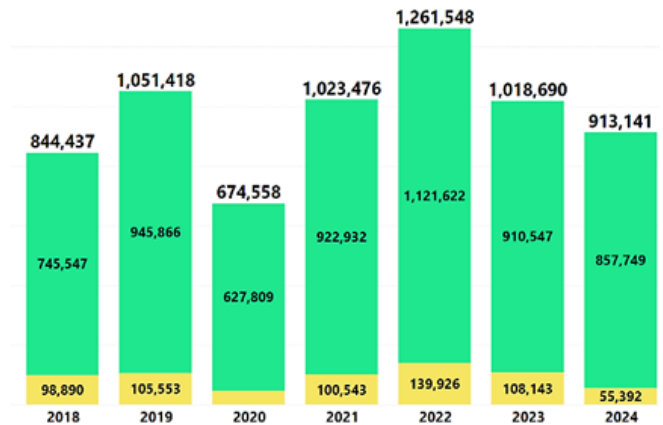


# 2024 Bond Market Highlights

## 1. Long-term corporate bond

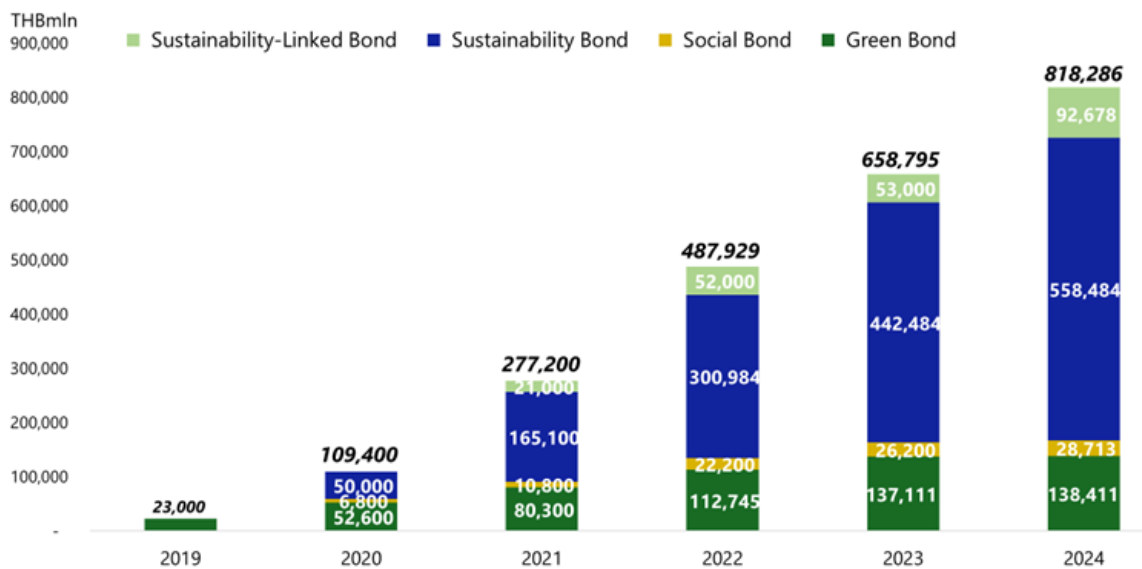
In 2024, Long-term corporate bond issuance totaled THB 913 billion, 10% decline from last year. Of this, 94% were investment-grade, while the remaining 6% were high-yield.



## 2. ESG bonds

In 2024, ESG bond issuance totaled THB 176 billion. This year, the Public Debt Management Office (PDMO), under Thailand’s Ministry of Finance, issued the first sovereign Sustainability-Linked Bond (SLB) worth THB 30 billion—the first SLB issued by a government in Asia.

The total outstanding of ESG bonds (Environment, Social and Governance) reached THB 818 billion, increasing by 24% from 2023. The growth was largely driven by the MOF’s sustainability bond, which accounted for THB 482 billion out of the total sustainability bond of THB 558 billion. At the end of 2024, ESG bonds made up 4.8% of the total Thai bond market, reflecting an increase from 2023 and highlighting the continued expansion of ESG bonds in Thailand.



## 3. Policy rate

In October, The Bank of Thailand (BOT) unexpectedly cut interest rate by 25 bps from 2.50% to 2.25%, marking its first reduction in four years. This decision aligned with the economic growth and inflation outlook while supporting the government’s ongoing efforts to stimulate the economy. Previously, the rate had been maintained at 2.50% since September 2023.

# 2024 Thai Bond Market Review

## Outstanding Value

At the end of 2024, total outstanding value of Thai bond market reached THB 17.11 trillion, 3.6% increase from the previous year. Government bonds held the largest share at 53%. Corporate bonds and Bank of Thailand (BOT) bonds made up 26% and 14%, respectively, followed by State-Owned Enterprise (SOE) bonds at 6% and foreign bonds at 1%.

Classified by types of bonds, government bond outstanding grew 8.37%, while BOT bond outstanding rose by 4.71%. In contrast, corporate bond outstanding declined by 4.23% from last year to the outstanding value of THB 4.55 trillion (See Figure 2)



Figure 1: Outstanding Value of Thai Bond Market  
(Unit: THB trillion)

Type	2023	2024	Growth(%)
Government Bond	8,399,956	9,103,432	↑ 8.37%
Corporate Bond	4,753,851	4,552,602	↓ -4.23%
Bank of Thailand Bond	2,230,610	2,335,758	↑ 4.71%
State Owned Enterprise Bond	1,046,202	1,050,167	↑ 0.38%
BAHT Bond	82,739	69,881	↓ -15.54%
<b>Total</b>	<b>16,513,358</b>	<b>17,111,840</b>	<b>↑ 3.62%</b>

Figure 2: Outstanding Value by Types of Bonds  
(Unit: THB million)

Classified by sector, long-term corporate bond outstanding value was at THB 4.41 trillion, which accounted for 95% of the total outstanding value of corporate bond. The five largest business sectors -Energy, Finance (non-bank), Property, Commerce, and ICT, accounted for 61% of the total.

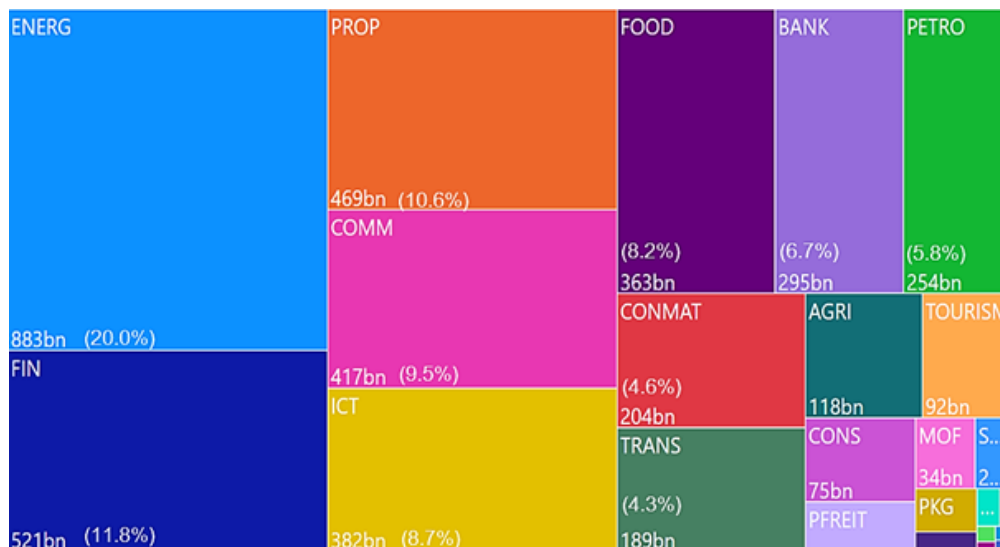


Figure 3: Long-Term Corporate Bond Outstanding Value Classified by Sector

# 2024 Thai Bond Market Review

## Trading Value

**Daily average trading value in 2024 was THB 79 billion, rose by 21.54% from THB 65 billion** in the previous year. This growth was primarily driven by trading in BOT bonds and government bonds, which together accounted for 91% of total daily trading activity. BOT bonds, issued by the Bank of Thailand as a key monetary policy instrument to manage market liquidity, remained the most traded instrument, with a daily average trading value of THB 41 billion. In 2024, BOT increased the minimum auction sizes for 3-month and 1-year BOT bills, as demand for short-term bonds has returned to normal levels. Following the COVID-19 outbreak, these minimum auction sizes were reduced to provide greater flexibility in adjusting BOT bill issuance in response to changes in investor demand and government financing plans. The second most traded bond was government bond with a daily average trading of THB 31 billion (See Figure 4). Meanwhile, the average daily trading value of corporate bonds was THB 6.1 billion, slightly higher than last year. (See Figure 5).

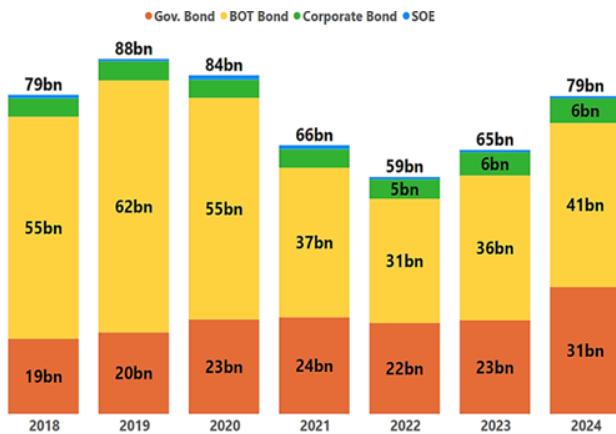


Figure 4: Average Daily Trading Value in Thai bond market (Unit: THB billion)

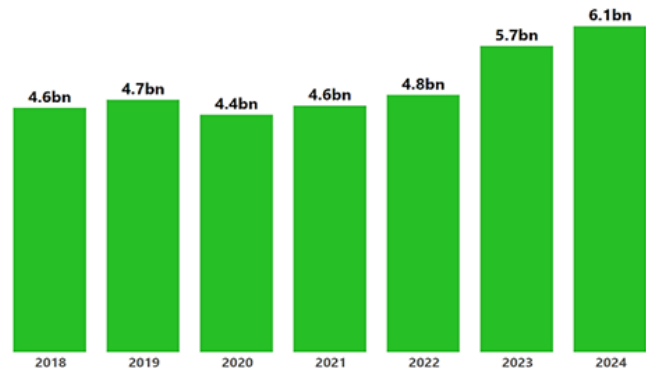


Figure 5: Average Daily Trading Value of Corporate Bond (Unit: THB billion)

## Bond Issuance

The issuance of both government bonds and State-Owned Enterprise bonds in 2024 increased by 14.87% and 10.55% respectively, compared to the previous year. In contrast, BOT bond and Long-term corporate bond issuance declined by 2.50% and 9.28% respectively. Total long-term corporate bond issuance in 2024 amounted to THB 913 billion, with 94% classified as investment-grade. The top five sectors issuing corporate bonds were Finance, Property, Energy, Banking and ICT.

Type	2023	2024	Growth(%)
Government Bond	2,159,686	2,480,924	↑ 14.87%
Treasury Bill	950,000	991,521	↑ 4.37%
Government Bond	1,209,686	1,489,403	↑ 23.12%
Bank of Thailand Bond	4,636,515	4,520,529	↓ -2.50%
Central Bank Bill	4,322,941	4,285,710	↓ -0.86%
State Agency Bond	313,574	234,819	↓ -25.12%
State Owned Enterprise Bond	106,265	117,475	↑ 10.55%
Corporate Bond	2,047,636	1,650,705	↓ -19.38%
Commercial Paper	1,041,108	737,564	↓ -29.16%
Long-Term Corporate Bond	1,006,528	913,141	↓ -9.28%
BAHT Bond	12,162	-	↓ -100.00%
Total	8,962,264	8,769,633	↓ -2.15%

Figure 6: Bond Issuance (Unit: THB million)

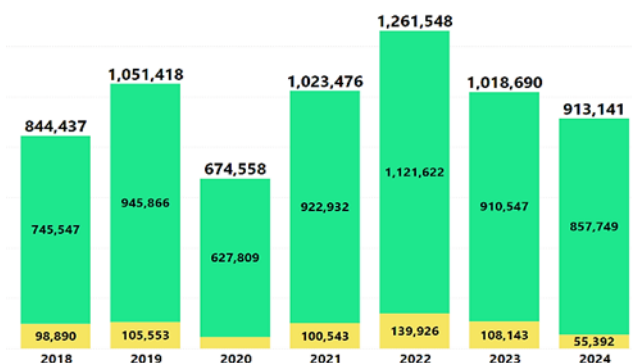


Figure 7: Long-Term Corporate Bond Issuance (Unit: THB million)

# 2024 Thai Bond Market Review

## ESG bond

In 2024, total ESG bond issuance reached THB 176 billion, highlighting the continued growth of sustainable finance. The Ministry of Finance (MOF) continued to play a pivotal role as the primary issuer, contributing over half of the total issuance at THB 100 billion.

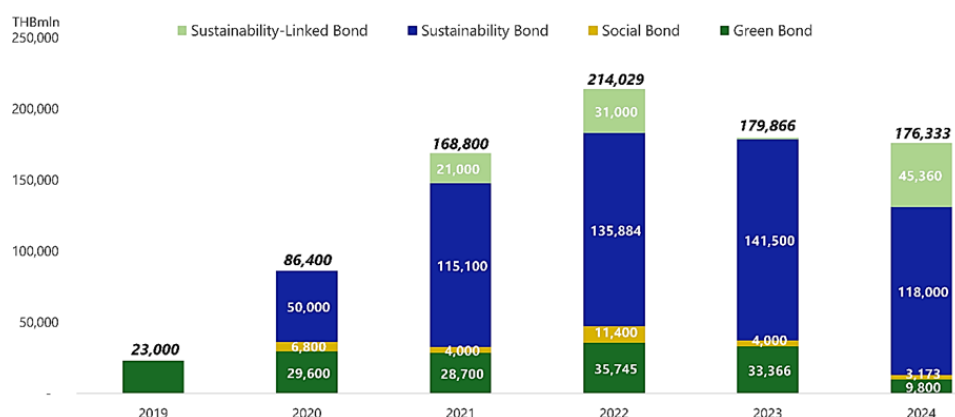


Figure 8: ESG Bond Issuance (Unit: THB million)

In 2024, numerous ESG bond issuers emerged from both government and corporate sectors. Four ESG bond issuers from the government sector included Ministry of Finance, the Export-Import Bank of Thailand (EXIM), Government Housing Bank (GHB), and Provincial Electricity Authority (PEA) with PEA being a newcomer. PEA issued a sustainability bond to finance two key projects: the submarine cable extension to Koh Tao, and Microgrid Development at Phaluai island, both in Surat Thani province. These projects aim to enhance resilience and adaptation to climate change by focusing on the production, transmission, and distribution of renewable and sustainable energy solutions, ultimately reducing resource vulnerability and promoting long-term energy sustainability.

From the corporate sector, there was an expansion in ESG bond participation, with a total of 11 issuers (See Figure 9). Among them, there were five newcomers: Minor International PCL. (MINT), Precious Shipping PCL. (PSL), CIMB Thai Bank PCL. (CIMBT), Advanced Info Service PCL. (ADVANC), and Central Plaza Hotel PCL. (CENTEL). MINT, PSL and CENTEL issued sustainability-link bond (SLB) with Key Performance Indicators (KPIs) focused on reducing greenhouse gas (GHG) emissions. CIMBT issued a green bond to finance its existing eligible green projects, with proceeds directed towards eligible transition activities. ADVANC issued a sustainability bond to invest in green and social projects.

Most ESG corporate bond issuances in 2024 focused on energy efficiency and reducing GHG emission. The growing number of corporate ESG bond issuers reflects a growing recognition of sustainability as a strategic priority for businesses in Thailand. It also highlights the country's progress in integrating environmental, social, and governance (ESG) principles into its financial markets, paving the way for a more sustainable and resilient economy.

In February 2024, the Thailand Taxonomy Board launched Phase II of the Thailand Taxonomy, expanding its scope beyond energy and transportation to other key economic sectors including manufacturing, agriculture, waste management, construction and real estate. Like Phase I, this phase remained focused on climate change mitigation. The criteria development will be tailored to the national context while ensuring alignment with global standards for seamless integration.

# 2024 Thai Bond Market Review

Another key driver of ESG bond growth is the continuity of Thai ESG funds, which provide tax benefits to retail investors. Following the launch of Thai ESG funds in late 2023, regulatory revisions have encouraged greater investor participation by broadening investment eligibility and increasing allocation limits. Investments in Thai ESG funds are eligible for a tax deduction of up to 30% of individual assessable income, with a maximum limit of THB 300,000 per person per year. Additionally, the investment units must be held for a minimum of five years from the date of purchase.

By the end of 2024, the Net Asset Value (NAV) of THAI ESG Funds amounted to THB 29,596 million. Among them, the ESG Bond Fund amounted to THB 13,969 million, accounting for 47.2% of total THAI ESG Funds.

	Green	Social	Sustainability	SLB
Government sector	EXIM 3,000		MOF 70,000 PEA 1,000 GHB 10,000	MOF 30,000
Corporate sector	RATCH 4,000 CIMBT 2,000 WHAUP 800	TFG 2,173 TLT 1,000	ADVANC 25,000 BEM 12,000	CENTEL 1,000 CPN 8,000 MINT 5,000 PSL 1,360
<b>Total</b>	<b>9,800</b>	<b>3,173</b>	<b>118,000</b>	<b>45,360</b>
<b>Grand total</b>				<b>176,333</b>

Figure 9: ESG Bond Issuers in 2024 (Unit: THB million)

At the end of 2024, the total outstanding value of ESG bonds was THB 818,286 million, accounting for 4.8% of the total outstanding value of Thai bond market. Of this, 70% were issued by the government sector and the remaining 30% were issued by the corporate sector. The government remained the largest issuers of ESG bonds. The outstanding value of corporate ESG bonds totaled THB 243,386 million, representing 5.5% of the total outstanding value of long-term corporate bonds. (See Figure 10)

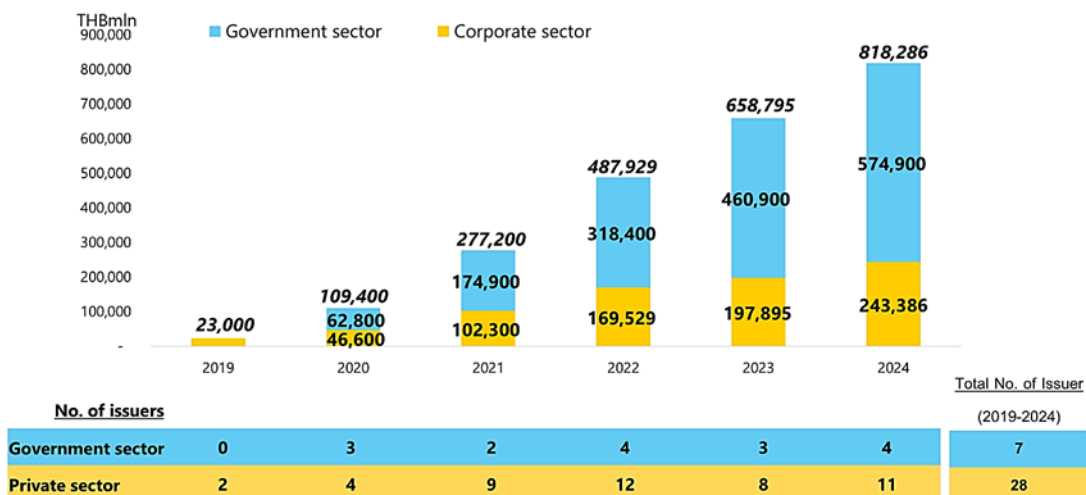


Figure 10: ESG Bond Issuance classified by sectors (Unit: THB million)



# 2024 Thai Bond Market Review

## Holders of Government bonds and Bank of Thailand bonds

(as of Q3 2024)

Holders of government bonds were mainly institutional investors. Banks (25.83%), long-term contractual funds (23.07%) and insurance companies (20.92% of total) were the top three holders of government bonds. Foreign investors held a proportion at 10.09%, whereas individual investors accounted for only 6.02% of the total, mostly in saving bonds. (See Figure 11)

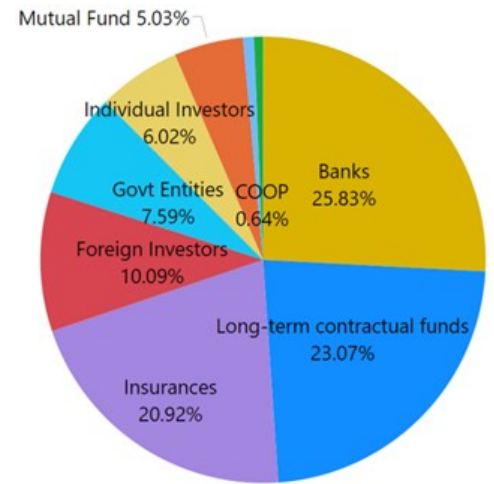


Figure 11: Holders of Government Bond

Mutual funds and banks were the two largest holders of BOT bonds, accounting for 40.21% and 38.38% of the total respectively. Long-term contractual funds ranked third, holding 11.59%. (See Figure 12)

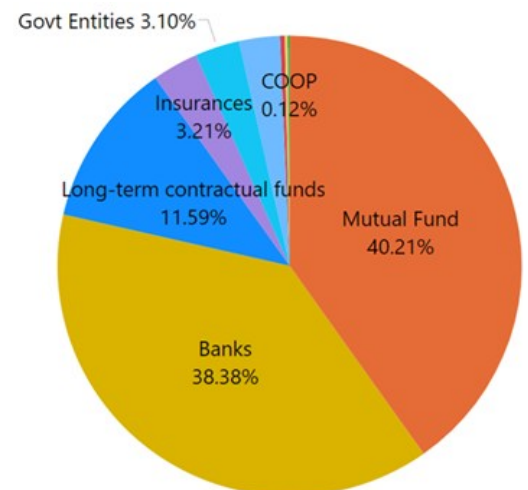


Figure 12: Holders of Bank of Thailand Bond

## Holders of Corporate bonds (as of Q3 2024)

The main holders of corporate bonds were individual investors, who hold 39.43% of the market. Insurance companies and long-term contractual funds followed, with holdings of 15.59% and 12.61% respectively. (See Figure 13)

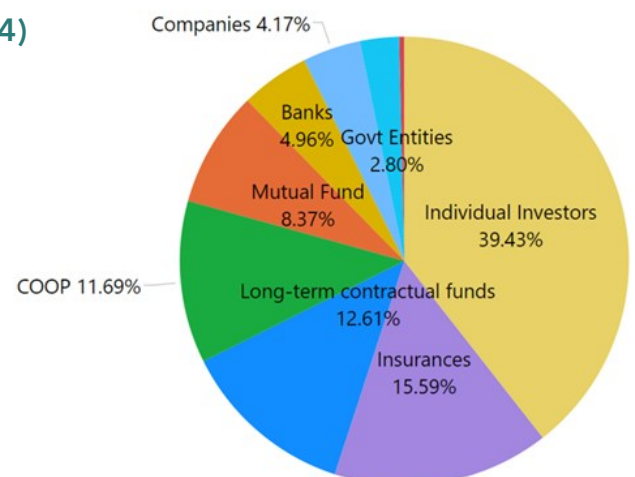


Figure 13: Holders of Corporate Bond

# 2024 Thai Bond Market Review

## Fund Flows of non-resident investors (NR)

Throughout 2024, the Thai bond market experienced considerably volatility in non-resident (NR) investment activity, resulting in an overall net outflow of THB 67.4 billion. In the first quarter, global monetary tightening and persistent high interest rates in developed markets kept the Thai bond market sensitive to uncertainty, leading to net outflows of THB 34.3 billion.

In the second quarter, concerns over the global economic outlook and the U.S. Federal Reserve's (Fed) policy stance further fueled capital flight, with net selling reaching THB 31.2 billion.

However, the third quarter saw a notable shift in sentiment following the Fed's first policy rate cut, lowering the rate from 5.25%-5.50% to 4.75%-5.00%. This policy change resulted in capital reallocation, leading to a resurgence of capital inflows into the Thai bond market, with net inflows of THB 58.6 billion.

Despite this temporary rebound, the last quarter brought renewed challenges. The Fed's continued rate cuts, evolving global economic conditions, and the U.S. election contributed to market uncertainty. Amid shifts in U.S. bond yields and election-related developments, the Thai bond market faced net outflows, with net selling amounting to THB 60.5 billion.

By year-end, the Thai bond market had recorded total net outflows of THB 67.4 billion. A closer examination of market dynamics reveals a divergence between bond segments, with long-term bonds attracting net inflows of THB 26 billion, while short-term bonds faced significant net outflows of THB 93 billion.

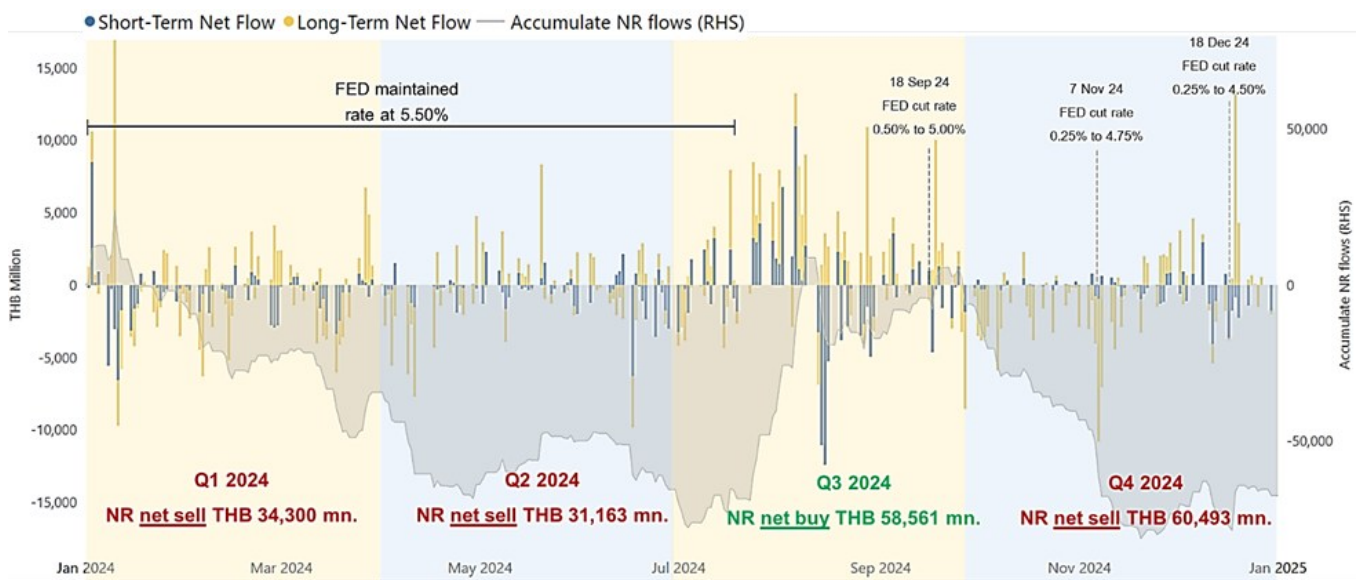


Figure 14: Daily Fund Flow of Thai Bond Market in 2024

# 2024 Thai Bond Market Review

## NR Holding in Thai bonds

At the end of 2024, non-resident (NR) holding in Thai bonds totaled THB 866 billion, accounting for 5% of the total outstanding value. The largest portion of holdings was in government bonds with over 10-year maturity, accounting for 31% of total NR holding. The second largest portion was in government bonds with maturities ranging from 3 to 5 years. There was a significant decline in long-term bond holdings with maturities of 5-10 years, dropping from THB 273 billion at the end of 2023 to THB 183 billion at the end of 2024.

Similarly, short-term bond holdings (with maturities of less than one year) significantly decreased from THB 94 billion at the end of 2023 to THB 40 billion at the end of 2024.

As a result, the average time to maturity of Thai bonds held by non-residents slightly increased from 8.6 years at the end of 2023 to 8.7 years at the end of 2024.

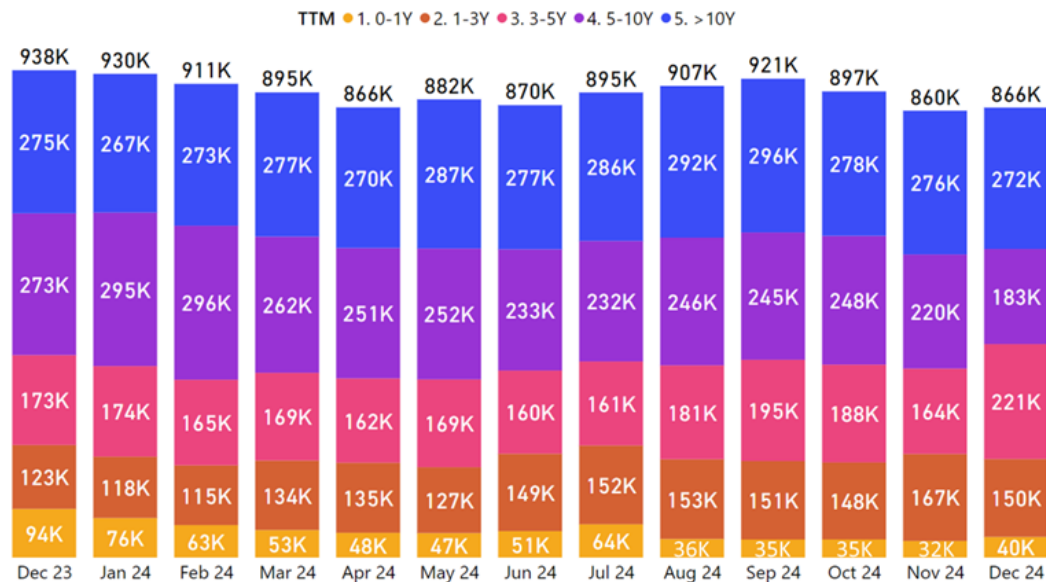


Figure 15: Monthly NR Holdings of Thai Bond in 2024

## Government Bond Yield Movements

After the U.S. Federal Reserve raised the policy rates 4 times in 2023, the Fed cut rate 3 times throughout 2024, bringing the rate down to 4.25%-4.50%. US 10-year bond yields stood at 3.84% in early 2024 and then climbed to 4.55% at the end of 2024. In response, Thailand's policy rate also decreased in 2024, with the Monetary Policy Committee (MPC) unexpectedly reducing its policy rate by 25 bps, from 2.50% to 2.25%, marking the first rate cut in four years.

In 2024, Thailand's government bond yield curve showed a bullish flattening trend. Thai bond yields with maturities longer than one year decreased by approximately 32-40 bps, while short-term bond yield (with maturities of less than one year) slightly decreased.

By the end of 2024, the 2-year Thai bond yield had declined by 32 bps from the end of 2023, reaching 2.02%. This reflects market expectations of monetary easing and slight moderation in short-term inflation outlooks. Similarly, the 10-year Thai bond yield decreased by 40 bps, reaching 2.30% by the end of 2024.



# 2024 Thai Bond Market Review

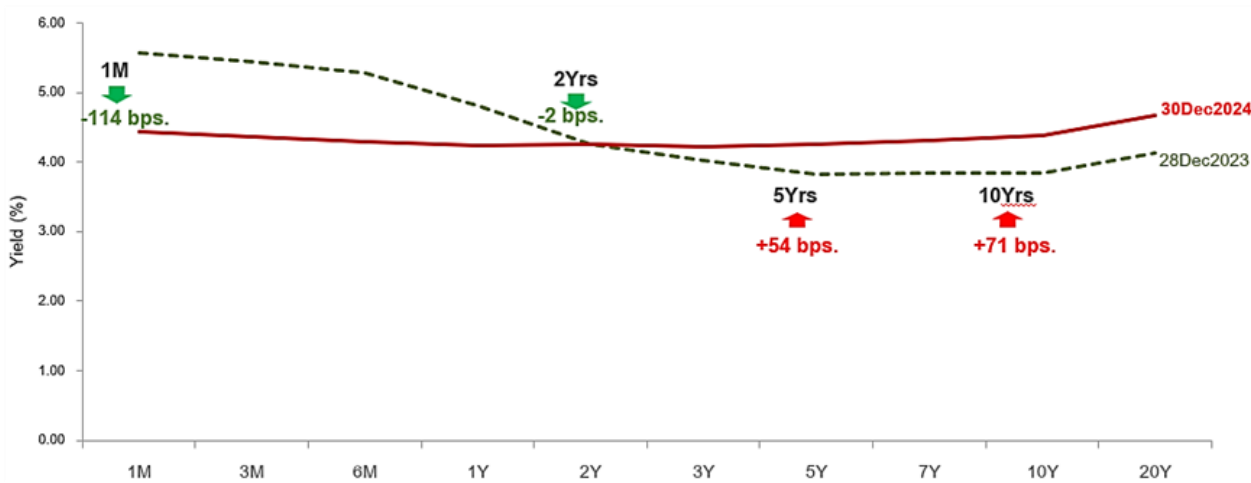


Figure 16: US Government Bond Yield Curve Movement in 2024

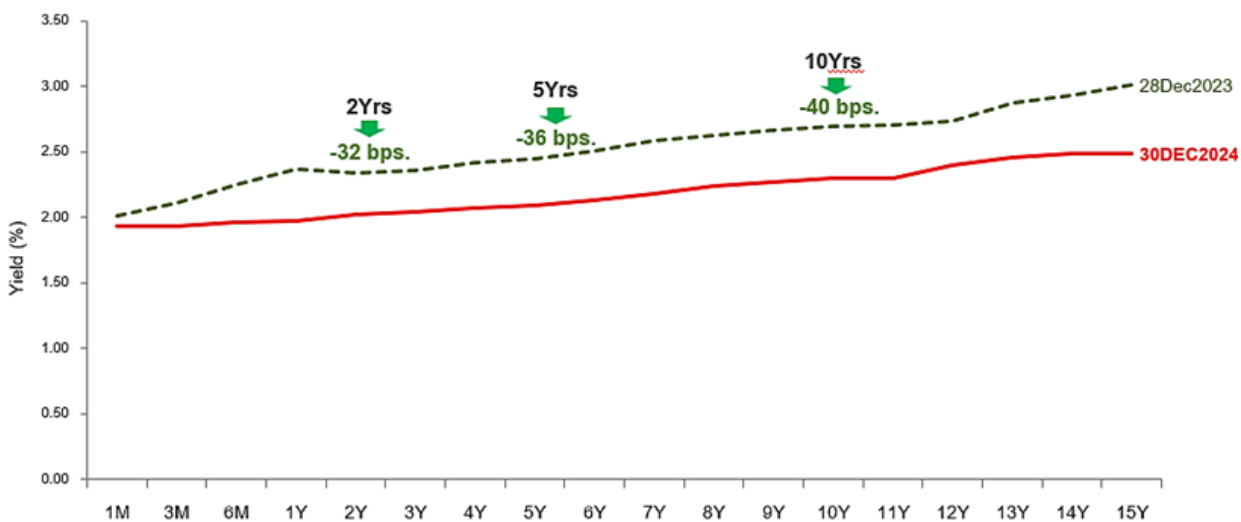


Figure 17: Thai Government Bond Yield Curve Movement in 2024

## Corporate Bond Yields

In 2024, Corporate bond yields, which reflect the borrowing costs of corporations, generally decreased in line with the decline in government bond yields. 5-year corporate bond yield with credit rating group from AAA to A decreased by 30-40 bps at the end of 2024.

- The yield for AAA-rated bonds decreased from 3.11% to 2.81%.
- The yield for AA-rated bonds dropped from 3.32% to 2.99%.
- The yield for A-rated bonds decreased from 3.57% to 3.27%.

However, the credit rating group BBB+ saw a rise in yields, increasing from 4.52% to 4.67%. This rise reflected growing concerns over the creditworthiness of lower-grade bonds, increasing the perceived risk associated with them.

# 2024 Thai Bond Market Review

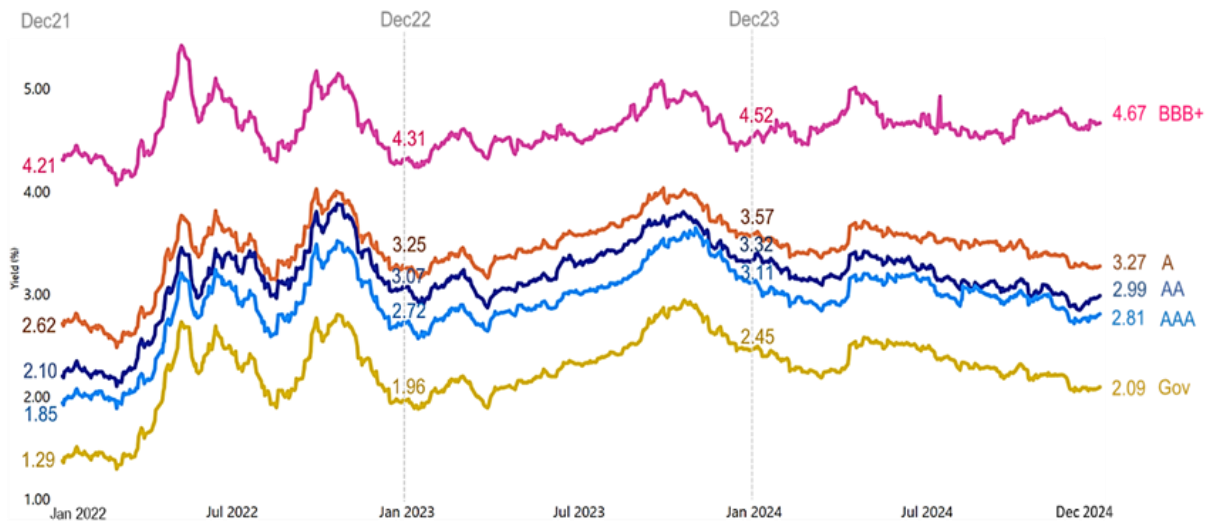


Figure 18: 5-year Corporate Bond Yield Movement in 2024

## Summary

In 2024, the Thai bond market demonstrated resilience amid a rapidly evolving financial landscape, shaped by changing monetary policies and investor sentiment. The MPC implemented a policy rate cut from 2.50% to 2.25%—a strategic move aimed at stimulating economic growth and supporting market liquidity. Despite ongoing global economic uncertainties and fluctuating capital flows, the Thai bond market maintained its stability, driven by a surge in government bond issuance and the growth of ESG bonds. While short-term bonds experienced net outflows, inflows into long-term bonds reflected sustained investor confidence in Thailand’s economic fundamentals. Supported by a robust regulatory framework and sound fiscal policies, the Thai bond market continued to serve as a vital source of funding for both the government and private sectors.