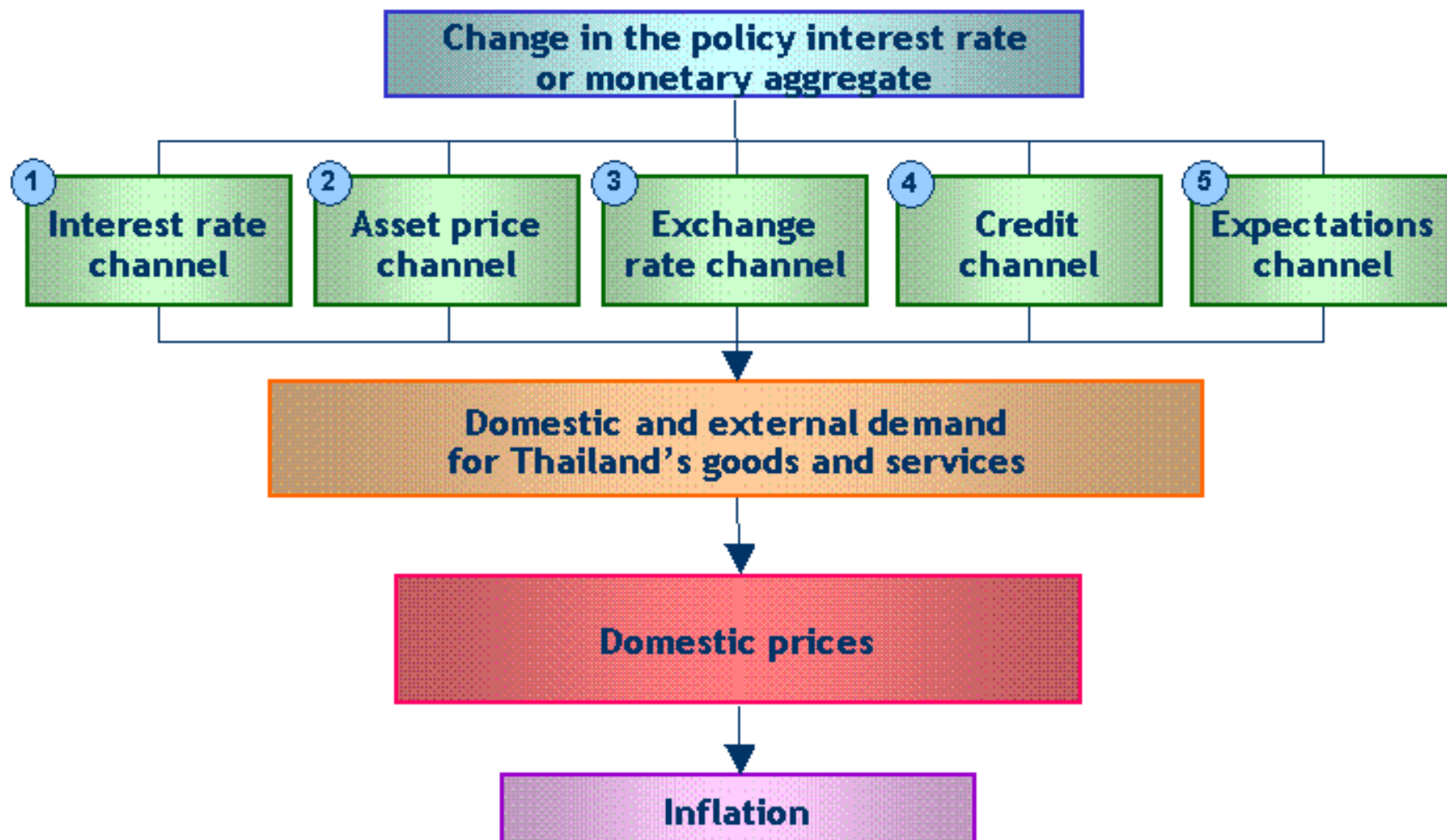
# Monetary Policy Process



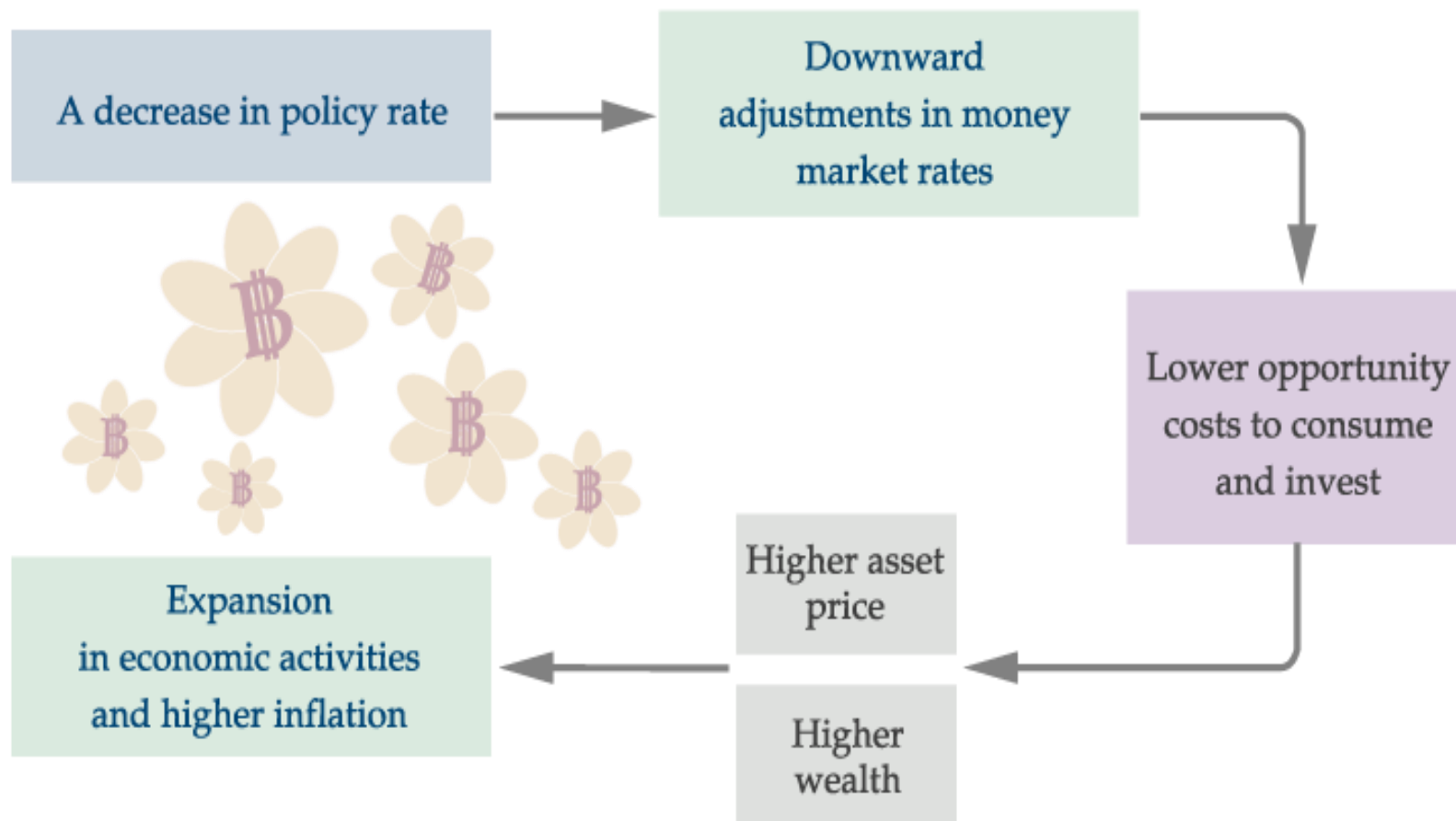
# Monetary Policy Transmission Mechanism



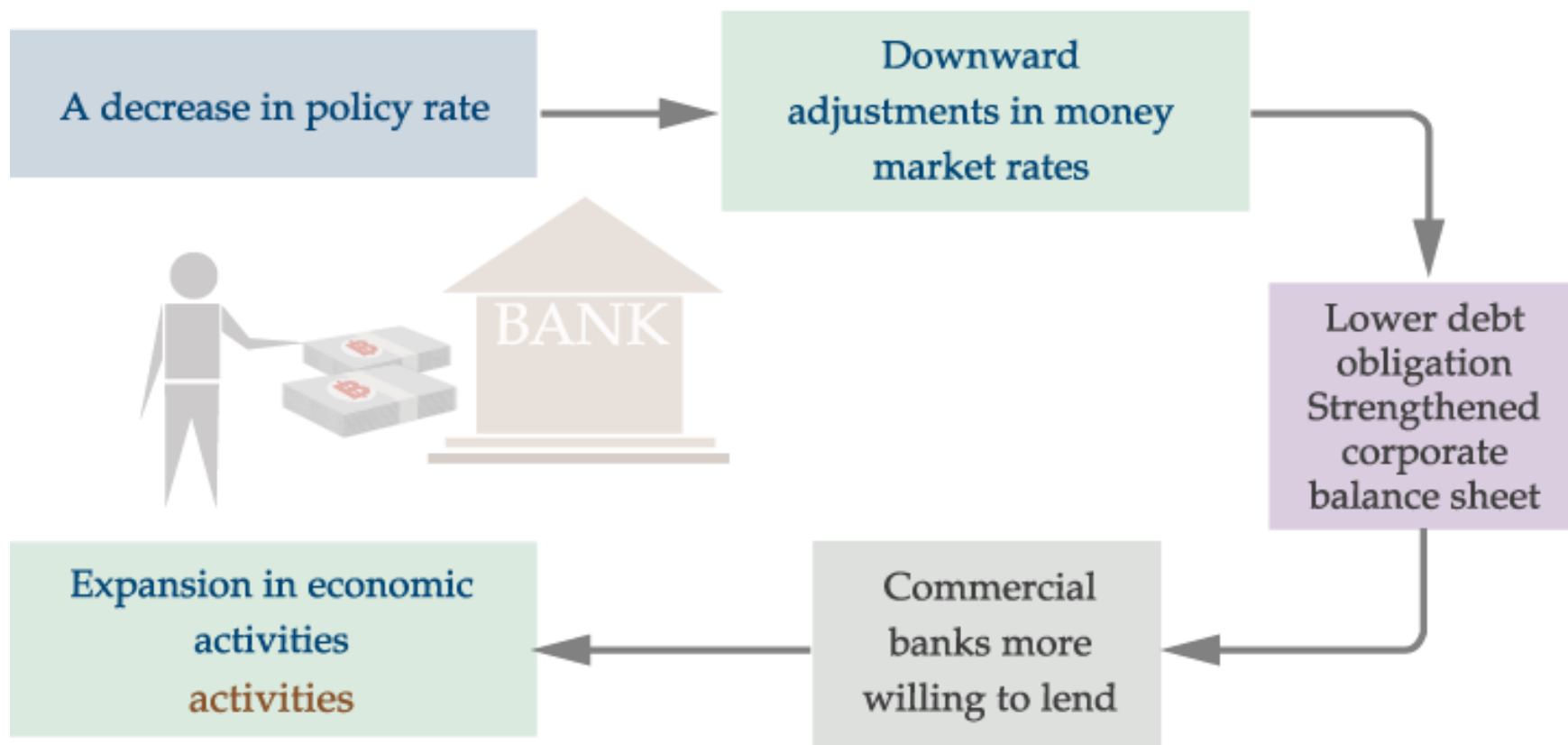
# Monetary Policy Transmission Mechanism



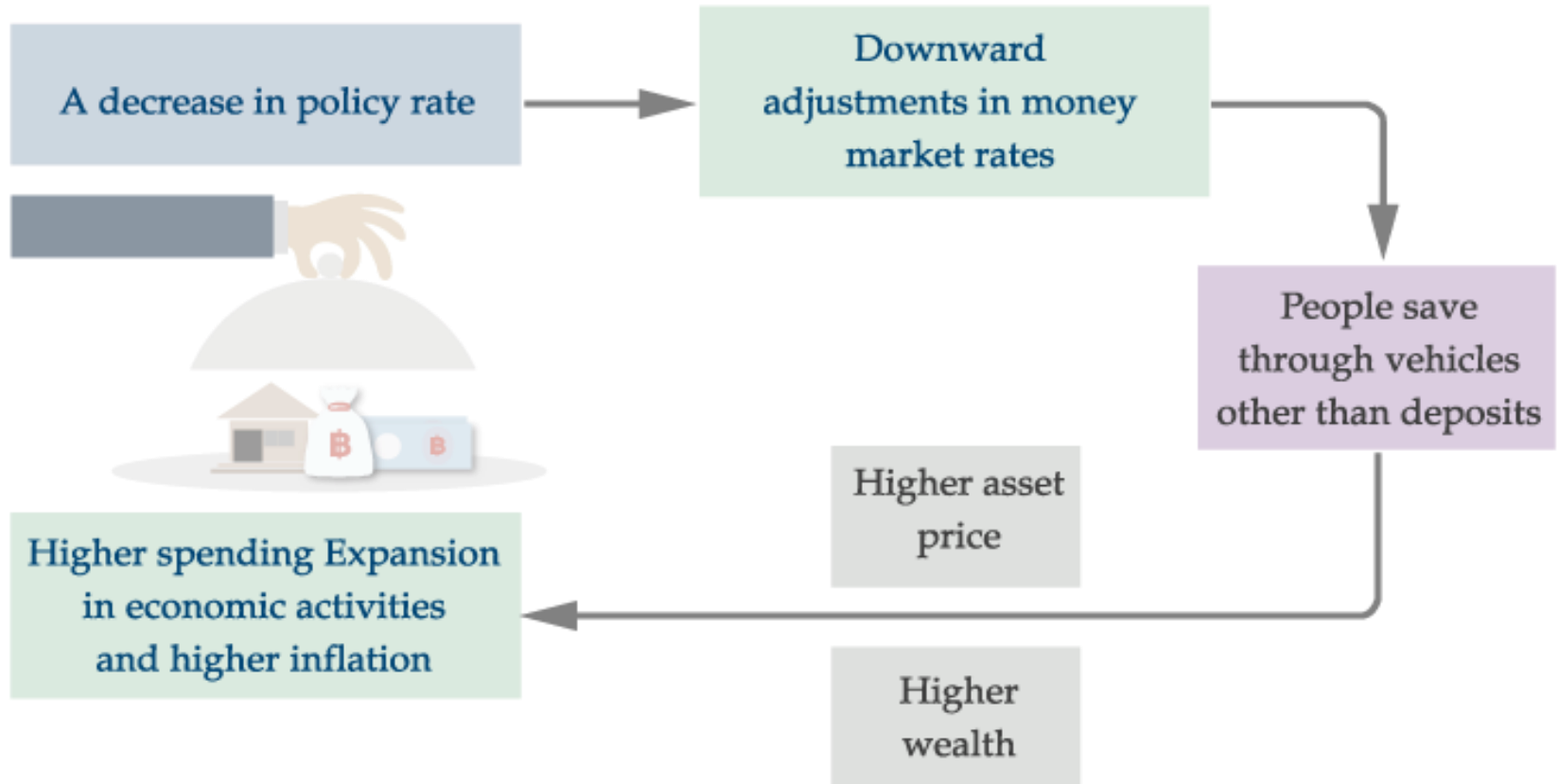
# Interest Rate Channel



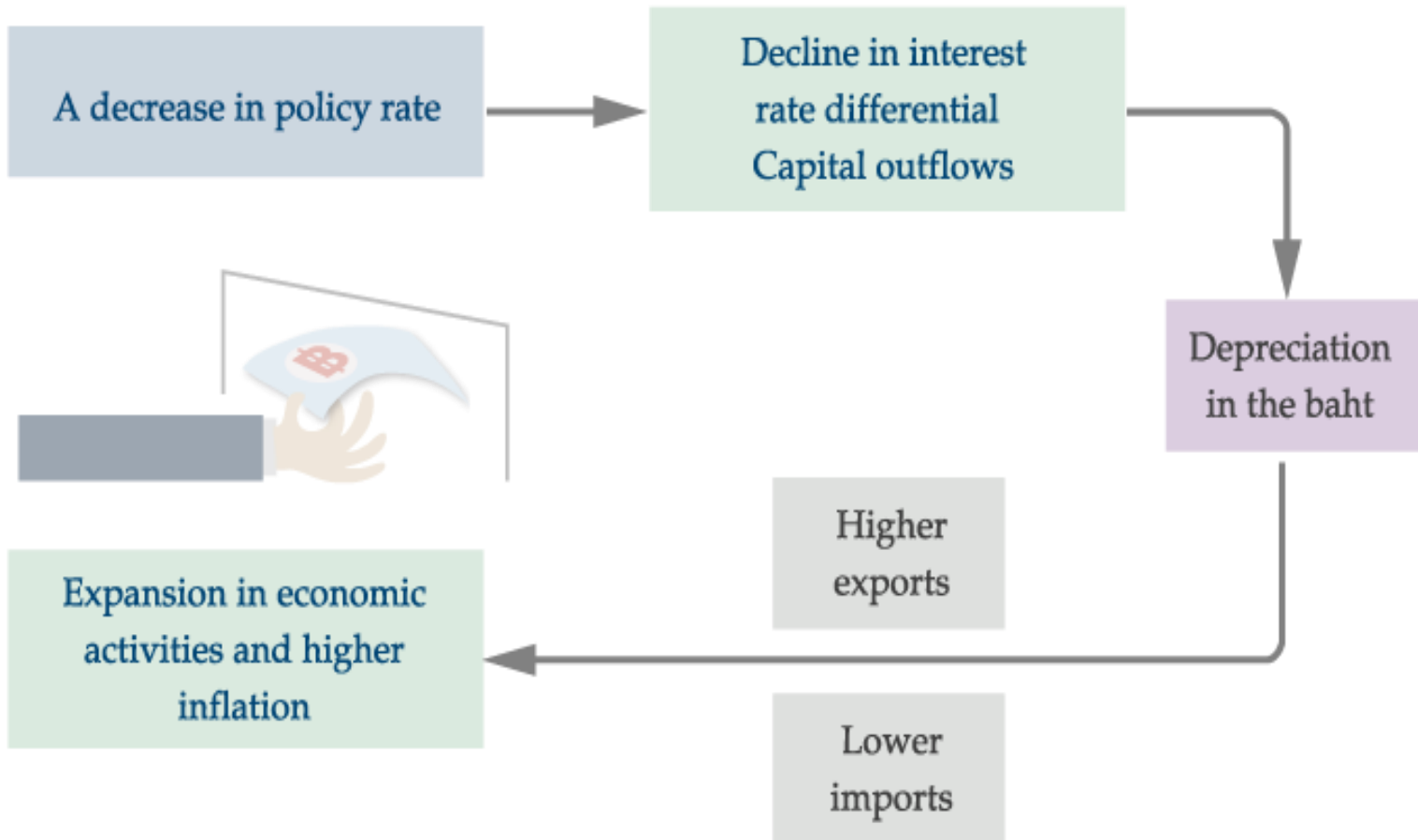
# Credit Channel



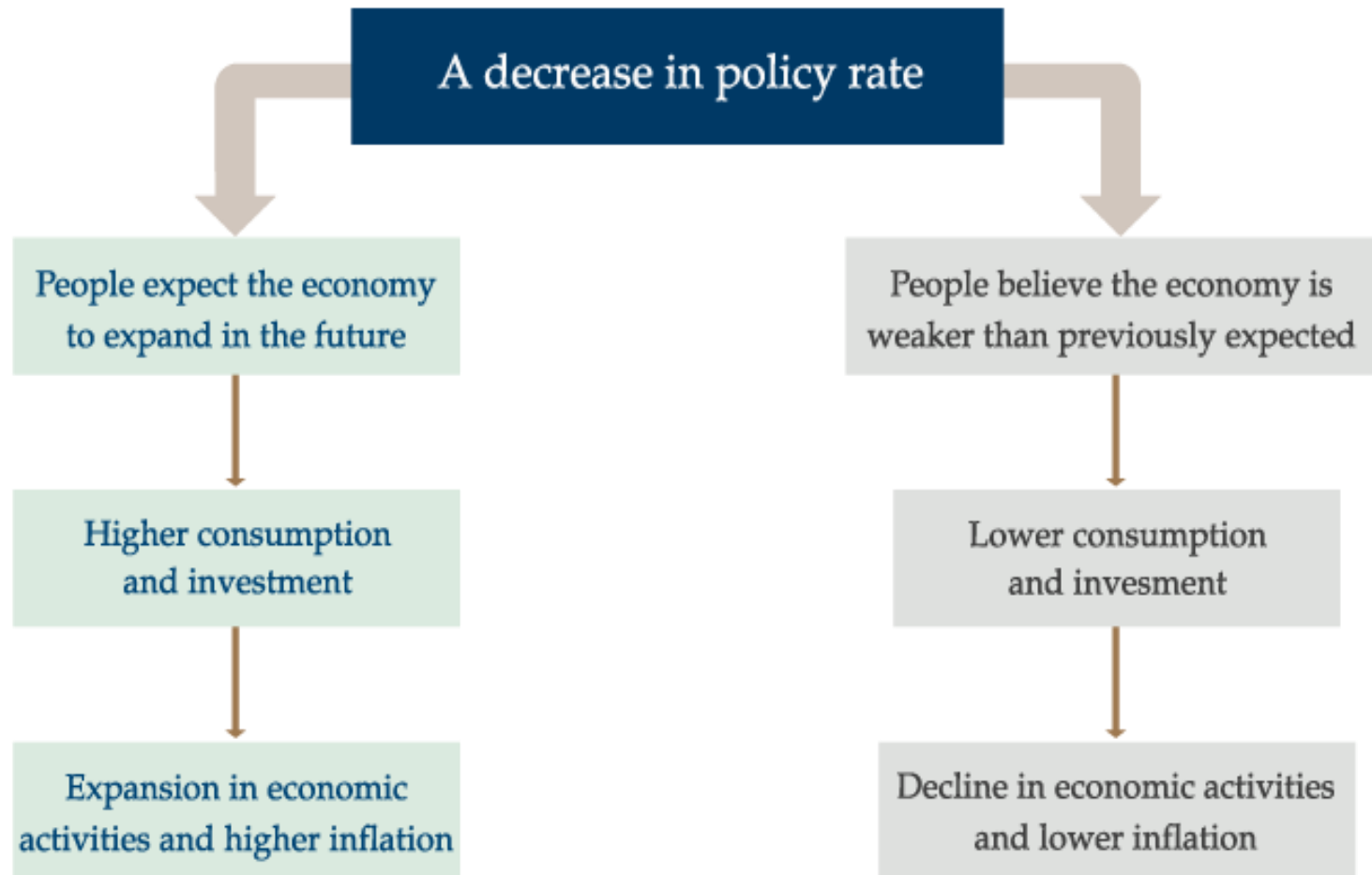
# Asset Price Channel



# Exchange Rate Channel

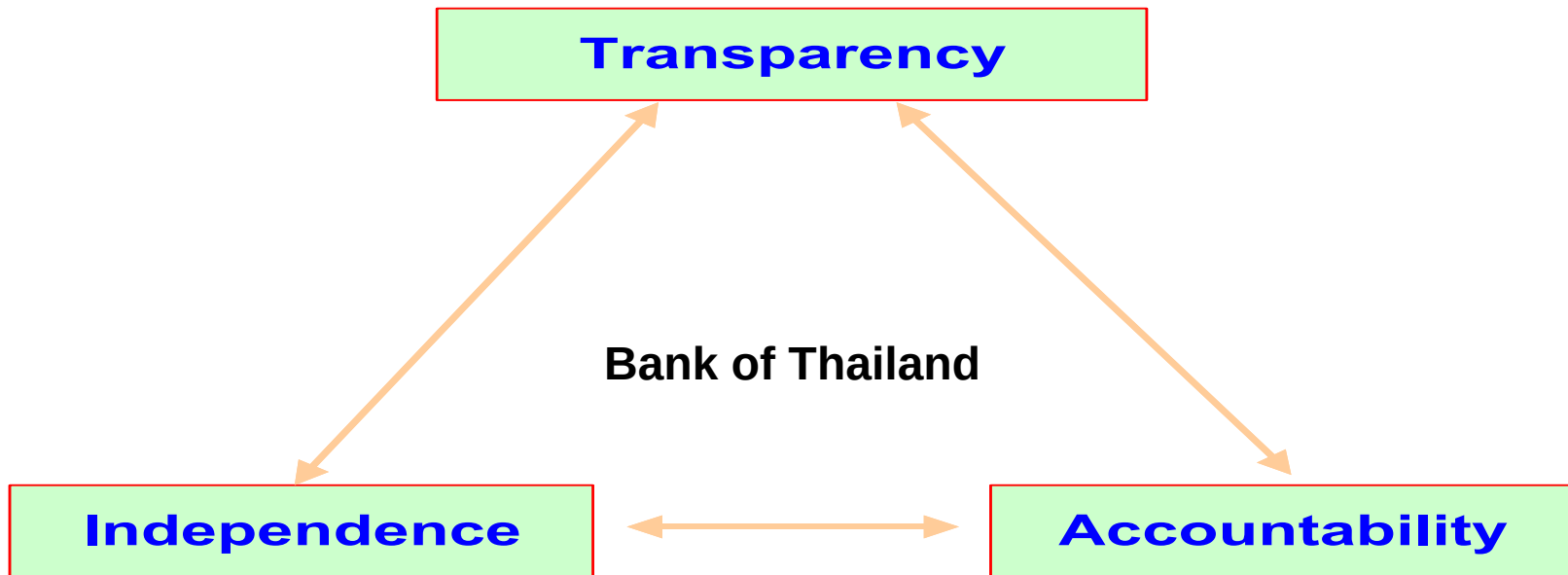


# Expectations Channel





# Effective monetary policy guidance



1. **Controllability:** Central bank needs to control policy instrument to be in line with the target (eg. Policy rate) by regulating through Open Market Operations
2. **Effectiveness of transmission mechanism:** to achieve inflation target and sustain growth
3. **Counter-cyclical:** No tradeoff between output and inflation. Coordination between price stability and economic stability and sustainability in the long run

# The instruments of monetary policy

The BOT uses a variety of monetary policy instruments to influence liquidity conditions in the money market and thus lead money market interest rate to be in line with the policy rate.

These include:

- Reserve requirements
- Open Market Operations (OMOs)
- Standing facilities

# Reserve requirements (RR)

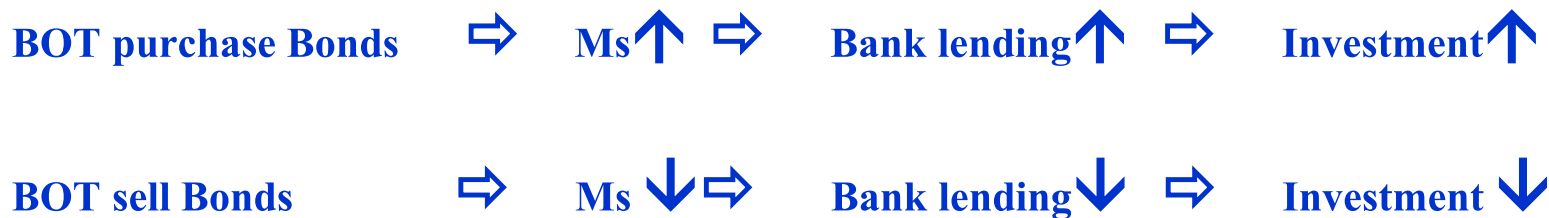
- Commercial banks are required to maintain a minimum reserves on average over a fortnightly period (starting on a Wednesday and ending on a second Tuesday thereafter), with carry-over provisions, equaled to a specified percentage of the previous period's average level of commercial banks' deposits/liabilities base.
- The reserve base comprises deposits, borrowings through issuance of bills of exchange or promissory notes, short-term foreign borrowings maturing within one year and other borrowings with index-linked returns or embedded financial derivatives. Currently, the reserve requirements ratio is 6%,

RR ↓ ⇒ Bank Lending ↑ ⇒ Ms ↑

RR ↑ ⇒ Bank lending ↓ ⇒ Ms ↓

# Open Market Operations (OMOs)

- The BOT undertakes OMOs transactions in financial markets in order to affect reserves balances (financial institutions' deposits at the BOT) available in the banking system, and thus affects the short-term market Interest rates.
- Four main types of open market operations:
  - 1) Bilateral repurchase operations (BRP)
  - 2) Issuance of Bank of Thailand Bills/Bonds
  - 3) Foreign Exchange Swap
  - 4) Outright Purchase/Sale of Debt Securities

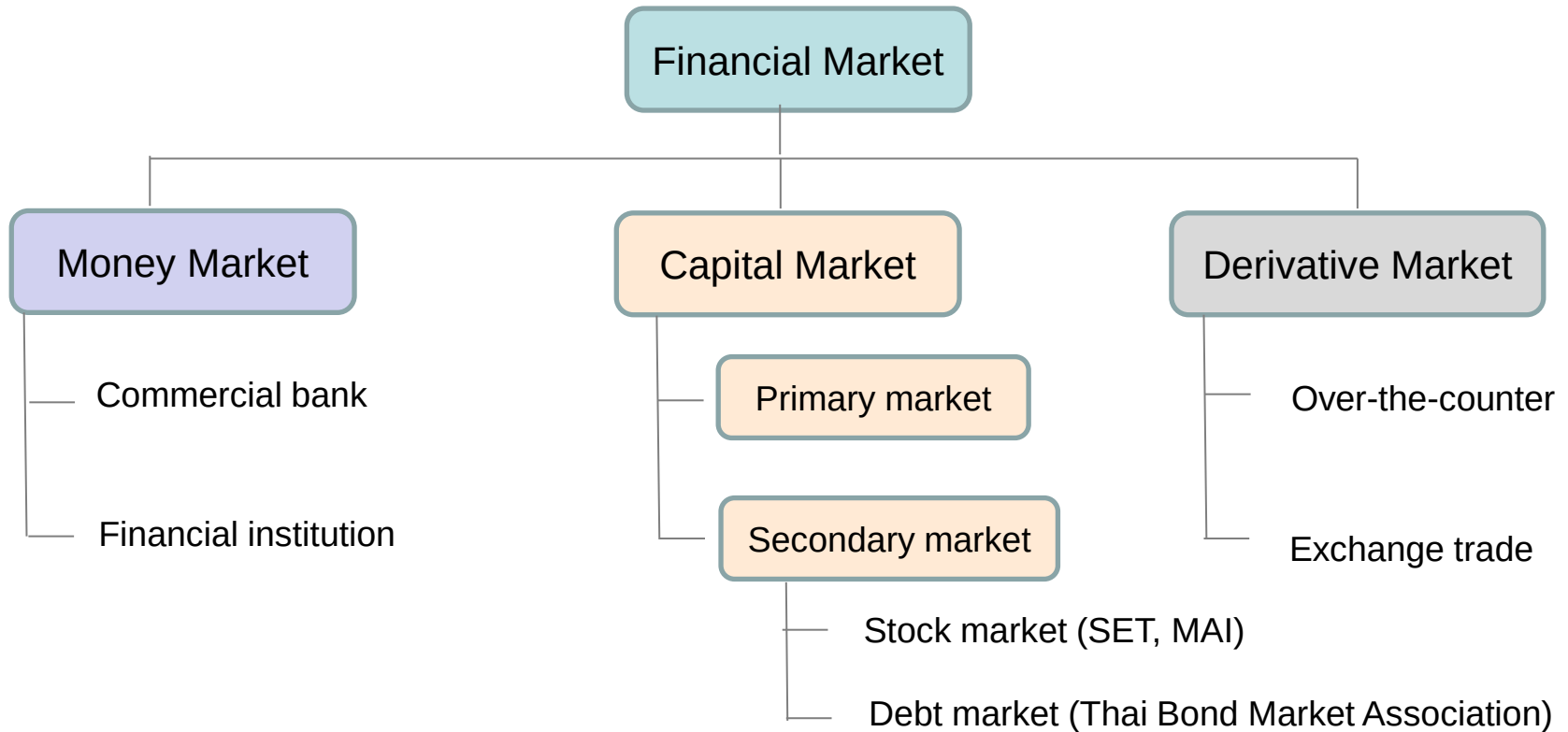


# Standing facilities

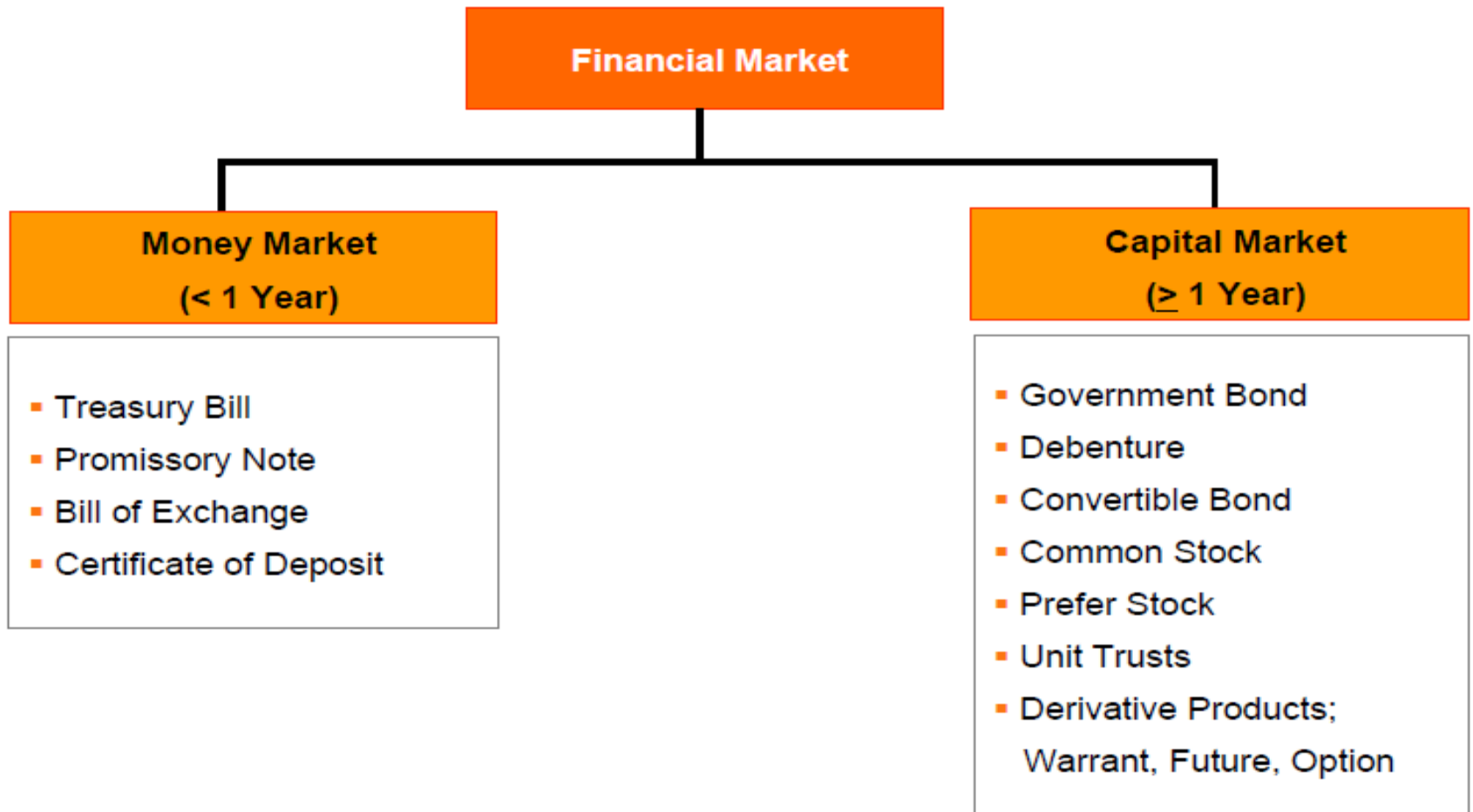
- The BOT provides standing facilities, through which financial institutions can borrow from or deposit funds at the BOT on an overnight basis to help adjust their liquidity position at the end of the day. Financial institutions with insufficient liquidity could borrow funds by pledging eligible securities as collateral, while institutions with excess liquidity could deposit funds at the BOT.
- Interest rates on standing facilities are equal to the policy rate plus or minus a margin, depending on whether financial institutions borrow from or depositing funds at the BOT. Currently, the margin is set at +/- 0.5 percent per annum.

# **Capital Market: its roles, functions and performance**

# Structure of Financial Markets



# Instruments of Financial Markets





# Capital Market:

- **Capital Market** – The market for relatively medium- long-term (generally greater than one year original maturity) financial instruments.
- Capital markets channel savings and investment between suppliers of capital such as retail investors and institutional investors, and users of capital like businesses, government and individuals.
- Capital markets are vital to the functioning of an economy, since capital is a critical component for generating economic output.

# Capital Market:

- Capital markets include 2 key markets: (1) Primary markets and (2) Secondary markets.

**(1) Primary markets** are where new stock and bond issues are issued and sold directly from companies to investors, businesses and other institutions.

The main entities are governments and business enterprises. Governments tend to issue only bonds, whereas companies often issue either equity (stock) or bonds. The main entities purchasing the bonds or stock include individuals, pension funds, hedge funds, sovereign wealth funds, and investment banks trading on their own behalf.

# Investment Banker

**Investment Banker** -- A financial institution that underwrites (purchases at a fixed price on a fixed date) new securities for resale.

- Investment banker receives an **underwriting spread** when acting as a middleman in bringing together providers and consumers of investment capital.
- **Underwriting spread** -- the difference between the price the investment bankers pay for the security and the price at which the security is resold to the public.

# Capital Market:

**(2) Secondary markets/ Trading markets** deal with the exchange of existing or previously-issued securities. In the secondary markets, existing securities are sold and bought among investors or traders, usually on an exchange (Stock/ Bond market) or over-the-counter.

This takes place on the stock market or the bond market, which take place on exchanges around the world, like the New York Stock Exchange or NASDAQ; though it is often done through computerized trading systems as well.

# Capital Market:

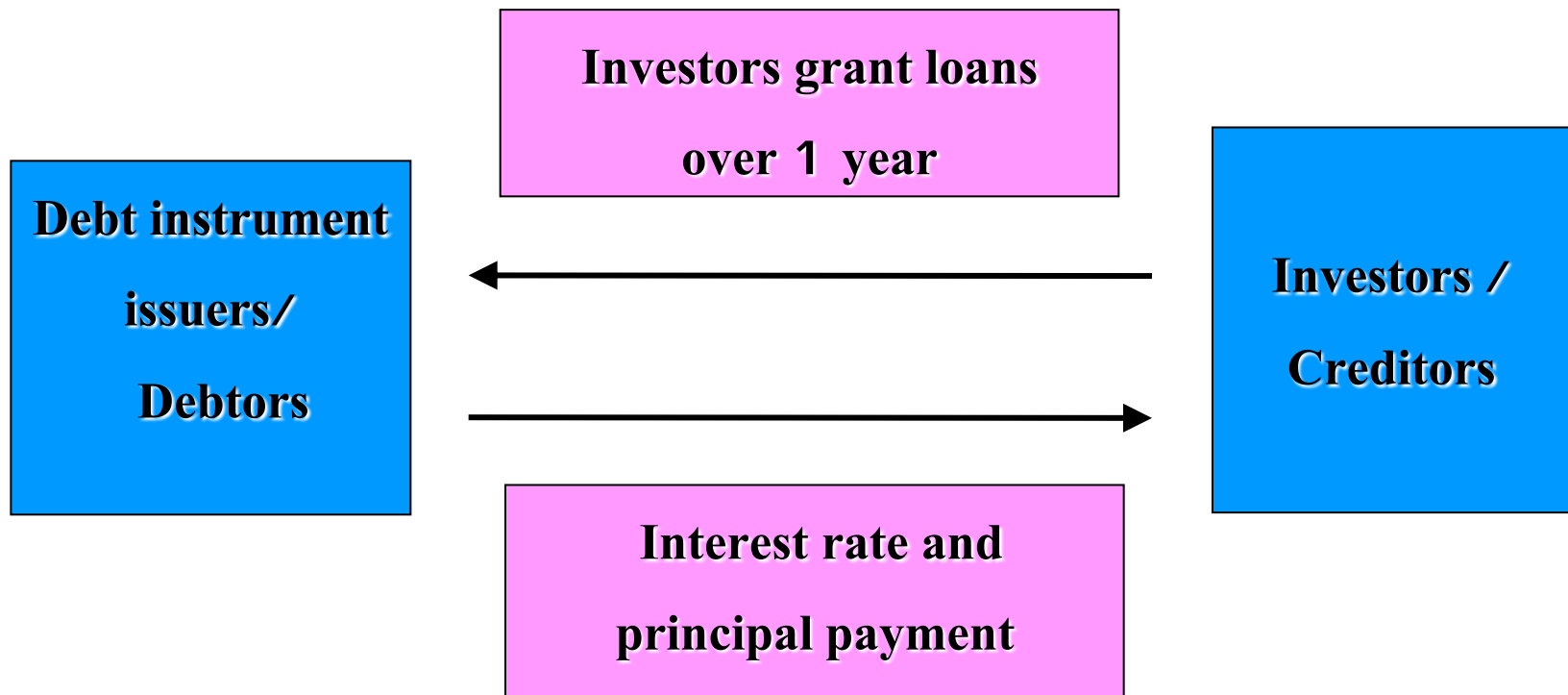
- Another important division in the capital market is made on the basis of the nature of security traded.
- Capital markets can be classified into 2 key markets:
  - (1) Debt markets
  - (2) Equity/ Stock markets.

# (1) Debt Market:

- The debt market is the market where debt instruments are issued and traded. Debt instruments are assets that require a fixed payment to the holder, usually with interest.
- The debt market facilitates the transfer of capital from savers to the issuers or organizations requiring capital for government projects, business expansions and ongoing operations.

# Debt Market

- Debt securities on the whole are safer investments than equity securities, but riskier than cash.
- Debt securities get their measure of safety by having a principal amount that is returned to the lender at the [maturity date](#) or upon the sale of the security. They are typically classified and grouped by their level of [default risk](#), the type of issuer and income payment cycles.



# Key debt securities/ instruments

- Key debt securities/ instruments include government-issued securities and corporate debt securities

- **Government-issue securities**

1. Government Bond
2. State-Owned Enterprise Bond
3. Bank of Thailand Bond
4. Financial Institutions Development Fund : FIDF Bond



# Key debt securities/ instruments

- Key debt securities/ instruments include government-issued securities and corporate debt securities
  - **Corporate debt securities**
    1. **Debenture:** issued by private firms for raising long-term fund.
    2. **Secured debt:** guaranteed by third party (headquarter, financial institutions), or collateralized by some assets eg. collateralized securities
    3. **Non-secured debt**
    4. **Senior debt**
    5. **Subordinated debt**
    6. **Zero-coupon securities**

# Returns on debt securities

1. Interest received
2. Discount earned
3. Capital gain/ loss
  - If lower interest rate in the money market, price of debt securities with higher coupon rate will be higher, then generating capital gain
  - If higher interest rate in the money market, price of debt securities with higher coupon rate will be lower, then generating capital loss

# Risk of debt securities

The interest rate on a debt security is largely determined by the perceived repayment ability of the borrower; higher risks of payment default almost always lead to higher interest rates to borrow capital.

1. Interest rate risk (Market risk) esp. when interest rate rise
2. Credit risk (Default risk)
3. Purchasing power risk

$\text{Real return} = \text{Interest rate received} - \text{Inflation}$

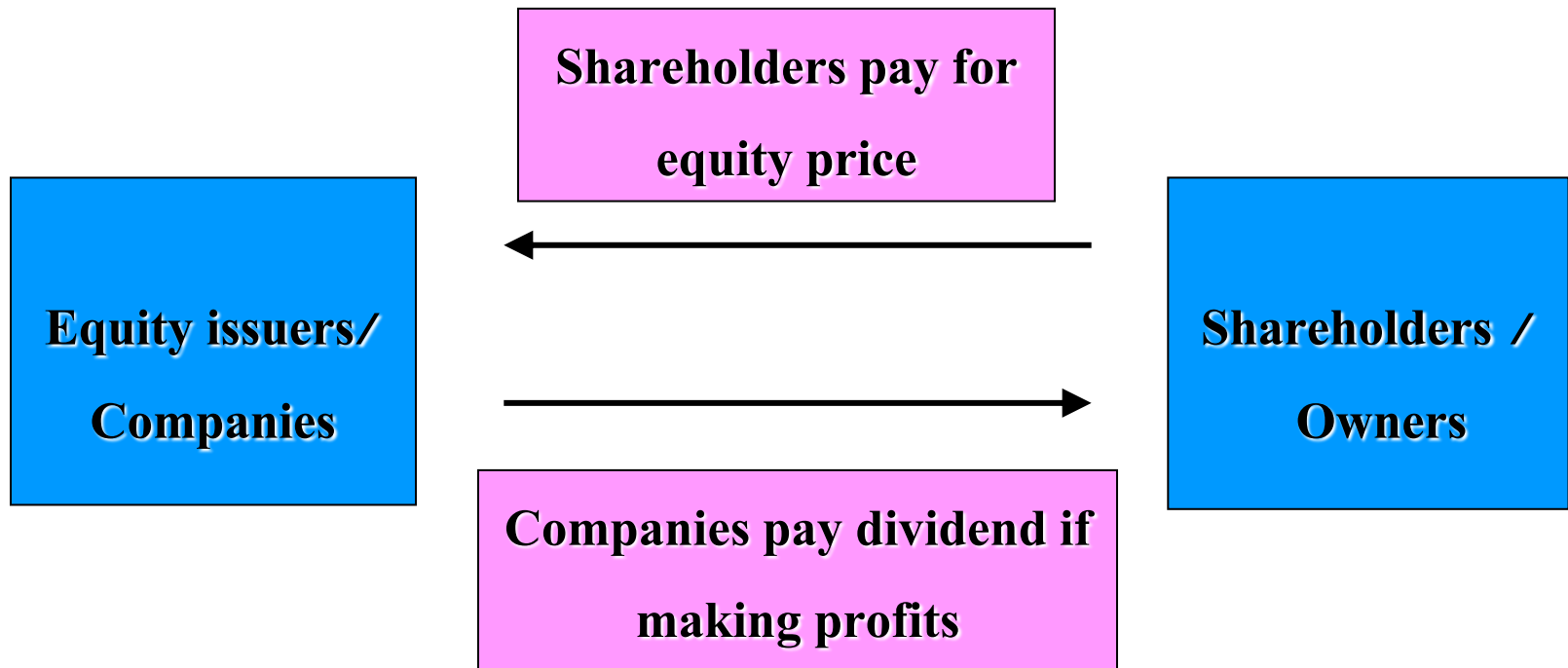
4. Reinvest risk esp. when interest rate decline

## (2) Equity/ Stock Market:

- The equity market (often referred to as the stock market) is the market for trading equity instruments. Stocks are securities that are a claim on the earnings and assets of a corporation
- The equity market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company.
- The equity market makes it possible to grow small initial sums of money into large ones, and to become wealthy without taking the risk of starting a business or making the sacrifices that often accompany a high-paying career.

# Stock Market

- When companies are profitable, stock market investors make money through the dividends the companies pay out and by selling appreciated stocks at a profit called a capital gain.
- The downside is that investors can lose money if the companies whose stocks they hold lose money, the stocks' prices goes down and the investor sells the stocks at a loss.



# Key equity securities/ instruments

## 1. Common stocks or ordinary shares

representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends and/or capital appreciation.

Typically, common stock shareholders receive one vote per share to elect the company's board of directors (although the number of votes is not always directly proportional to the number of shares owned).

In the event of liquidation, common stockholders have rights to a company's assets only after bondholders, other debt holders, and preferred stockholders have been satisfied.

# Key equity securities/ instruments

## 2. Preferred stocks

Like common stock, preferred stock represents partial ownership in a company, although preferred stock shareholders do not enjoy any of the voting rights of common stockholders.

Also unlike common stock, preferred stock pays a fixed dividend that does not fluctuate. The main benefit to owning preferred stock is that you have a greater claim on the company's assets than common stockholders.

Preferred shareholders always receive their dividends first and, in the event the company goes bankrupt, preferred shareholders are paid off before common stockholders.

# Returns and risks of equity securities

## ■ Returns on equity market

1. Dividend
2. Capital gain/ loss

## ■ Risks of equity market

1. Company Risk
2. Sector Risk or Industry Risk
3. Market/ Economic Risk



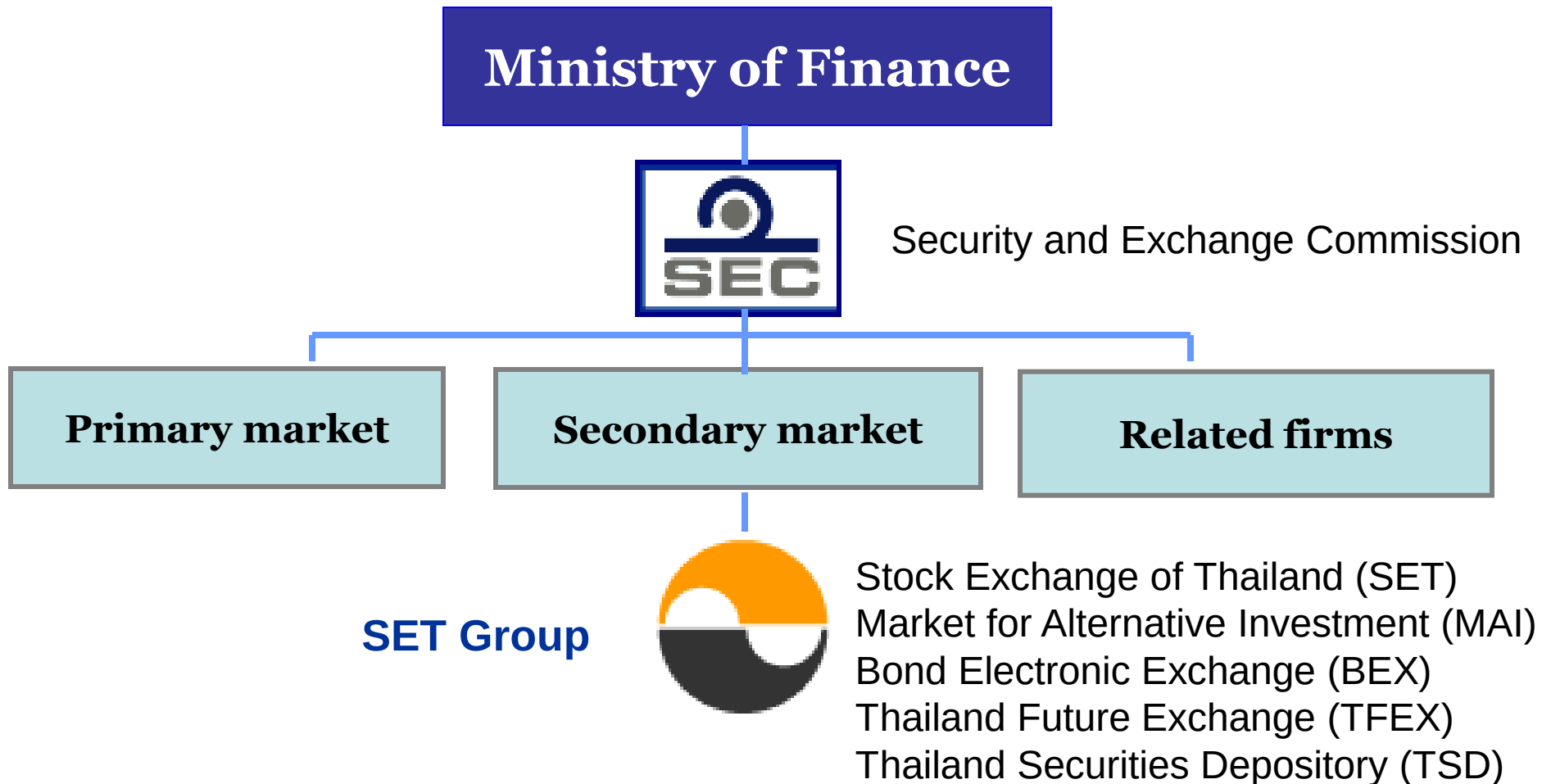
# There are important differences between stocks and bonds:

- ❑ Equity financing allows a company to acquire funds (often for investment) without incurring debt. On the other hand, issuing a bond does increase the debt burden of the bond issuer because contractual interest payments must be paid— unlike dividends, they cannot be reduced or suspended.
- ❑ Those who purchase equity instruments (stocks) gain ownership of the business whose shares they hold (in other words, they gain the right to vote on the issues important to the firm). In addition, equity holders have claims on the future earnings of the firm.  
In contrast, bondholders do not gain ownership in the business or have any claims to the future profits of the borrower. The borrower's only obligation is to repay the loan with interest.
- ❑ Bonds are considered to be less risky investments for at least two reasons. First, bond market returns are less volatile than stock market returns. Second, should the company run into trouble, bondholders are paid first, before other expenses are paid. Shareholders are less likely to receive any compensation in this scenario.

# Development of Capital Market in Thailand

|                     |                                                                          |
|---------------------|--------------------------------------------------------------------------|
| <b>Apr 1975</b>     | • First day trading of the Stock Exchange of Thailand (SET)              |
| <b>Jun 1992</b>     | • Established scriptless system for settlement and delivery securities   |
| <b>Nov 1994</b>     | • Established Bond Dealer's Club                                         |
| <b>Jan 1995</b>     | • Established Thailand Securities Depository Co. Ltd.                    |
| <b>Jul 1997</b>     | • Established Thai Trust Fund Management Co. Ltd.                        |
| <b>Jun 1999</b>     | • Established Market for Alternative Investment (MAI)                    |
| <b>Dec 1999</b>     | • Established Thai Institute of Directors Association (IOD)              |
| <b>Sep 2000</b>     | • Established Settrade.com Co. Ltd. &                                    |
| <b>Oct 2000</b>     | • Established Thai NVDR Co. Ltd.                                         |
| <b>Nov 2003</b>     | • First Day trading of Bond Electronic Exchange (BEX)                    |
| <b>May 2004</b>     | • Established Thailand Futures Exchange Plc. (TFEX)                      |
| <b>Apr 2006</b>     | • First Day trade of SET50 Index Futures                                 |
| <b>Sep 2007</b>     | • First Day trade of THAIDEX SET50 ETF (Exchanged Traded Fund – ETF)     |
| <b>Oct 2007</b>     | • First Day trade of SET50 Index Options                                 |
| <b>Nov 2008</b>     | • Single Stock Futures commence trading                                  |
| <b>Feb 2009</b>     | • 50 Baht Gold Futures commence trading                                  |
| <b>Jun 2009</b>     | • Derivative Warrant commence trading                                    |
| <b>Aug 2010</b>     | • 10 Baht Gold Futures commence trading                                  |
| <b>Oct/Nov 2010</b> | • 5 Year Government Bond Futures / 3M BIBOR & 6M THBFIX commence trading |
| <b>June 2011</b>    | • Silver Futures commence trading                                        |
| <b>Oct 2011</b>     | • Brent Crude Oil Futures commence trading                               |
| <b>June 2012</b>    | • USD Future commence trading                                            |
| <b>Oct 2012</b>     | • SECTOR Future commence trading                                         |

# Structure of SET



# Global financial assets

**Global financial assets have grown to \$225 trillion, but growth has slowed since 2007**

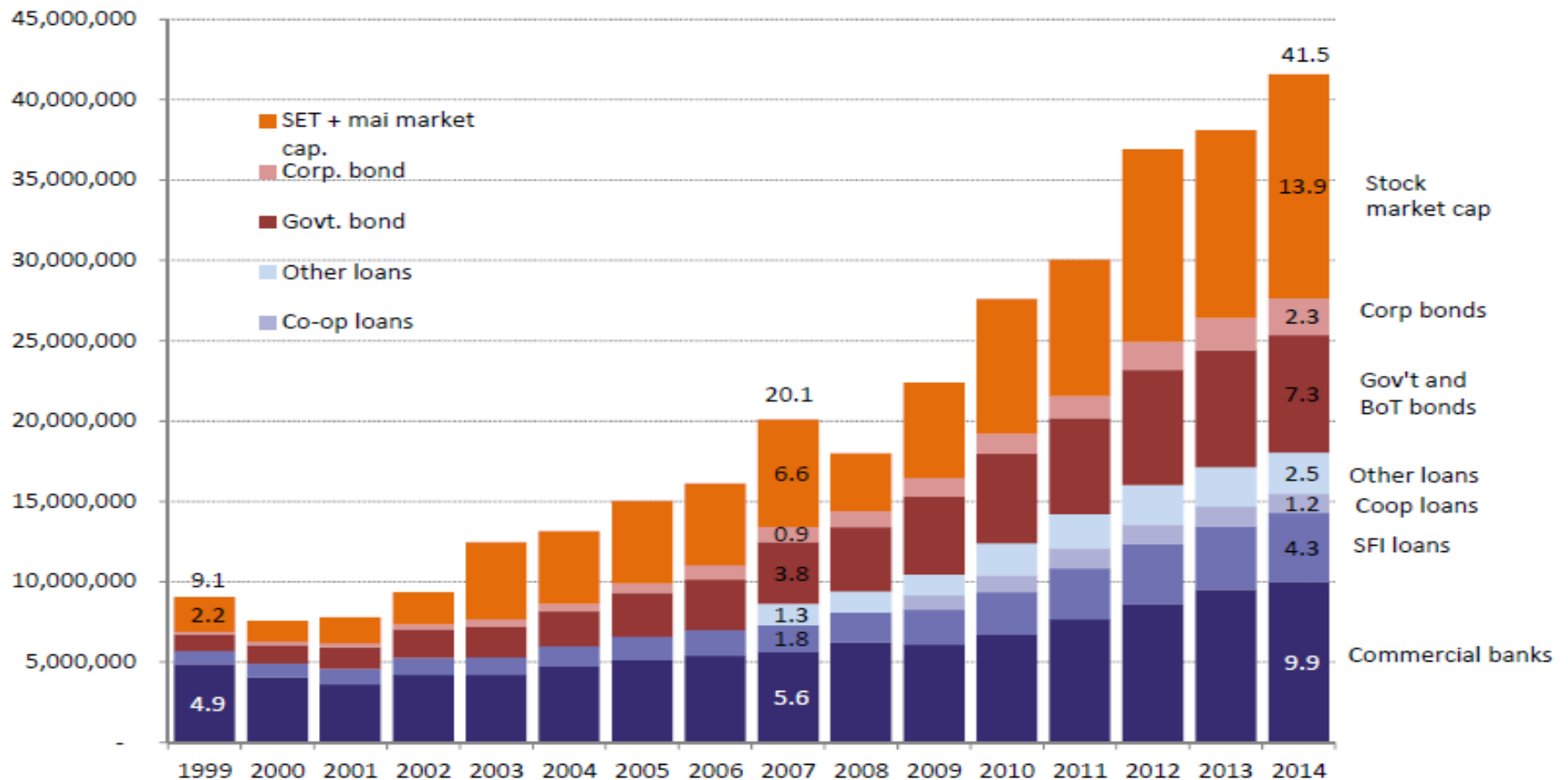
Global stock of debt and equity outstanding<sup>1</sup>  
\$ trillion, end of period, constant 2011 exchange rates



<sup>1</sup> Based on a sample of 183 countries.

SOURCE: McKinsey Global Institute Financial Assets Database; McKinsey Global Institute analysis

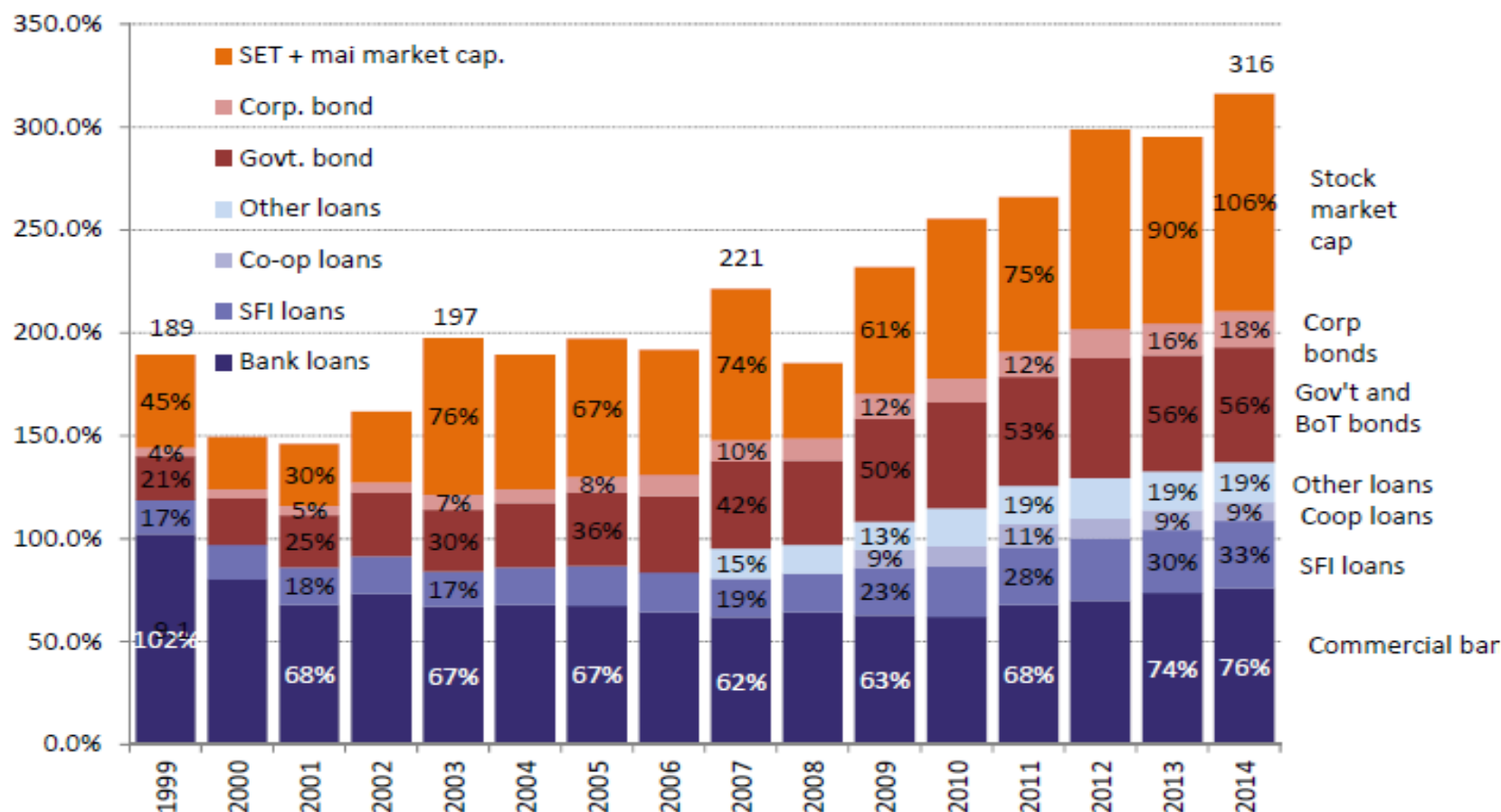
# Thailand capital market expanded significantly, accounted for about 57% of total financial market value



Source: BoT; coop

Note: Other loans include loans to nonfinancial sectors by insurance companies, GPF, provident funds, mutual funds, securities companies, pawnshops, credit cards and personal loans companies under BoT supervision, other HP and leasing

# Thailand capital market (% to GDP)



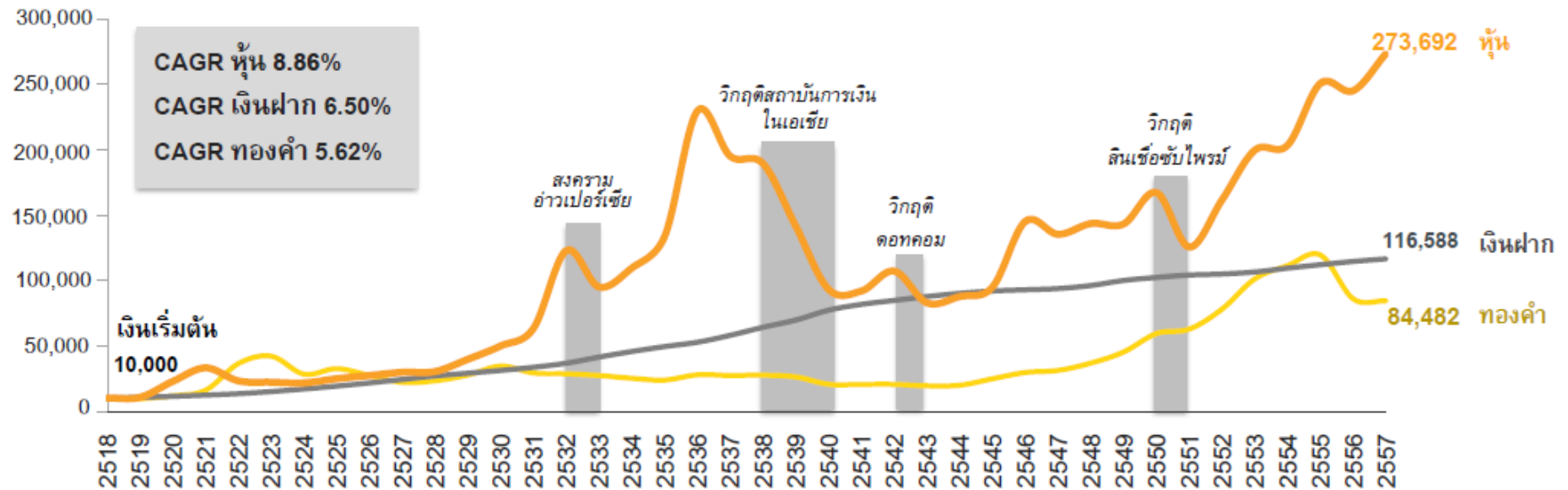
Source: BoT; coop

Note: Other loans include loans to nonfinancial sectors by insurance companies, GPF, provident funds, mutual funds, securities companies, pawnshops, credit cards and personal loans companies under BoT supervision, other HP and leasing companies

# Stock market provided higher return compared to other financial assets

ดัชนีผลตอบแทนรวม (Total nominal return) 2518 - 2557

หน่วย: จุด; ดัชนีผลตอบแทนรวม ณ จุดเริ่มต้นลงทุนสิ้น ปี 2518 อยู่ที่ 10,000

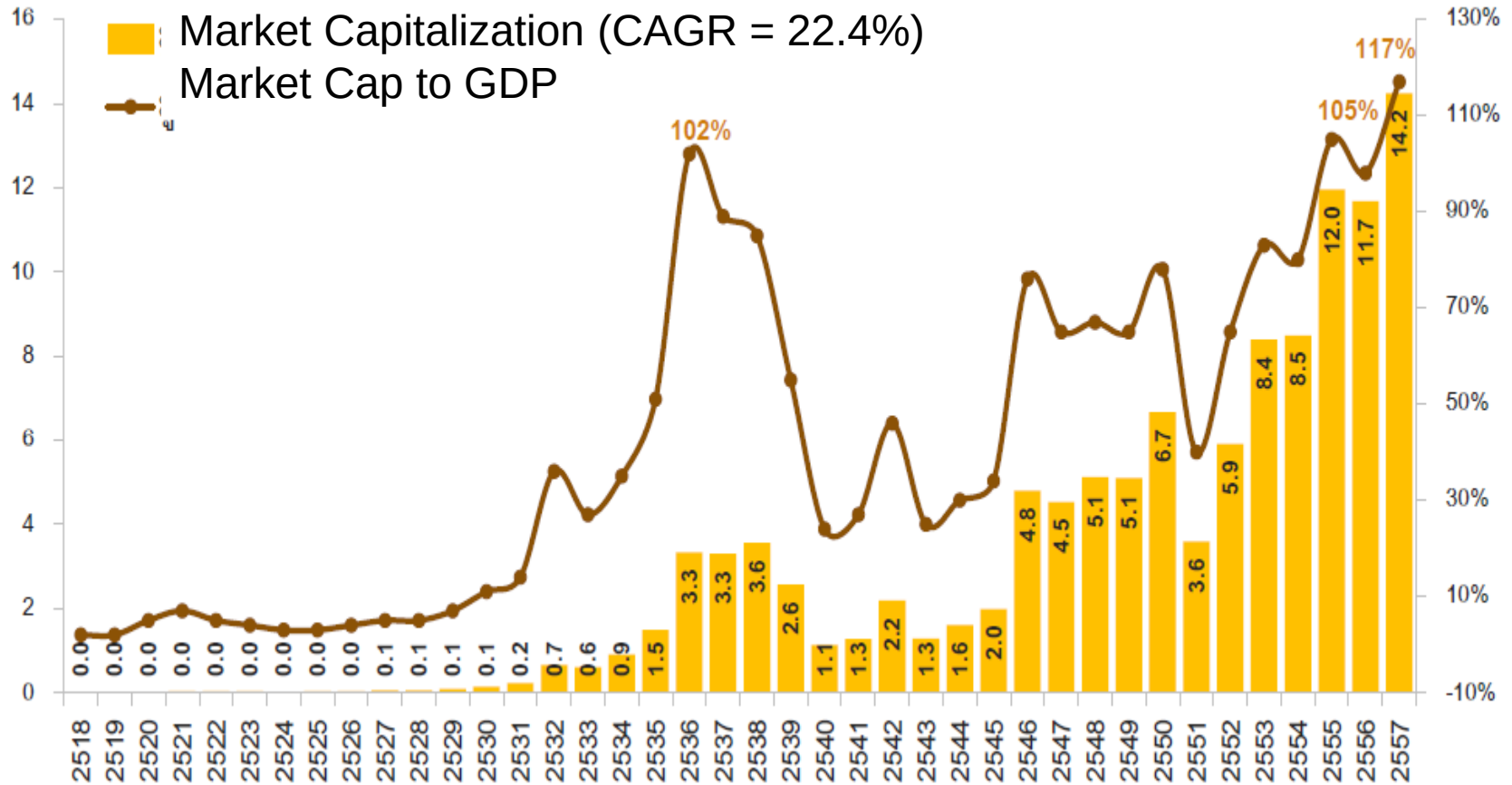


| ประเภทสินทรัพย์ | ขนาดผลตอบแทนในช่วง 40 ปีเทียบกับเงินต้น |
|-----------------|-----------------------------------------|
| หุ้น            | 27 เท่า                                 |
| เงินฝาก         | 11 เท่า                                 |
| ทองคำ           | 8 เท่า                                  |



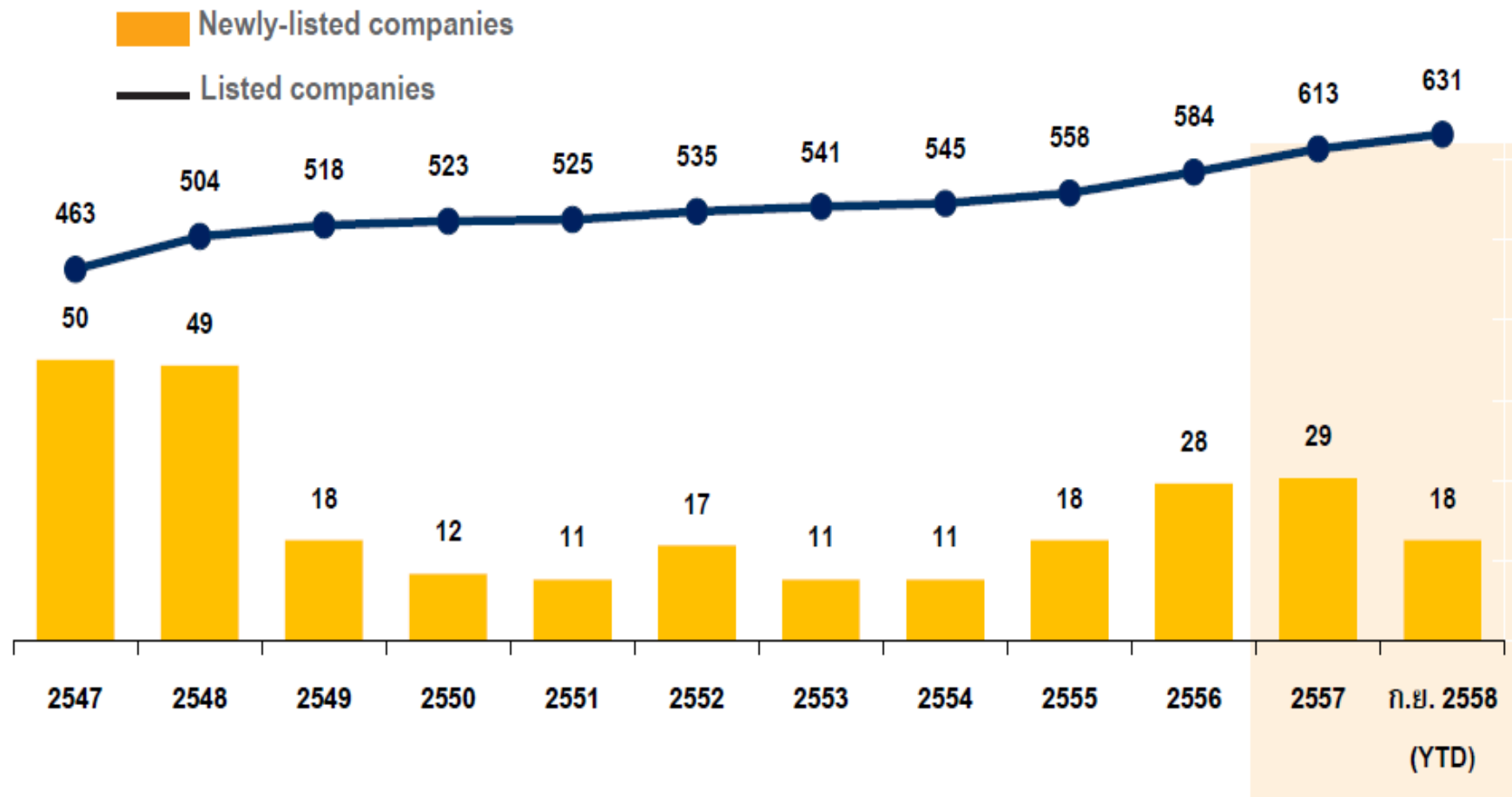
# Market Capitalization grew strongly by 22.4% annually

Trillion Baht





### Number of new and existing listed companies (SET and mai)



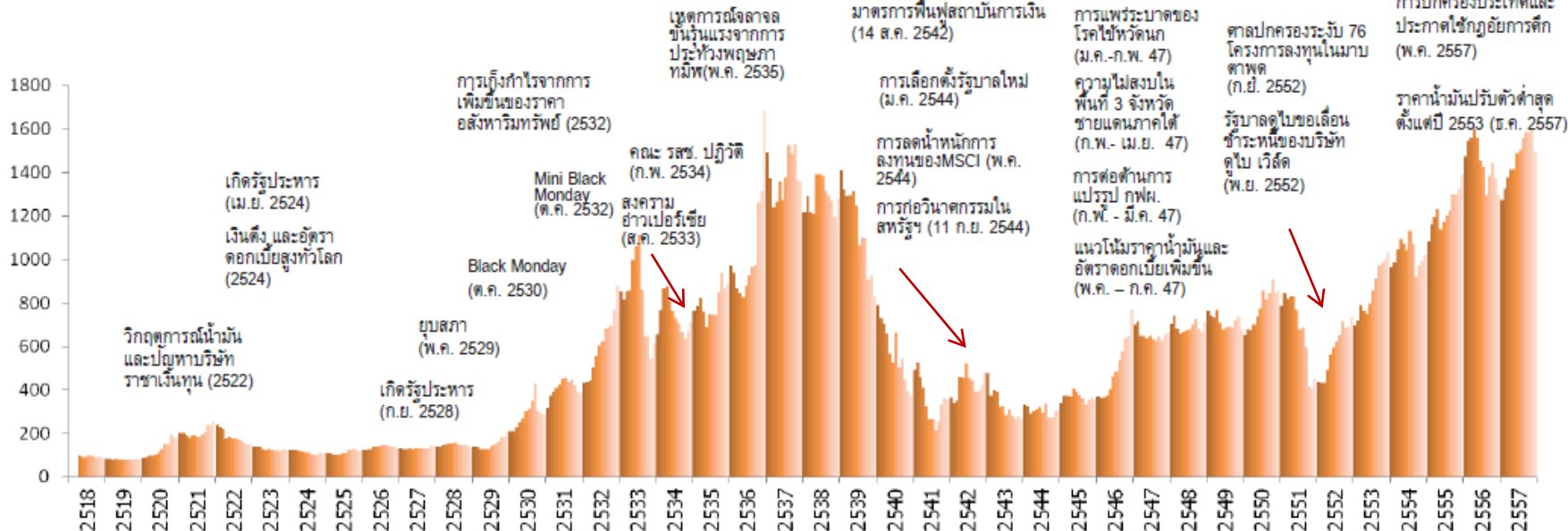
# SET index movement

## ดัชนีตลาดหลักทรัพย์แห่งประเทศไทย ณ สิ้นเดือน

หน่วย: จุด

ดัชนีต่ำสุดในปี 2519 ที่ระดับ 76.43 จุดเมื่อวันที่ 17 มี.ค. 2519

ดัชนีสูงสุดในปี 2537 ที่ระดับ 1,753.73 จุดเมื่อวันที่ 4 ม.ค. 2537



วิกฤตสถาบันการเงิน ในเอเชีย (2540)

คลัง-ธพท. ประกาศ ค่าเงินบาทลอยตัว (ก.ค. 2540)

การได้รับความช่วยเหลือ จาก IMF (ส.ค. 2540)

การปิดสถาบันการเงิน (ธ.ค. 2540)

มาตรการกระตุ้นเศรษฐกิจ (มี.ค. 2542)

มาตรการกระตุ้นการใช้จ่าย ภาคเอกชน (ส.ค. 2542)

มาตรการฟื้นฟูสภาพการเงิน (14 ส.ค. 2542)

การเลือกตั้งรัฐบาลใหม่ (ม.ค. 2544)

การลดน้ำหนัก การลงทุนของ MSCI (พ.ค. 2544)

การก่อวินาศกรรมใน สหรัฐฯ (11 ก.ย. 2544)

การแพร่ระบาดของ โรค SARS (มี.ค. 46)

การฟื้นตัวของ เศรษฐกิจประเทศ ภาคเอกชน (ม.ค.-ธ.ค. 46)

การแพร่ระบาดของ โรคไข้หวัดนก (ม.ค.-ก.พ. 47)

ความไม่สงบใน พื้นที่ 3 จังหวัด ชายแดนภาคใต้ (ก.พ.- เม.ย. 47)

การต่อต้านการ แปรรูป กฟผ. (ก.พ. - มี.ค. 47)

แนวโน้มราคาน้ำมันและ อัตราดอกเบี้ยเพิ่มขึ้น (พ.ค. - ก.ค. 47)

เกิดรัฐประหาร (ก.ย. 2549)

มาตรการ กู้สำรอง 30% (ธ.ค. 2549)

ประกาศยกเลิก มาตรการกู้สำรอง 30% (ก.พ. 2551)

กลุ่มพันธมิตร ประชาชนเพื่อ ประชาธิปไตย ปิดล้อม สนามบิน (พ.ย. 2551)

ศาลปกครองระบับ 76 โครงการลงทุนในภาค ดาพด (ก.ย. 2552)

รัฐบาลดูไบขอเลื่อน ชำระหนี้ของบริษัท ดูไบ เวิลด์ (พ.ย. 2552)

คลส.เข้าควบคุมอำนาจใน การปกครองประเทศและ ประกาศใช้กฎอัยการศึก (พ.ค. 2557)

ราคาน้ำมันปรับตัวต่ำสุด ตั้งแต่ปี 2553 (ธ.ค. 2557)

ประกาศ พ.ร.ก. ฉุกเฉิน จาก สถานการณ์ฉุกเฉินใน กทม. (เม.ย. 2553)

ธนาคารฯ ในยุโรปส่วนใหญ่ผ่านการ ทดสอบ stress test (ก.ค. 2553)

ญี่ปุ่นเกิดภัยสึนามิ (มี.ค. 2554)

ไทยเกิดอุทกภัยครั้งใหญ่ (พ.ค. - ธ.ค. 2554)

ECB ออกมาตรการซื้อคืนพันธบัตรของ ประเทศที่มีปัญหาในยุโรป (ก.ย. 2555)

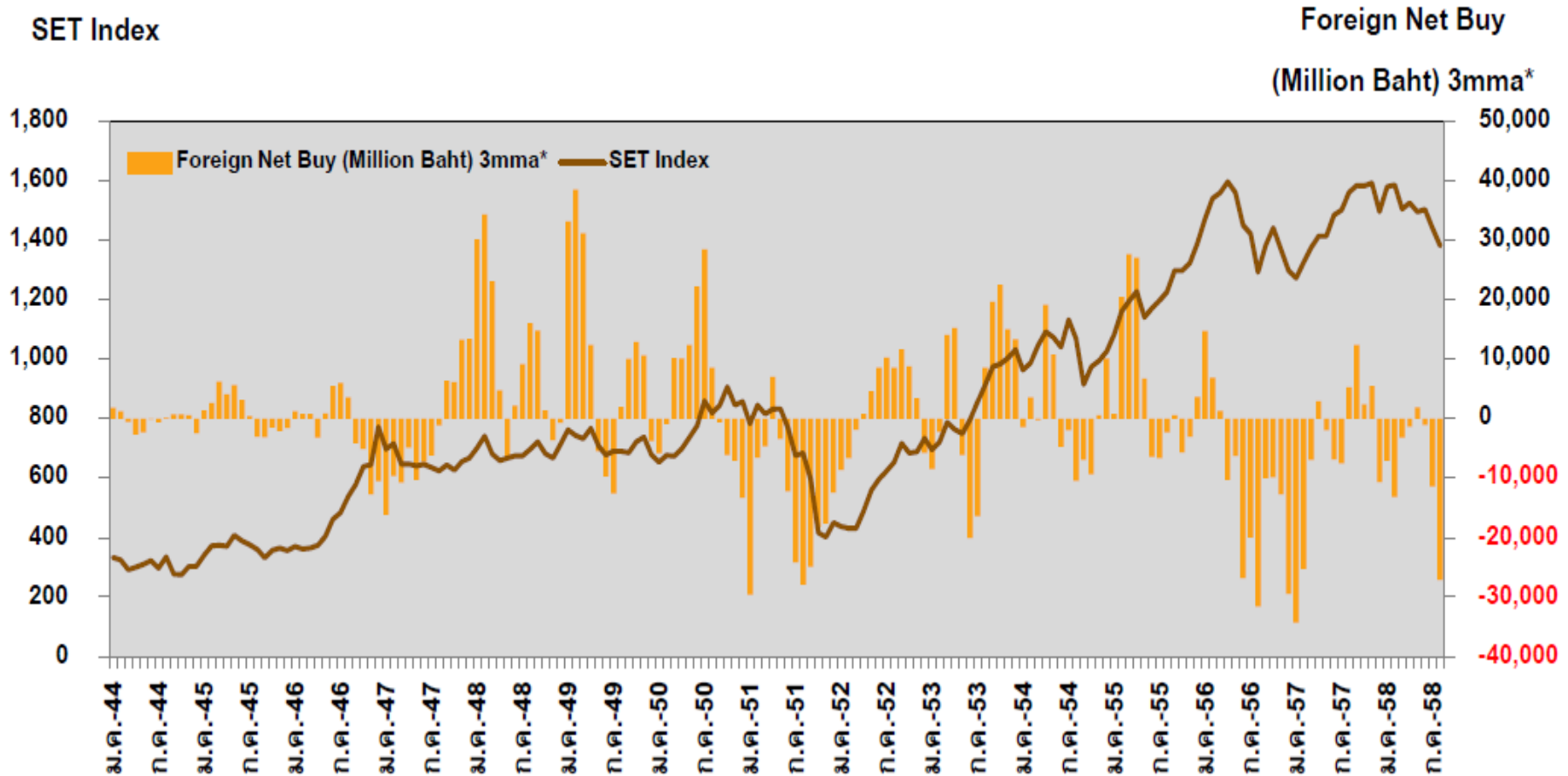
การประท้วงต่อต้านพรบ. นรโทษกรรม เรือขยาด่วนในพื้นที่กรุงเทพฯ (พ.ย. 2556)

คลส.เข้าควบคุมอำนาจใน การปกครองประเทศและ ประกาศใช้กฎอัยการศึก (พ.ค. 2557)

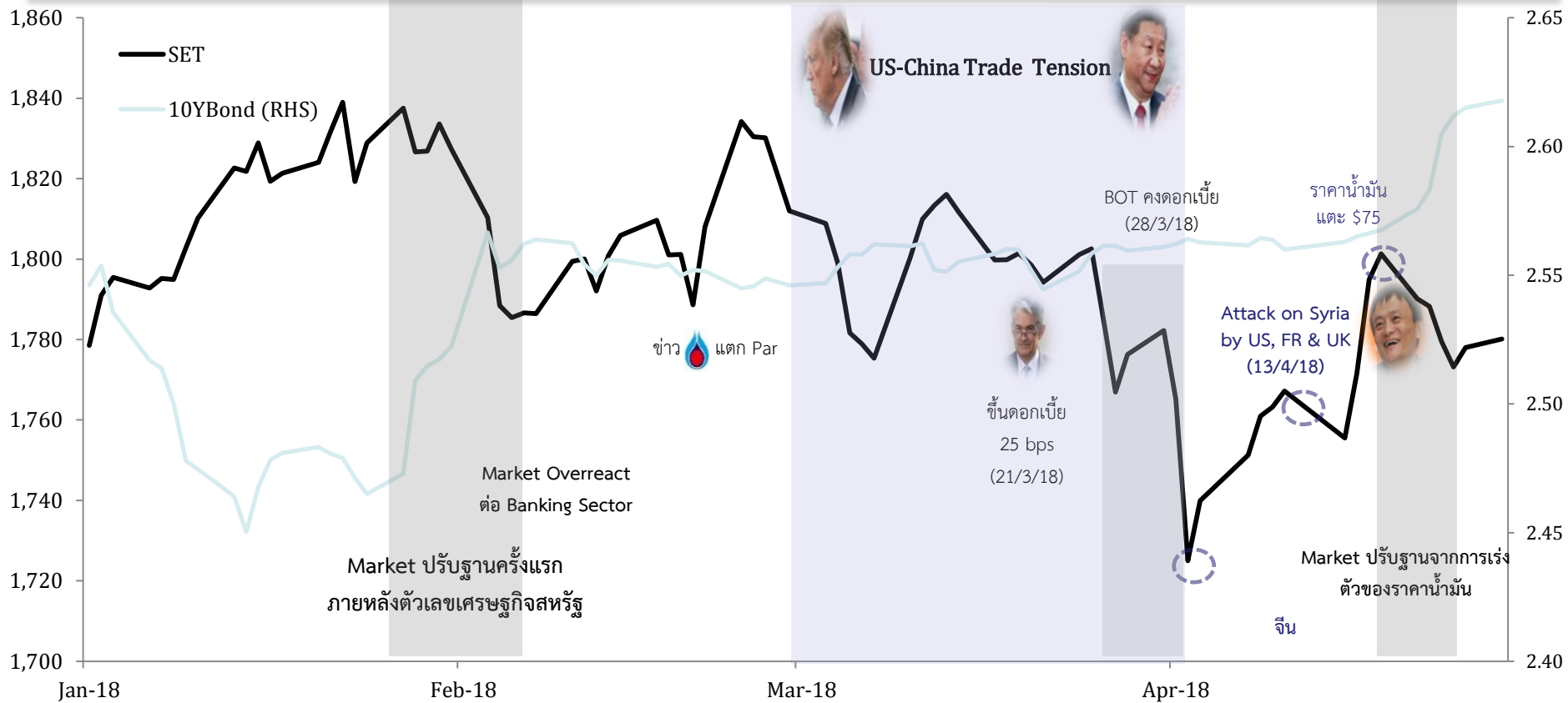
ราคาน้ำมันปรับตัวต่ำสุด ตั้งแต่ปี 2553 (ธ.ค. 2557)

# Declined SET Index was due mainly net sell of foreign investors

Foreign net buy and SET Index



# Declined SET Index was due mainly net sell of foreign investors

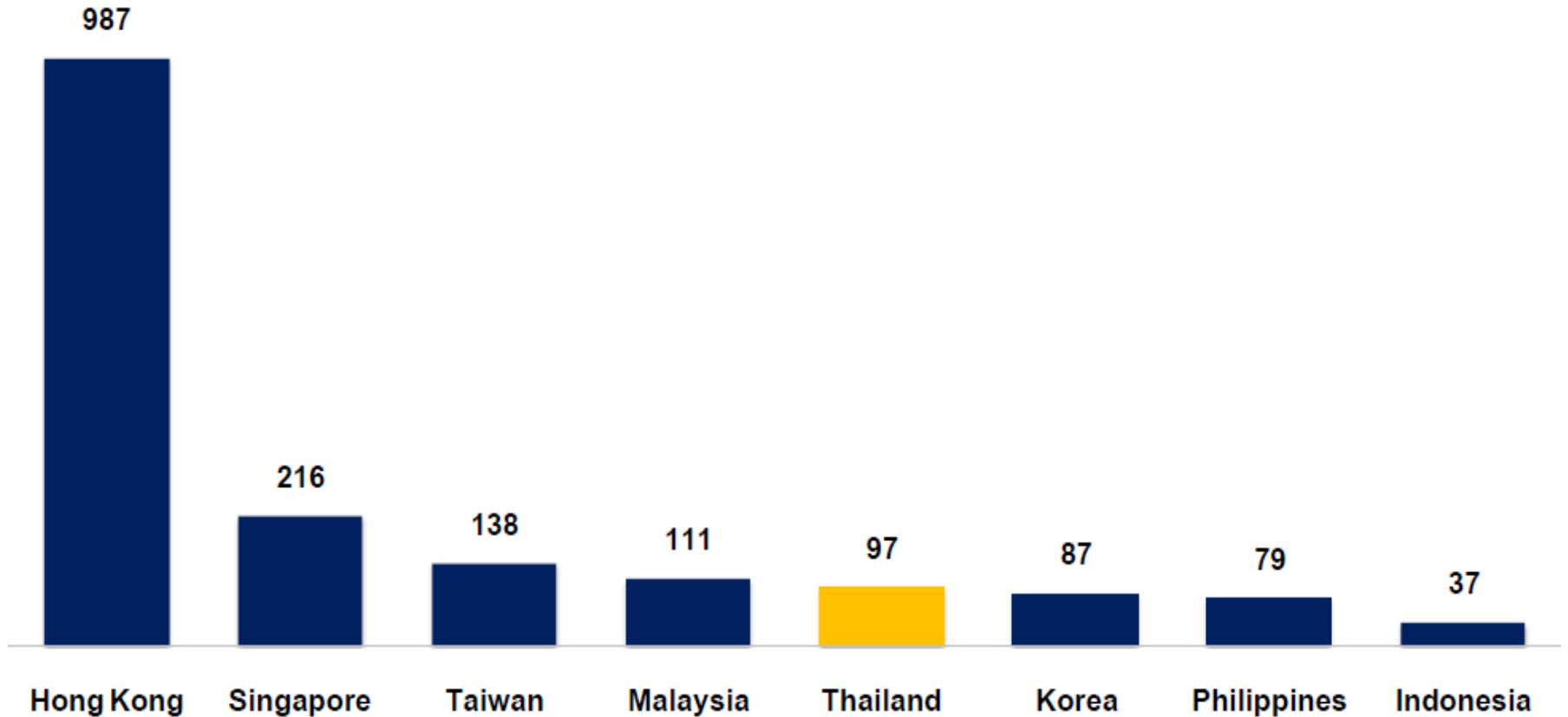


## Key Events

- ตลาดเริ่มปรับฐานภายหลังตัวเลขเศรษฐกิจของสหรัฐอเมริกาดีกว่าที่คาด สร้างความกังวลว่า FED จะปรับดอกเบี้ยเร็วและถี่ขึ้น
- การดำเนินนโยบายกีดกันทางค้าของสหรัฐอเมริกาโดยเฉพาะกับจีน
- ความขัดแย้งในซีเรียและภูมิภาคตะวันออกกลาง และสถานการณ์การเมืองเวเนซุเอลา ส่งผลกระทบท่อราคาน้ำมัน

# In terms of Market Cap/ GDP, Thai market still relatively small compared to other Asian market

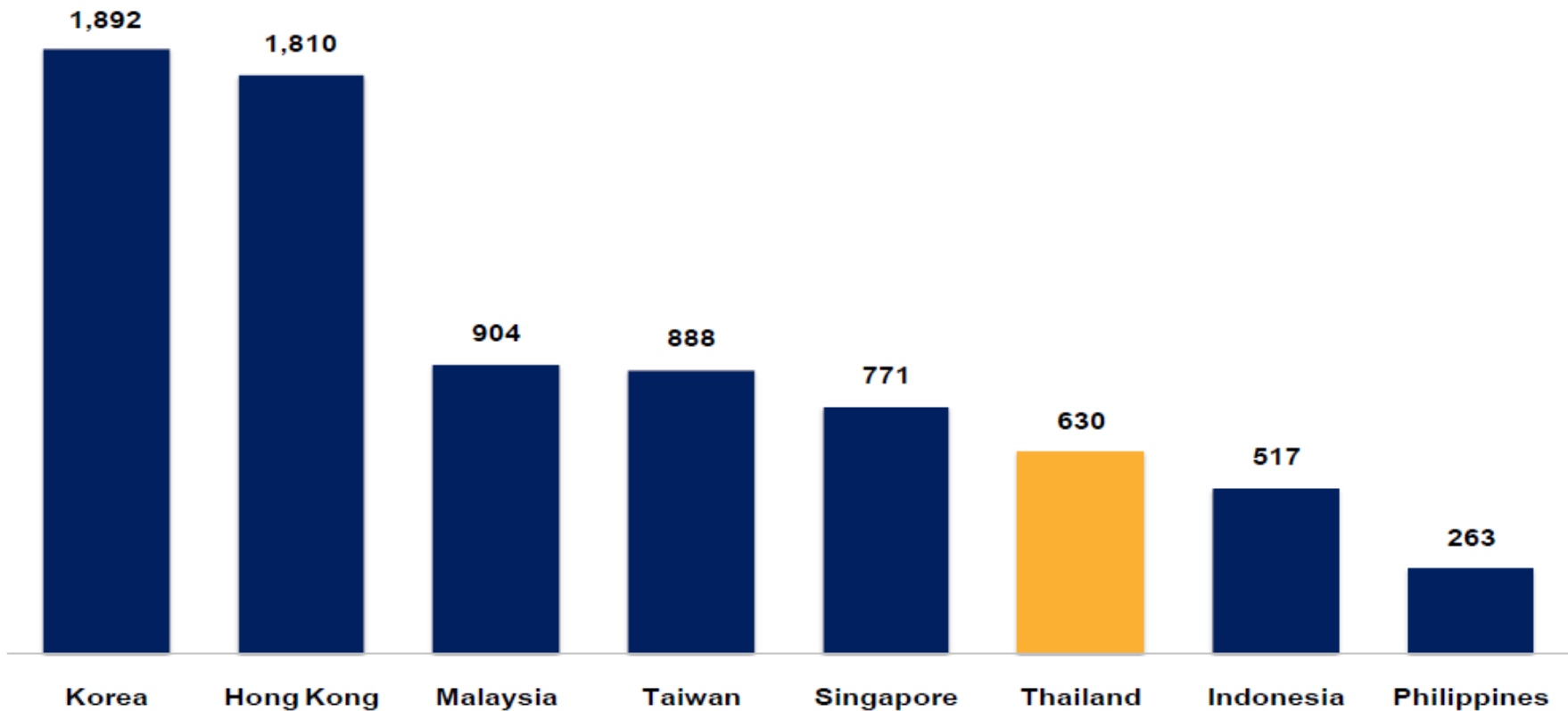
Unit: Percentage



# In terms of no of listed companies, also small

## Number of Listed Companies : Asia Countries

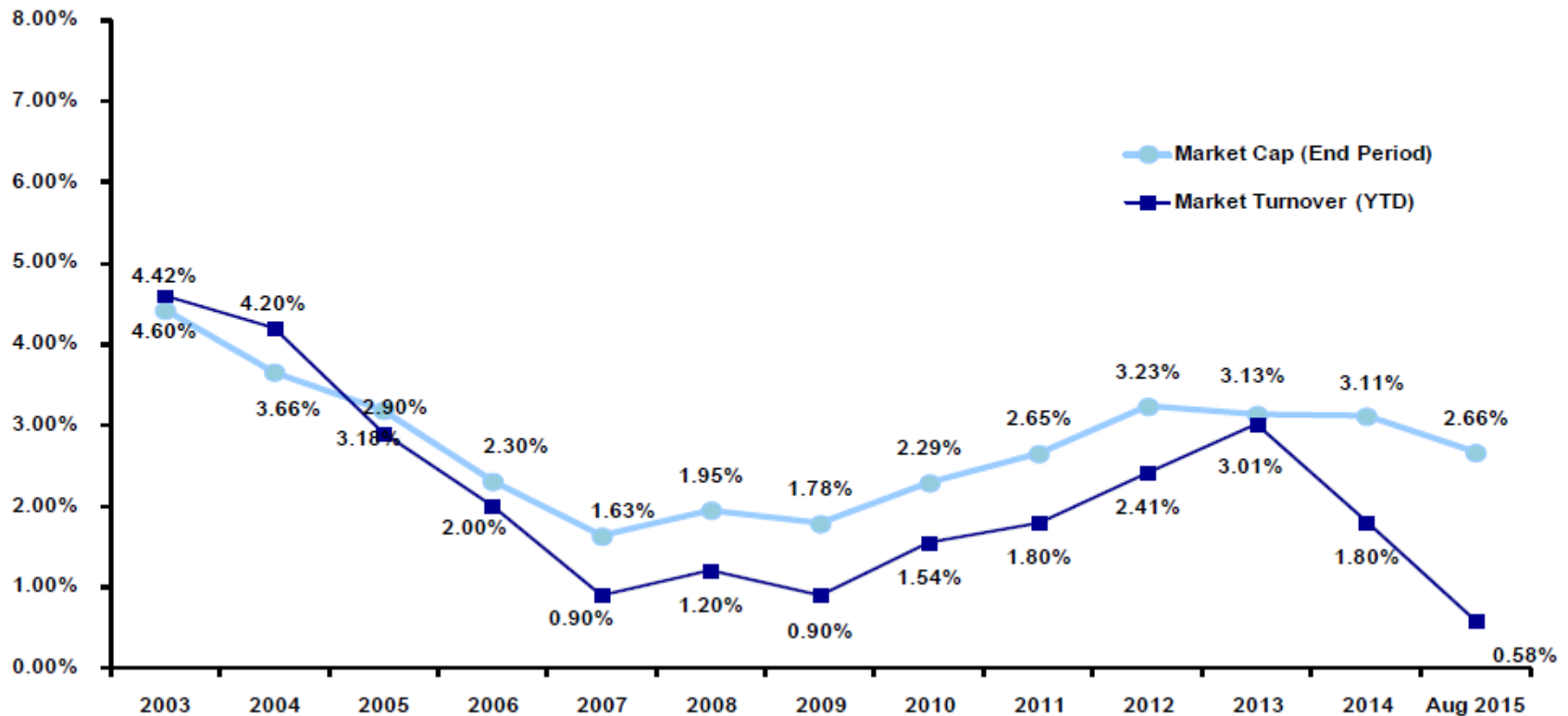
(As end of Aug 2015)



# Share of SET to Asian markets declined

Thai Equity Market Share vs. Asian Markets (ex-Japan)

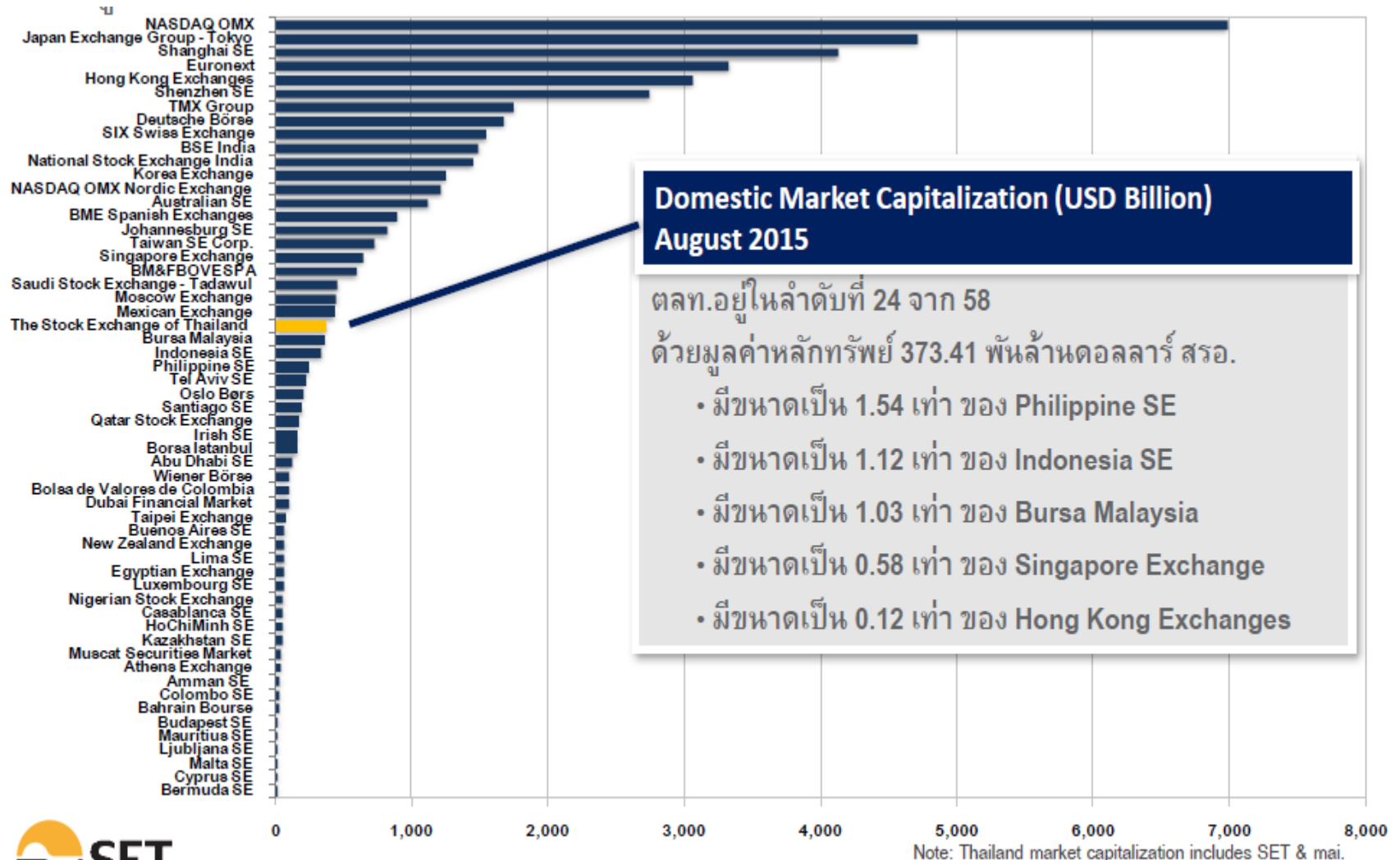
(SET as % of Asian Markets)



\* SET figure divided by Asian (ex-Japan) (Malaysia, Hong Kong, Indonesia, Korea)

Source : WFE

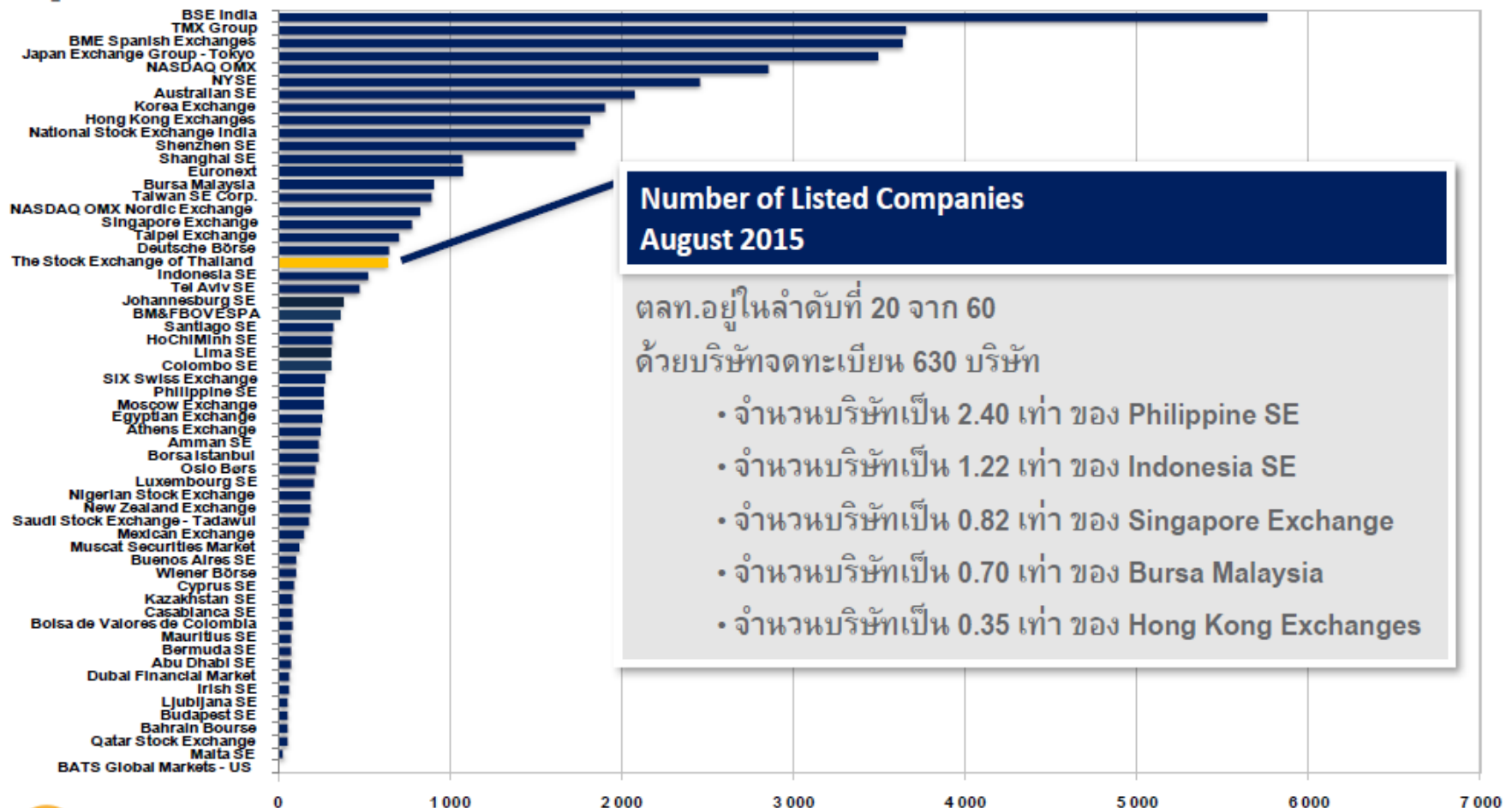
# In terms of Market cap, SET was rank 22<sup>nd</sup> in the world



Note : JPX - Osaka SE: On 16 July 2013, Osaka SE cash equity products were listed on Tokyo SE JPX - Tokyo SE: On 16 July 2013,



# In terms of no of listed companies, SET was rank 20<sup>th</sup> in the world



Source: WFE ;Note: Number of Thai listed companies include SET & mai.

Note : JPX - Osaka SE: On 16 July 2013, Osaka SE cash equity products were listed on Tokyo SE JPX - Tokyo SE: On 16 July 2013, Osaka SE