

FETCO Press Release: FETCO Investor Confidence Index

March 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. It indicates an increase in investor sentiment over the past five months, driven by government policies the results of which are becoming clearer. These policies include infrastructure investments and measures to promote small and medium-sized enterprises. Meanwhile, financial policies of the Federal Reserve (Fed) reflect the recovery of the US economy. However, a negative external factor is the slowdown of the Chinese economy, which is happening faster than expected and is putting a damper on the confidence of investors.

The FETCO Investor Confidence Index was compiled from a survey of retail investors as well as local and foreign institutional investors with regard to their opinions and levels of confidence for the next three months. Dr. Kanate Wangpaichitr, President of FETCO, commented, "Investor confidence increased in all three groups, especially among foreign institutional investors. As such, the index was pushed into neutral territory." Details of the ICI follow:

- The confidence index for the next three months (through May 2016) rose into neutral territory, standing at 94.30 and surging 31.15% from last month's 71.90 (the confidence index measurement ranges from 0 to 200).
- The confidence index for all investor groups rose into the neutral range, with foreign institutional investors increasing the most to 100.00.
- The most attractive sector was Banking (BANK), with the Steel sector (STEEL) continuing to be the least attractive for investors.
- Government policies were the positive factor boosting the Thai stock market the most, while the slowdown in Chinese economic growth continued to be a negative drag on the market.

In addition, the growth of the US economy and its recovery have improved over last year, as reflected in the Fed's decision to increase interest rates for the first time in nine years. This boosted the confidence of investors as well. In contrast, the slowdown in the Chinese economy and the continued low prices for crude oil were of great concern to investors owing to their impacts on related industries and the resulting volatility of the financial sector with fluctuations in global capital flows.

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