

## Get to Know New Retail Investors in the Thai Capital Market

### Executive Summary

- As high as 151,653 new retail investors started trading stocks for the first time during the first four months of 2021. This is over double the total number of the previous full year and about 20% of all retail investors traded this year. Generation (Gen) Y investors were the most active, accounting for 61% of all new retail investors and 54% of total trading value by new retail investors. For the first time, Gen Y investors accounted for more than half of new retail trading value in 2021.
- In terms of investment behavior, half of all new retail investors this year were classified in the Fundamental Group, mostly trading large fundamental stocks or high-dividend stocks. Three out of every four investors were found to be small investors group, with monthly transactions of less than 100,000 baht on average. In addition, risk tolerance reflected by the stocks chosen to trade and trading size of new retail investors are consistent with each generation's life cycle.
- Almost all new retail investors prefer the Internet as a trading channel because of its convenience and flexibility. Even the elderly people are beginning to use it in greater numbers.
- Although some of new retail investors during the past five years stopped trading, more than half of them learned about stock market conditions and stock investments and continue to trade in the long run.

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# Who are the New Retail Investors and What Roles They Play?

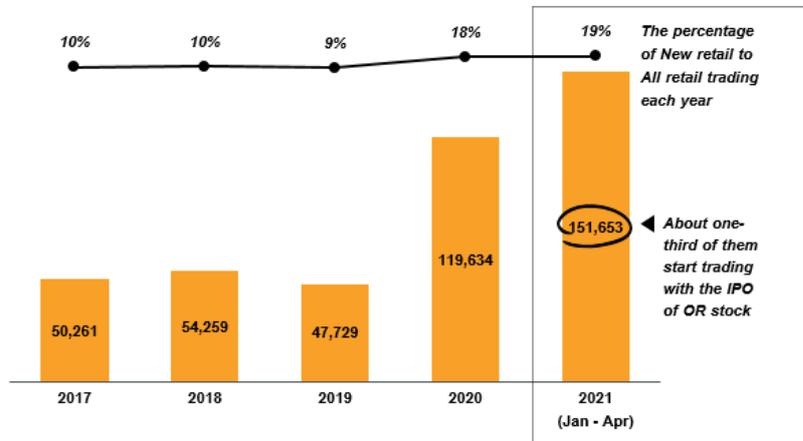
As of the end of April 2021, the Thai stock market had 4.38 million stock trading accounts, or 1.84 million retail investors, with 0.82 million of those having trades in the first four months of this year. Their daily average trading value was 46,394 million baht or roughly half of the total trading value.

Between January and April 2021, 151,653 new retail investors began trading for the first time, more than doubling the number from the previous full year. New retail investors made up around 20% of all retail investors trading. It is remarkably seen that one out of every three investors was a new investor who started with an IPO (initial public offering) of OR stock. Its stock distribution model aimed to reach a large coverage of investors by limiting number of shares per IPO investor. (Figure 1)

Generation (Gen) Y has accounted for the majority of new retail investors in the previous five years, accounting for about 60% of all new retail investors. In terms of trading value, it was also revealed that the majority of them are from Gen Y and Gen X. For the first time, Gen Y investors accounted for more than half of all new retail trading value in 2021. (Figure 2-3, Box 1)

Figure 1: A Number of new retail investors began trading during 2017 - April 2021

Unit: Persons



Note : \* New Investors definition "Retail investor who open the stock trading account by that year and never had account before"

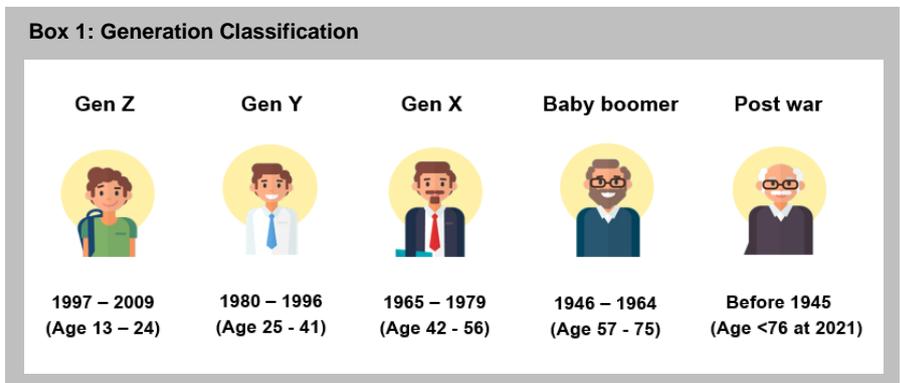


Figure 2: A number of new retail investors by generation

Unit: Persons

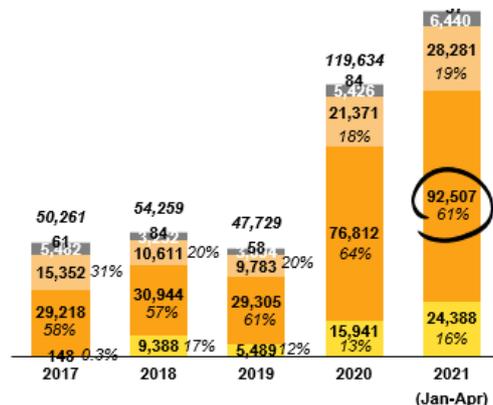
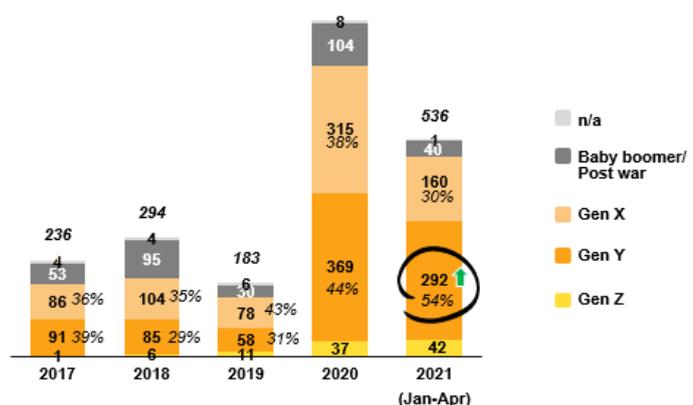


Figure 3: New retail trading value by generation

Unit: THB million per day



# The Behavior of New Retail Investors and Stocks in Radar

Half of the new retail investors in 2021 were classified in the Fundamental Group, mostly trading large fundamental stocks or stocks with high dividend yields. The risk exposure and investment selection behavior were consistent with each generation's life cycle. The more they become older, the more major fundamental stocks they will trade. In contrast, the younger generation is more inclined to diversify into small-cap stocks outside of the SET100 and mai. (Figure 4-5, Box 2)

In terms of new retail investor trading value, it was revealed that a small investor group, who traded on average less than 100,000 baht per month, had expanded their proportion over the past 5 years (except in 2020, when the SET index has been plunged due to COVID, thus motivating all types of investors to trade and collect more stocks, resulting in higher trading value). From January to April 2021, this group of investors accounted for three-quarters of all new retail investors. Because of their age-related savings cycle, the younger generation is more likely to have a higher number of small investors. (Figure 6-7).

Figure 4: Proportion of new retail investors, by generation and retail segment in 2021Q1

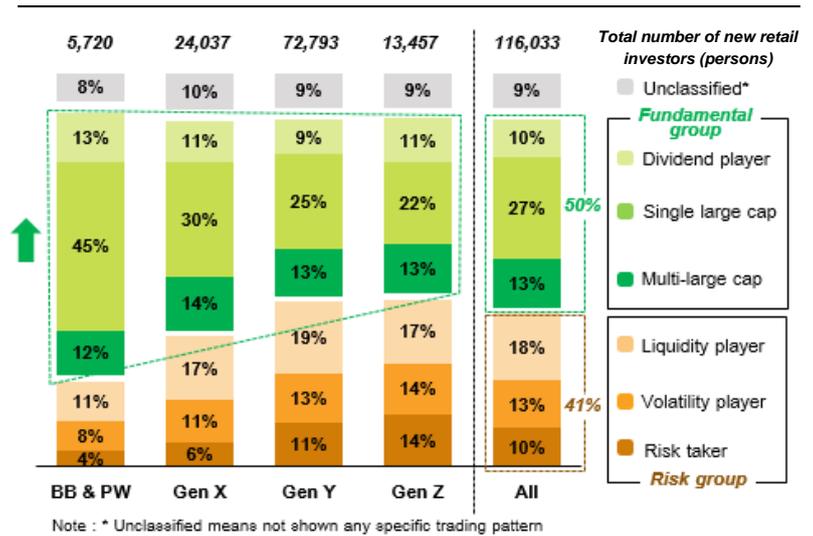
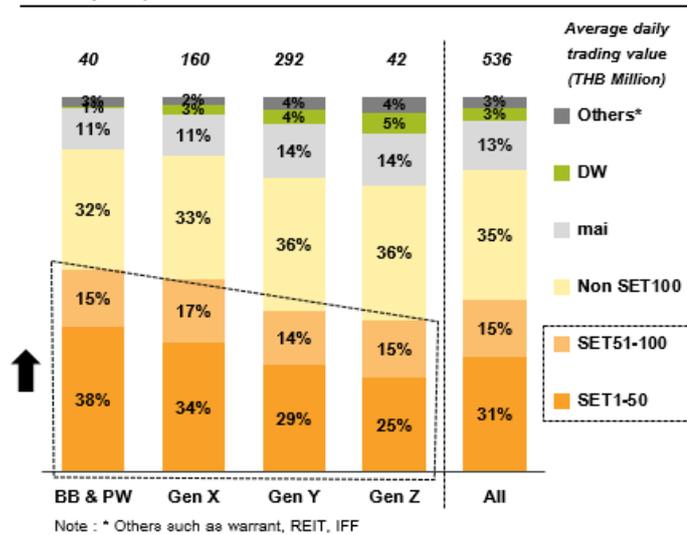
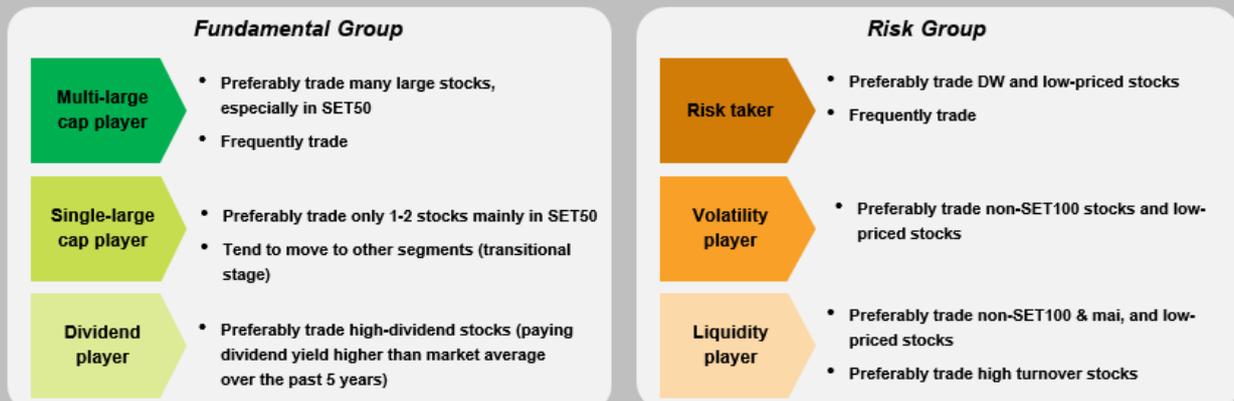


Figure 5: Proportion of new retail investors by asset class during January – April 2021



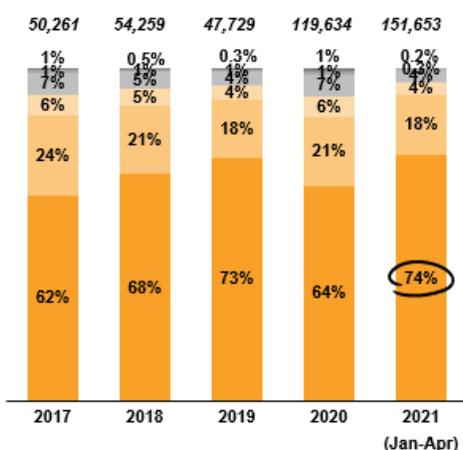
## Box 2: Retail segment in the Thai Capital Market

- The presence of a diverse group of retail investors is one of the unique advantages of the Thai stock market. This increases market liquidity by attracting a diverse range of counterparties. Retail investors can be classified into six segments based on their stock trading behaviors and preference, as follows:



**Figure 6: Proportion of new retail investors, by monthly average trading value per investor**

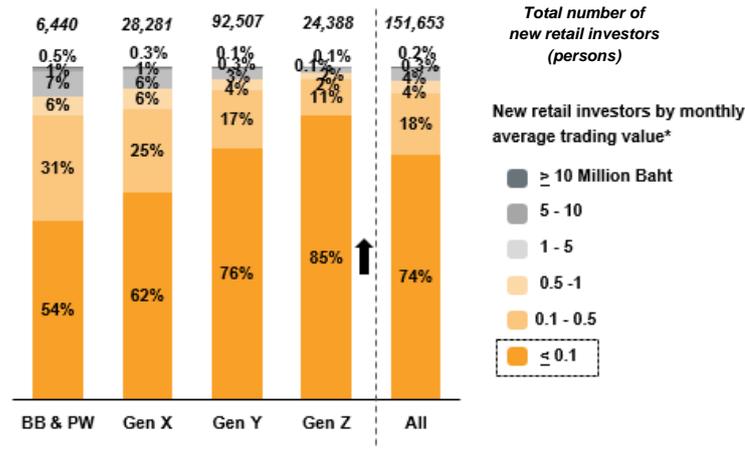
Unit: %



Note: \*Calculated only the months in which an individual investor has transactions (on a monthly basis).

**Figure 7: Proportion of new retail investors, by generation and monthly average trading value per investor in 2021 (Jan-Apr)**

Unit: %



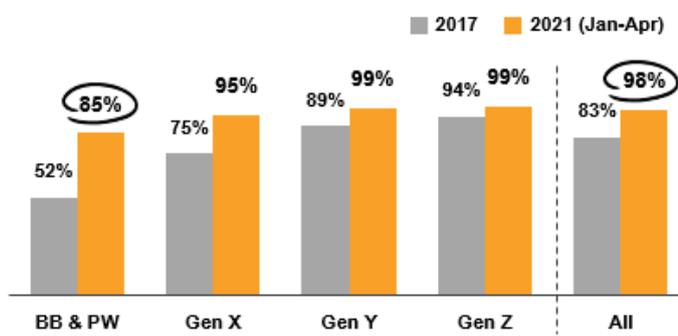
**Total number of new retail investors (persons)**

**New retail investors by monthly average trading value\***

- ≥ 10 Million Baht
- 5 - 10
- 1 - 5
- 0.5 - 1
- 0.1 - 0.5
- ≤ 0.1

With the most flexibility to trade anywhere, at any time, of Internet trading, it was discovered that as high as 98 percent or almost all of new retail investors traded via the Internet only. Even among the elder generations, such as the Baby Boomers and the Postwar Generation, up to 85 percent of them used the Internet solely to place orders (Figure 8).

**Figure 8: Proportion of new retail investors trading solely via the Internet, by generation**



Over the past five years, approximately one out of every five new retail investors discontinued trading in the second year. However, more than half of the investors have learned about the stock market and investment conditions, and believe it has long-term growth potential and continue trading.

**Figure 9: Proportion of yearly new retail investors and their continued trading behavior**

Year that retail investor start trading	% new retail investors continuing trading yearly				
	2017	2018	2019	2020	2021 (Jan - Apr)
2017 (50,261 persons)	100%	78%	61%	55% <i>Long-term active investor</i>	52%
2018 (54,259 persons)		100%	76%	65%	58%
2019 (47,729 persons)			100%	77%	66%
2020 (119,634 persons)				100%	84%