

"Investors remain confident in the domestic economy while keeping an eye on US interest rates which could affect capital movements. Investor Confidence Index increases marginally while remaining neutral for the fourth month."

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FETCO Investor Confidence Index

Dr. Santi Kiranand, representative of the Federation of Thai Capital Market Organizations (FETCO), had the following comments regarding the monthly FETCO Investor Confidence Index (ICI) for June 2017: "The Investor Confidence Index for the next three months increased slightly and remained in neutral territory. The overall picture for the domestic economy has improved, earnings of listed companies have been favorable as net profits grow, and concerns about international conflicts have lessened. At the same time, investors are watching the direction of US interest rate policy since any changes could affect the volatility of foreign capital. With regard to the Thai stock market, indices have had minimal movement recently." Details follow:

- FETCO Investor Confidence Index (ICI) for the next three months (through August 2017) stood at 101.66 (within the range from 0 to 200), an increase of 0.76% from last month's 100.89, with the index remaining in neutral territory.
- Overall investor confidence rose only slightly. Confidence of local institutional investors and proprietary traders increased marginally while the retail investor ICI trended downward. All three groups remained in neutral territory as in the previous month. Foreign investor confidence was up slightly, remaining bullish.
- The Banking (BANK) sector was again seen as offering the most attractive investments, while Steel (STEEL) remained the least attractive sector to investors.
- Domestic economic growth is the most important factor bolstering the Thai stock market.

- US monetary policy was considered the biggest drag on the Thai stock market.

Dr. Santi continued, "Global stock markets overall have been reflecting more balanced movements. US stock markets have benefited from domestic demand and a normalizing unemployment rate even though some stimulus policies—such as tax cuts and infrastructure investment—have not been approved by Congress. In the meantime, concerns in European stock markets eased after the French presidential election results. In addition, the stock market received encouraging news about OPEC's extension of oil production cuts through March 2018 inasmuch as there will be no significant reduction in output. Meantime, the interest rate policy of the US Federal Reserve's Board of Governors in their meeting for two days ago was 0.25% hike as expected.

"As for domestic factors, economic growth continues to provide strong support to investor confidence and is likely to improve, while government investment policies and support remain important."

Ms. Voravan Tarapoom, FETCO Chairman, said that the Thai economy is slowly recovering in line with the global economy. Thailand's GDP in the first quarter of this year grew by 3.3% compared to Q1 2016 largely due to the positive effect of exports increasing 2.6% in the first quarter of this year compared to the same period last year. Private consumption also improved as a result of increased spending on durable goods as some households gained relief from the burden of debt stemming from the first car program, thereby allowing consumers greater purchasing power. Tourism also showed positive signs of recovery following measures to eliminate zero-dollar tours in 2016.

"Inflation continues to trend upward, primarily due to higher crude oil prices in the world market. Inflation is likely to grow by 1.0% this year, higher than the 0.2% last year. The Bank of Thailand is expected to maintain its interest rate policy at 1.5% throughout the year without

having to cut interest rates to help stimulate economic growth. With these key factors, we are looking at a 3.3% GDP growth rate this year," said Ms. Voravan.

Dr.Kiatipong Ariyapruchya, Senior Economist of World Bank said World Bank forecasts the economic growth in East Asia and Pacific region will increase slowdown 6.2% in 2017 and 6.1% in 2018 due to China's slowdown even though there are positive factors of growth in commodity- exporting countries including continuing recovery growth in Thailand. Moreover, Global Economic Prospects Report, World Bank published June 2017 reveals that Thailand economy will growth 3.2% in 2017 and 3.3% in 2018 with supporting factors from increasing government investment and slow recovery in private consumption.

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