

The Thai Bond Market Association

Press Release

Thai Bond Market Summary for 2022

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As COVID-19 situation in Thailand has been continuously resolved in 2022, Thai economy has been recovering along with less aggressive policy rate hikes. Thai corporates was in high demand in issuing bonds to lock financial cost and prepare for economic recovery. The issuance value of long-term corporate bond had reached a new all-time high at THB 1.27 trillion. There were 30 newcomers from 15 business sectors who first issued bonds in 2022. Foreign investors were net buyers of THB 46,611 million in 2022, adding to their holdings of Thai bonds at THB 1.07 trillion.

Dr. Somjin Sompaisam, Managing Director of Thai Bond Market Association (ThaiBMA) said that Thai Bond Market in 2022 grew remarkably with 5 key highlights. 1) Long-Term corporate bond issuance reached a new all-time high at THB 1.27 trillion. It was the third consecutive year the issuance exceeded THB 1 trillion. 2) ESG Bonds (Environmental, Social and Governance) issuance increased 21% yoy in 2022. The total issuance value was at THB 210,994 million bringing the outstanding value of ESG bonds at the end of 2022 to THB 501,990 million, 66% increase from the end of 2021. 3) In 2022, there were 11 issues from 8 issuers offering digital bonds on “Pao Tang” application with a total value of THB 29,074 million. 4) Another 5 securities companies have entered into fixed income business. 5) “Mebond”, a mobile application developed by ThaiBMA, continued to gain popularity among bond investors with more than 35,000 downloads in 2022, an increase of more than 23,000 downloads from 2021.

Long-term corporate bond issuance in 2022 was at THB 1.27 trillion, an 21% increase from prior year. The increase was from investment grade and high yield including non-rated bonds due to high demand of the Thai corporates in issuing bonds to prepare for the reopening activities and expansion. There were 30 newcomers from 15 sectors who first issued corporate bonds. The top 5 sectors that issued corporate bonds were Energy & Utilities, Property Development, Finance & Securities, Petrochemicals & Chemicals, and Information & Communication Technology.

Total outstanding of Thai Bond Market at the end of 2022 was at THB 15.78 trillion, an 5.3% increase from 2021. The increase was from government bonds and corporate bonds that grew 14% and 9% which resulting in outstanding value at THB 7.77 trillion and THB 4.57 trillion respectively.

Fund flow from foreign investors in 2022, there was net buy from foreign investors in the first quarter before net selling in the second and third quarters. Then, there was net buy again in the fourth quarter. The total fund flow from foreign investors for the year of 2022 was at THB 46,611 million. The total foreign investors holding in Thai bonds was at THB 1.07 trillion which accounted for 6.8% of the Thai bond market outstanding value. The average time to maturity of bonds held by foreign investors was at 7.96 years.

Thai government bond yield curve in 2022 rose across all maturities, in line with Fed's policy rate hikes to control inflation and the increase of Thailand policy rate which had been raised 3 times, a total of 0.75% to 1.25%. 2-year Thai government bond yield rose 0.97% from the end of 2021 to 1.63% at the end of 2022 and 10-year bond yield rose 0.74% to 2.64% at the end of 2022.

5-year Corporate bond yield curve for every credit rating rose in 2022, in line with the increase in Thai government bond yield. As a result, the 5-year corporate bond yield of all credit rating increased by an average of 59 bps. At the end of 2022, 5-year AAA rated yield rose to 2.72%, AA 3.25%, BBB+ 4.31% and BBB 5.03%.

Dr. Somjin Sornpaisarn, Managing Director of Thai Bond Market Association (ThaiBMA) expects more than THB 1 trillion of long-term corporate bond to be issued in 2023 as continuing demand from last year to issue corporate bonds. Also, interest rate survey of market participants expects that the MPC will raise the policy rate 2-3 times in 2023 to a range of 1.75-2.00%. As for 5-year and 10 year bond yield, the survey expects the yields to rise slightly in a range of 20-30 bps from the end of 2022. 🍊



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