



SEC Capital Market Symposium
เศรษฐกิจและตลาดทุนไทยในวันที่โลกหมุนเร็วขึ้น

ดร. สันติธาร เสถียรไทย
Group Chief Economist and MD, Sea Ltd

Covid-19 - The Great Accelerator

MEGATRENDS

Debt Accumulation

Divided

Divergence

Digitalisation

Degradation of Environment

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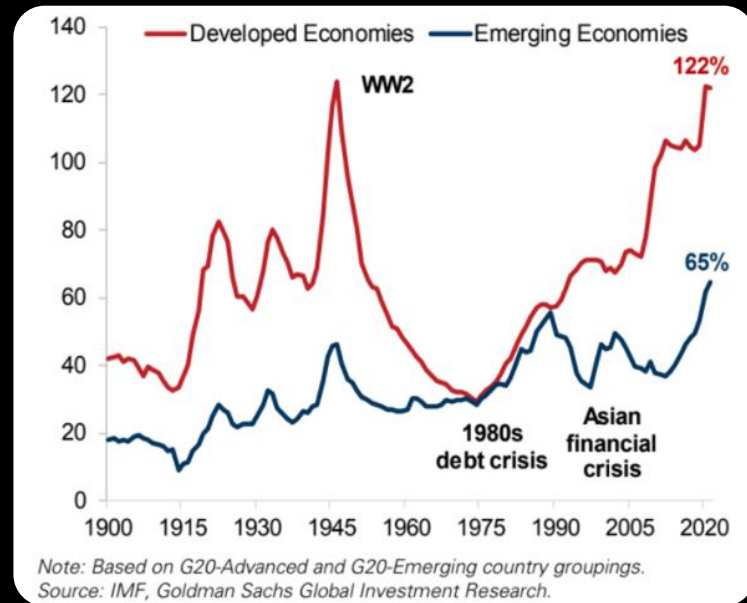
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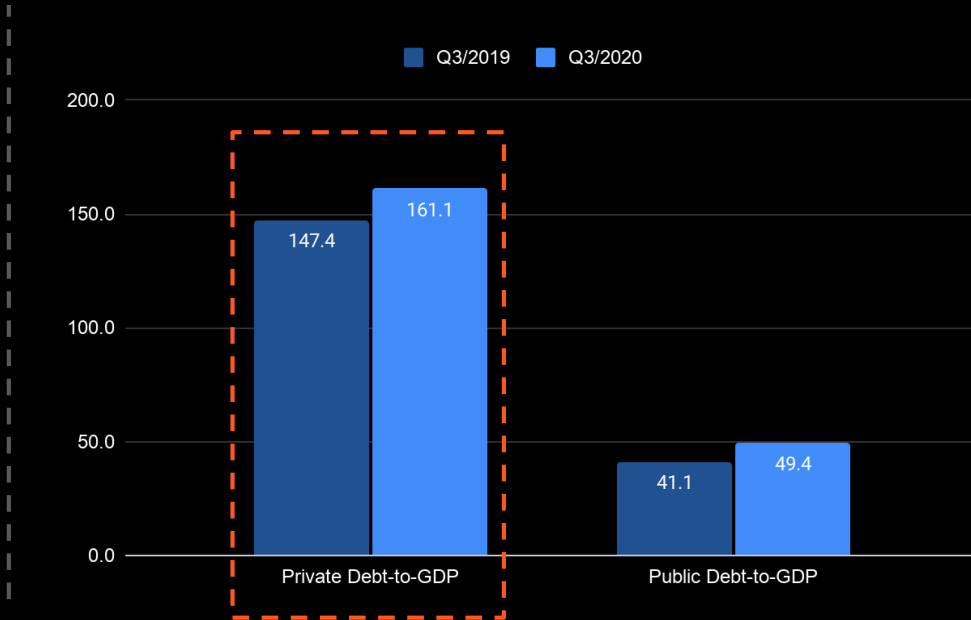
Global debt: Reaching historic levels

Median Public Debt-to-GDP Ratios by country grouping (%)



*Data does not include private and financial debt

Thailand Debt-to-GDP Ratios (%)



*Data does not include financial debt

Source: (Left) Goldman Sachs, IMF; (Right) Bank of Thailand, Public Debt Management Office

“2 Lows and 2 Highs”

– Debt

accumulation

Growth ↓

“Scarring” - An economic crisis could lower potential output of Emerging mkts by almost 8% even after 5 years (World Bank)

Interest rate ↓

Fed not expected to raise rates until 2023⁽²⁾

THB ↑

More capital could flow into fixed income markets

Source: (1) World Bank; (2) FOMC September 2020

Adding to pre- existing trend in Thailand

– Aging population Growth ↓↓

Working age population has
been shrinking since 2015

Interest rate ↓↓

Greater net savings:
People save for
retirement

Investment/ GDP has been
declining for
8 years

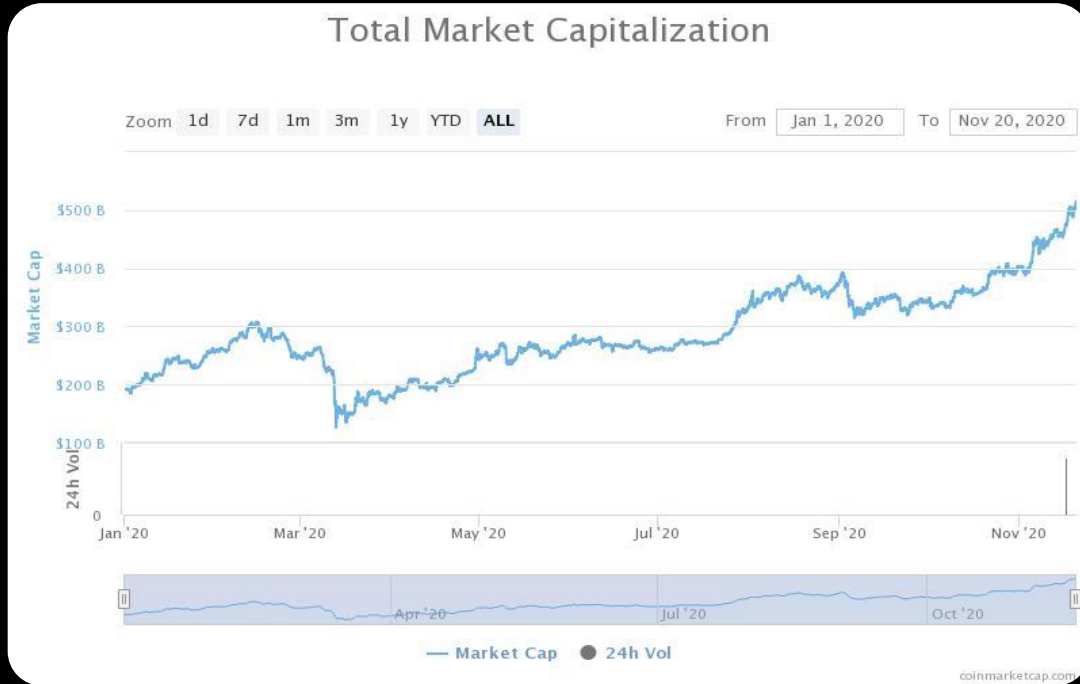
THB ↑↑

Less investments mean
lower imports, higher
current account

Rising demand for innovative financing solutions

Market cap of cryptocurrencies

YTD Performance:



+148%

Bitcoin

(BTC-USD)

Source: Coinmarketcap



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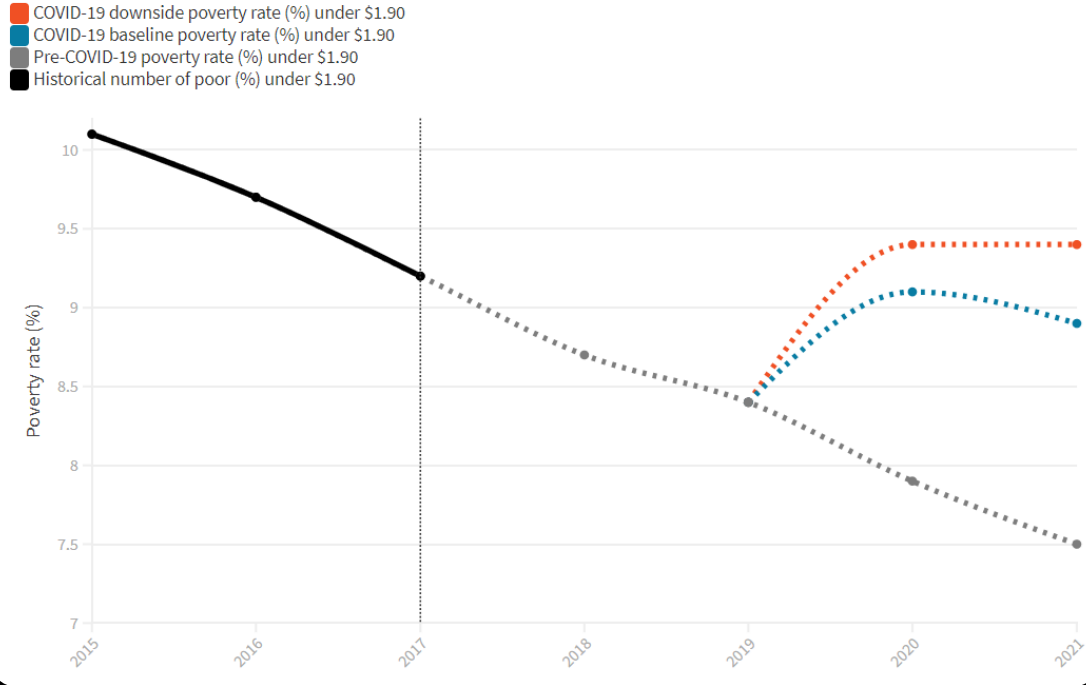
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COVID-19 has set back poverty reduction by years

COVID-19 has the potential to push 111~150 million people into extreme poverty by 2021

Figure 1: The impact of COVID-19 on global extreme poverty



COVID-19 Downside: additional **150 million** people

COVID-19 Base Case: additional **111 million** people

Pre-COVID-19 trend

Source: World Bank

Thailand: SMEs and labor intensive sectors are most vulnerable

Krungsri study of 470,000+ companies in Thailand

Troubled firms

30%

of Thai companies would experience **tight liquidity** in 2021 (most of which are **SME**)

Vulnerable sectors



Amusement & recreation



Hotels



Restaurants



Crop farming



Fisheries

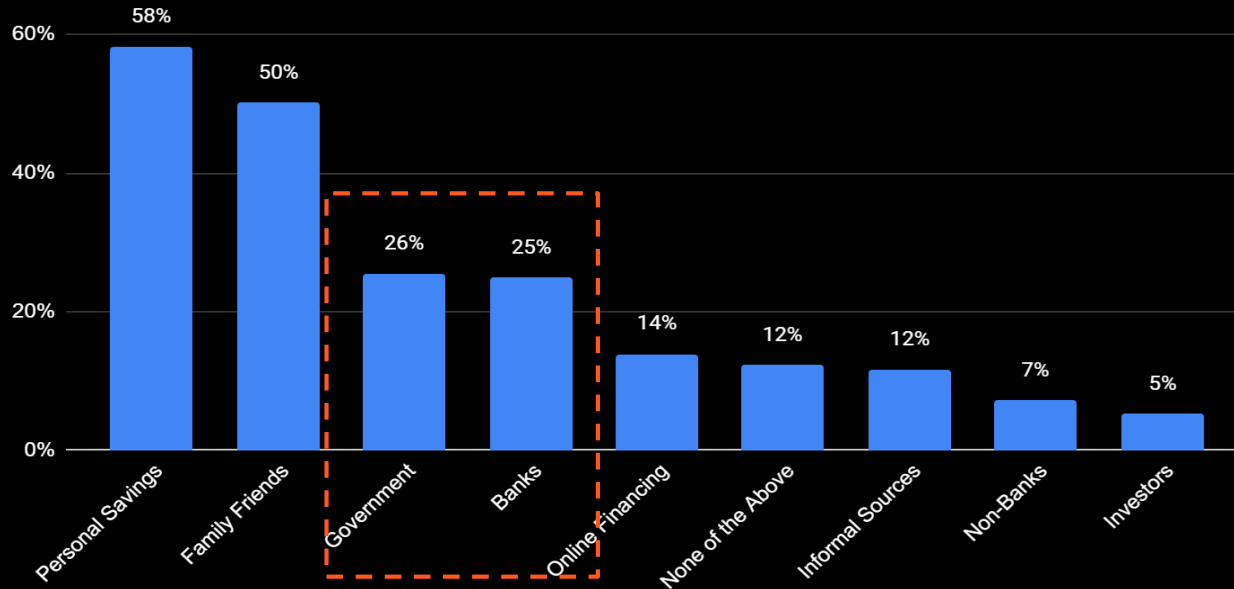
~9 million workers in these sectors have less than college education (TDRI)

Source: Krungsri Research Monthly Economic Bulletin (September 2020)

Access to finance by those who need it most, when they need it most

Sources of Finance for Entrepreneurs with Funding Issues

% of Young Entrepreneurs



Source: WEF & Sea, 2020 ASEAN Youth Survey

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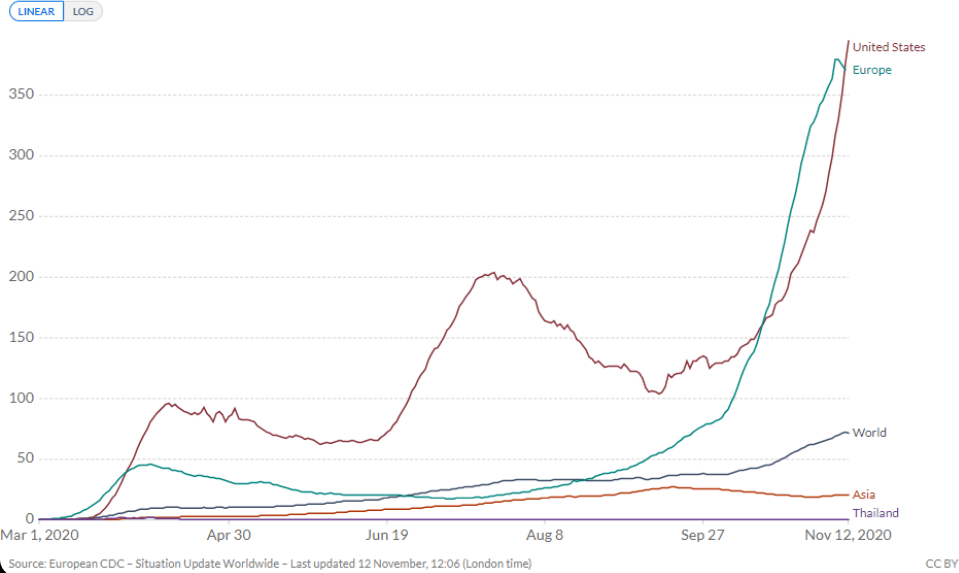
Digitalisation

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Asia in better shape than the rest of the world

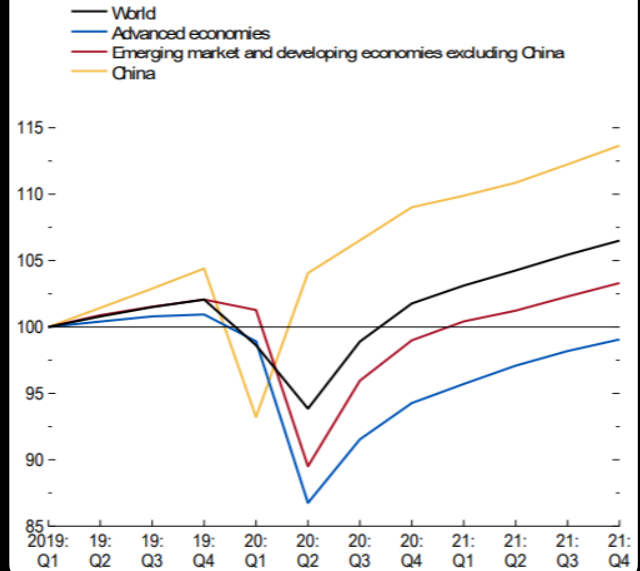
Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



Our World in Data

Figure 1. Quarterly World GDP (2019:Q1 = 100)



Source: (Left) Our World in Data. (Right) IMF

China Dual Circulation Policy

From the world factory to the global consumer market

China as a **Final Consumer Market**

China+1
Model

Rise of **RMB**

RCEP - A significant milestone for Asia economic cooperation

Regional economic architecture emerging

The World largest FTA

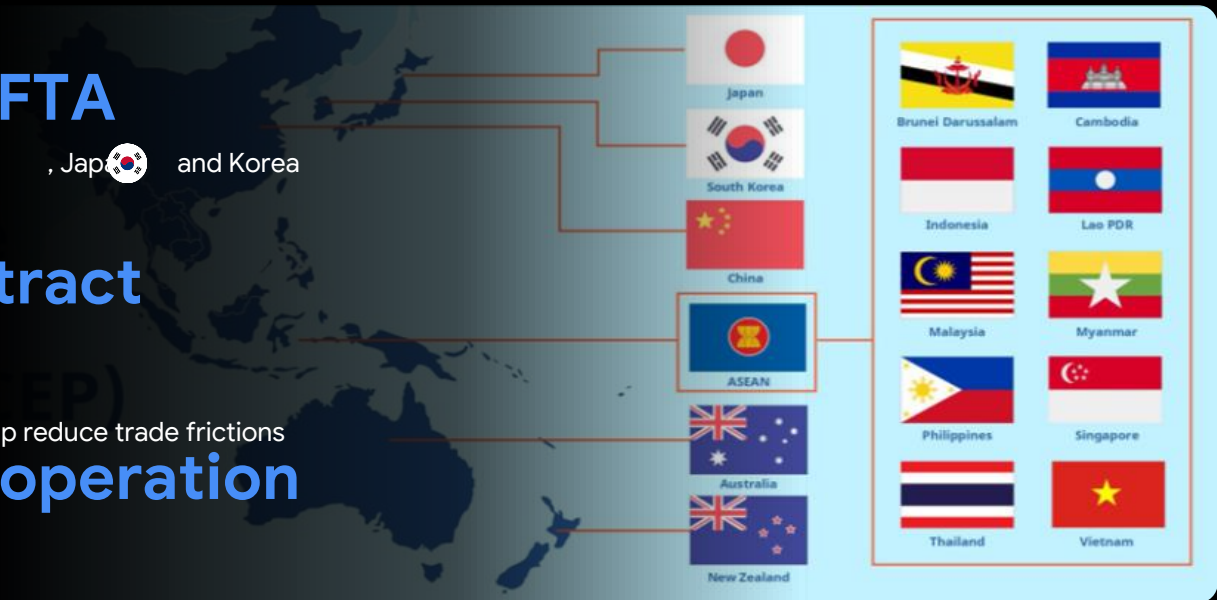
1st FTA bringing together China  , Jap  and Korea

Made in RCEP - Attract investment

E.g. Unified and simplified rules of origin will help reduce trade frictions

Momentum for Cooperation

Deeper agreements than existing FTAs



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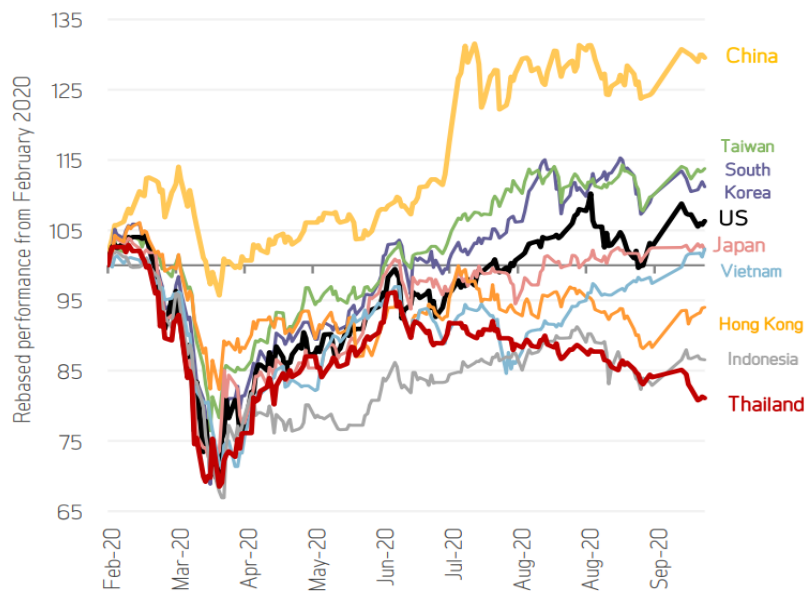
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What explains divergence in equity markets?

รูปที่ 1 ตลาดหุ้นไทยฟื้นตัวช้ากว่าประเทศอื่น ๆ
ภายหลังสถานการณ์โควิดเริ่มคลี่คลาย



ที่มา: Bloomberg, KKP Research



รูปที่ 2 บริษัทใหญ่ 10 อันดับแรกในตลาดหุ้นไทย
เกือบทั้งหมดอยู่ใน Old Economy

United States

Market CAP Industry

	1,976	Technology
	1,581	eCommerce
	1,580	Technology
	1,046	Technology
	776	Technology
	419	Discretionary
	321	Technology
	239	Technology
	219	Technology
	218	Technology

Thailand

Market CAP Industry

	32	Petroleum
	27	Airports
	18	Convenience stores
	17	Communication
	13	Building Mat
	11	Petroleum & Gas
	11	Utilities
	10	Hospitals
	8	Agricultural & Livestock
	8	Banking

ที่มา: Bloomberg, KKP Research (Unit: USD bn, as of September 2020)



Source: Bloomberg, KKP Research

Digitalisation: Faster and deeper

81% of Thai youths **increased usage** of at least one digital tool during COVID-19

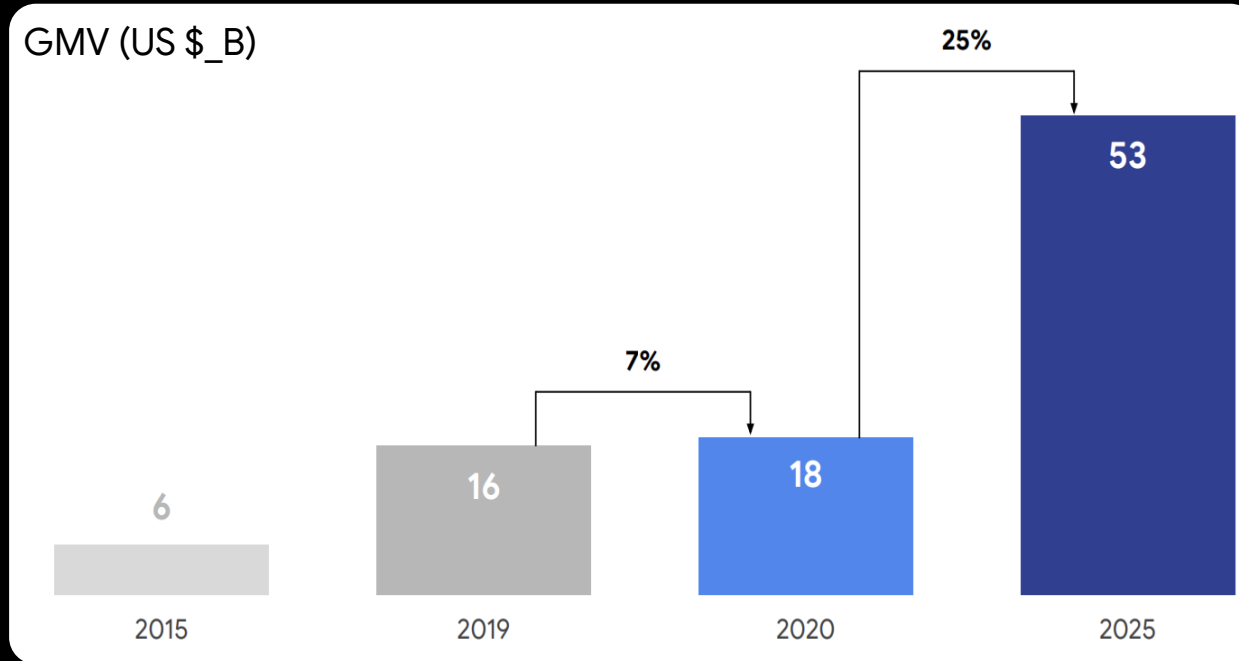
41% of Thai youths picked up at least **one new digital tool** during COVID-19

>60% will **permanently increase** their usage of social media, e-banking, e-commerce and food delivery



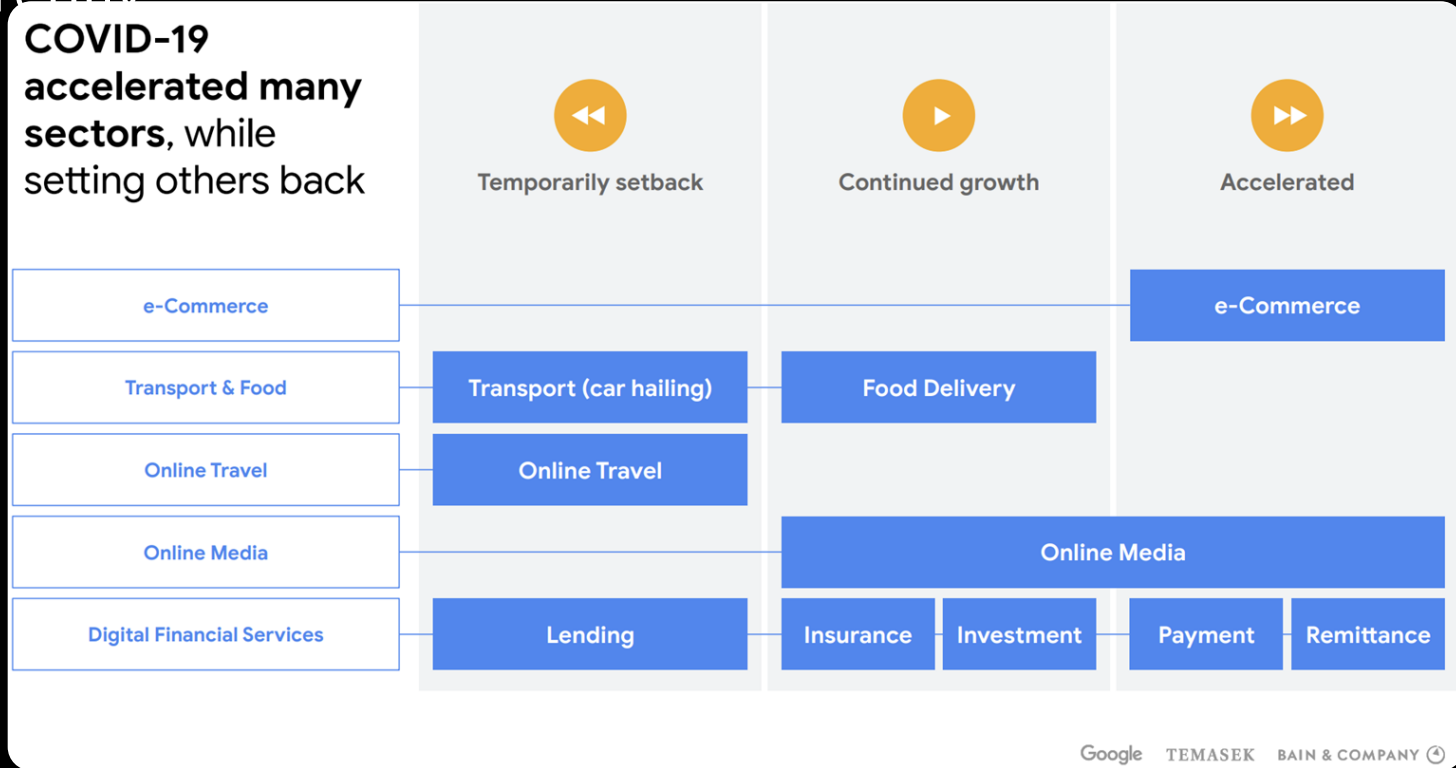
Thailand's digital economy still has a lot more room to grow

Internet e-Conomy



Source: Google, Temasek & Bain, e-conomy SEA 2020 Report

But the pandemic also impacted various digital sectors differently



Source: Google, Temasek & Bain, e-conomy SEA 2020 Report

**How do we leverage digitalisation to
support the real economy?**

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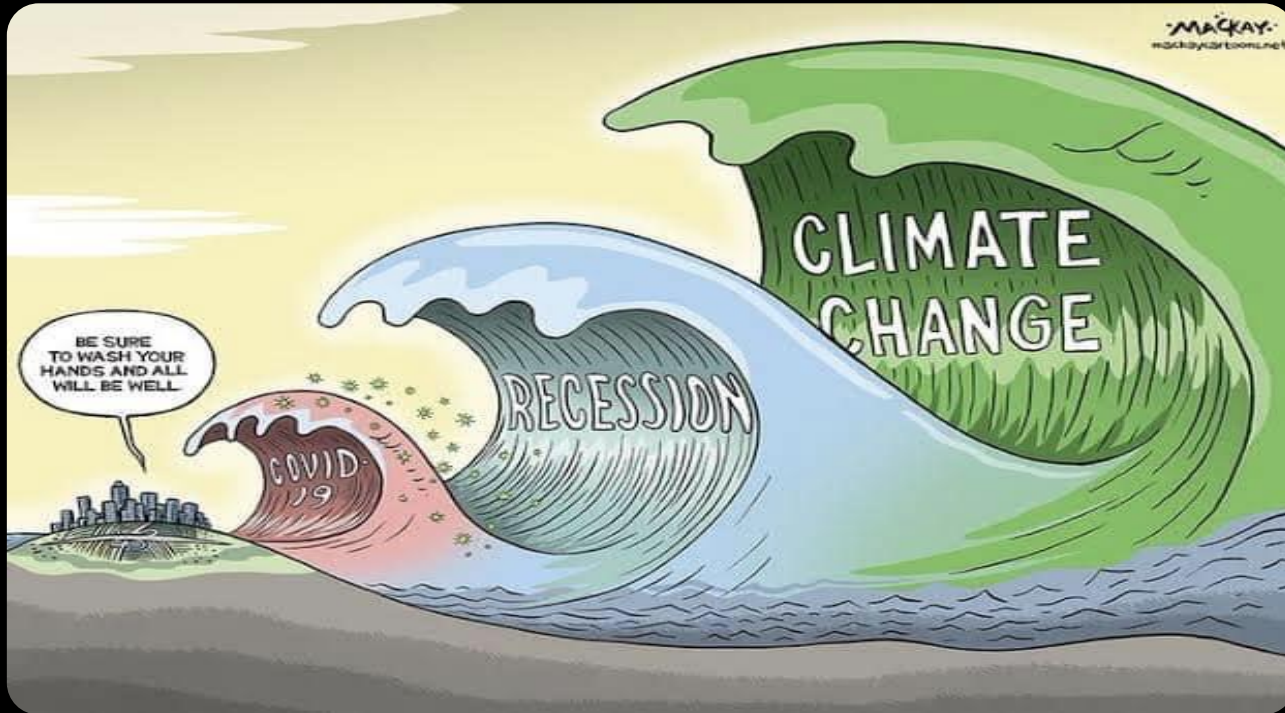
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Spotlight on the environmental concerns



Source: Munich Re (2020)

Investment community's focus on sustainability on the rise

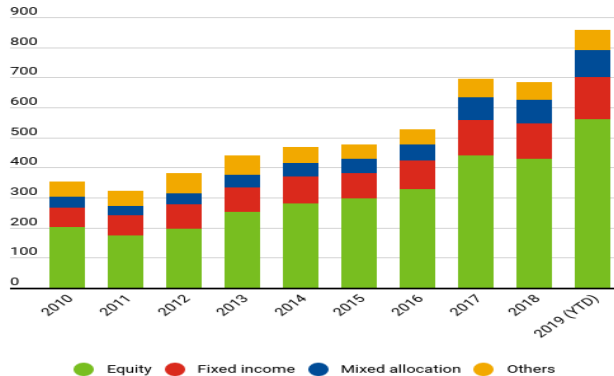
BlackRock CEO Larry Fink: Sustainability Is Becoming Mainstream

2020 has brought about obstacles, but nimble advisors will prevail by finding new opportunities.

Growing interest

Interest in sustainable investing is growing, with the largest share of investment allocated to equities.

(billions of US dollars)



\$30.7 trn

Global assets under responsible investment at the beginning of 2018

\$3 trn (2016–2030)

Green finance opportunity in ASEAN

Source: Bloomberg Finance and IMF calculations (2019); ADB Green Finance Strategies for Post Covid-19 Economic Recovery in Southeast Asia (2020)

Post covid-19 Green Recovery Movement

Green Recovery

EU

\$847b

Next Generation EU Recovery Fund and Just Transition Fund for climate action

Korea

\$62b

Digital New Deal and a Green New Deal to boost job creation

Thailand's Sustainability Bond



First-of-a-kind issuance by a sovereign in Southeast Asia

THB30b bond will be used to finance green infrastructure and social impact projects

Source: AIIB The Wave of Covid Bonds (2020), ADB Green Finance Strategies for Post Covid-19 Economic Recovery in Southeast Asia (2020), ADB (2020)

Capital Market Policies in the “New Normal”

Competitiveness - Finding the new growth engines

Leveraging the digital economy & incubating Thai startups



Equality - Opportunities for the underserved

Empower the underserved borrowers and savers

Borrowers

Information based Financing

- Digital lending
- Crowdfunding (equity, debt)
- Digital assets



CAPITAL
MARKETS



Savers

Easier access to existing financial assets

- Discount brokers



Anyone can become smart investor

- Robo advisor



Turning assets into tradable financial assets

- Fractionalisation/
Tokenization



Sustainability - banking on green recovery

Green finance hub for CLMV?

“Our vision is for Singapore to be the leading centre for Green Finance in Asia”
- Mr. Ravi Menon, MAS October 2020



Monetary Authority
of Singapore



Resilience - Capital market as shock absorber

Resilience

**to shift in economic
power**

Stronger linkage with Asian
markets

**to overcome natural
disasters**

Environmental Risk
Management Guidelines

Insurance-related products
(e.g . Catastrophe bonds)

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Thank you!

Cảm ơn bạn

Salamat

ขอบคุณ

謝謝

Terima kasih