

FETCO Press Release: FETCO Investor Confidence Index

July 2016

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The Federation of Thai Capital Market Organizations (FETCO) has published the Investor Confidence Index (ICI) covering the next three months. The ICI rose by 11.75% but remained in neutral territory. The strength of the domestic economy boosted investor confidence on the Thai stock market, while the political situation and the economic volatility of the Eurozone were factors dampening confidence. Construction Services (CONS) remained the most attractive sector for investment opportunities, while Fashion (FASHION) was the least appealing to investors.

The FETCO Investor Confidence Index was compiled from a survey of retail investors, local institutional investors, and foreign investors with regard to their opinions and levels of confidence for the next three months. Dr. Kanate Wangpaichitr, FETCO President, commented, "Investor confidence improved, and the index remained within neutral territory." Details follow.

- The confidence index for the next three months (through September 2016) remained in neutral territory at 104.46, which represents an increase of 11.75% from last month's 93.48 (the ICI measurement ranges from 0 to 200).
- The ICI for most investors rose, particularly among foreign investors who had a 29% increase in confidence.
- Construction Services (CONS) continued to be the sector most attractive to investors, while Fashion (FASHION) drew the least interest.
- Domestic economic growth had the greatest positive impact on the Thai stock market, while the Thai political situation and the volatility of the Eurozone economic situation were factors dragging down investor confidence.

In addition, the results of the UK referendum to leave the European Union (Brexit) on 23 June directly affected the economic stability of the EU and the world at large. In particular, the impact of increased currency fluctuations resulting from the economic consequences will be passed on to other EU members who are important trading partners of the UK, leading to assets with low risk.

These factors have been advantageous to the Thai stock market, due to the influx of more than THB 253 billion of foreign capital in June. Moreover, Thailand's stock market will begin to more clearly reflect the impact of fundamental influences and of the domestic economic situation. However, investors still need to be aware of the volatility in global financial markets as well as domestic political developments, especially the constitutional referendum in August, which is key to any Thai economic recovery in the second half of 2016.