

**“Investor confidence has risen steadily for three months sending the index into bullish territory, but we still need to keep an eye on signs of a FED interest rate hike which could affect capital flows in emerging markets.”**

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FETCO Press Release: FETCO Investor Confidence Index

September 2016

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Voravan Tarapoom, Chairman of the Federation of Thai Capital Market Organizations (FETCO), commented on the release of the Investor Confidence Index (ICI) for September 2016, that “Investor confidence for the next three months rose 9.22%, maintaining the index in bullish territory. The factor boosting investor confidence was the flow of foreign investment capital, despite signs of an interest rate increase by the Federal Reserve (FED) which may affect the overall capital flows of emerging markets.” Details follow.

- The confidence index for the next three months (through November 2016) remained in bullish territory at 140.68, which represented an increase of 9.22% from last month's 128.81 (the ICI ranges from 0 to 200).
- The ICI for all groups of investors remained bullish, with retail investor confidence rising 18.43% while the confidence of the other two investor groups dropped slightly.
- Banking (BANK) was the most attractive sector for investors while Energy & Utilities (ENERG) was the least attractive.
- Capital inflow/outflow was the factor boosting the Thai stock market the most while the uncertain U.S. Federal Reserve (FED) monetary policy was the biggest drag on the market.

Since the beginning of this year, there has been continual capital inflow into emerging markets; in particular, Thailand's stock market has drawn the interest of global investors, leading to the Thai bourse having the most notable growth in ASEAN. But foreign risks still remain, whether the monetary policies of major industrialized nations, uncertainty after the Brexit referendum, or European financial problems. As a result, capital flows and exchange rates will be more volatile, and these can have an impact on the confidence and economic outlooks of Thailand's trading partners. Overall, Thailand's economy continues to recover gradually with the main impetus being government spending. However, exports are likely to shrink in line with Asian economies which are slowing down more than expected.

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