

**“Investor confidence rises slightly but index remains neutral as international conditions
continue to impact global financial markets in 2017”**

FETCO Press Release: FETCO Investor Confidence Index

Wednesday January 18, 2017

Dr. Kanate Wangpaichitr, President of the Federation of Thai Capital Market Organizations (FETCO), commented on the release of the FETCO Investor Confidence Index for January 2017 that, “The overall Investor Confidence Index (ICI) for the next three months rose slightly but remained in neutral territory for the fourth consecutive month. The world economy will likely remain highly volatile in 2017, while the domestic Thai economy is likely to experience steady growth.” Further details follow:

- FETCO Investor Confidence Index (ICI) for the next three months (through March 2017) stood at 102.99 (within the range from 0 to 200), an increase of 7.63% from last month's 95.69, with the index remaining in neutral territory.
- The confidence indices for all investor groups were within the neutral range, though the foreign ICI fell 6.66%, dropping out of last month's bullish territory.
- The Construction Services (CONS) sector drew the most investor interest, while Fashion (FASHION) was the least attractive.
- Domestic economic growth was the most important factor bolstering the Thai stock market, while capital outflow was the biggest drag on the market.

Recently, the direction of the Thai stock market has moved in tandem with regional markets, having been primarily impacted by the flow of capital. But any negative effects were short term owing to positive Thai economic fundamentals at the end of 2016 which reflected benefits from the government spending stimulus policy and continuing large public sector investments. Moreover, the tourism sector and private consumption both exhibited good recoveries, though private sector confidence remains fragile.

As 2017 begins, Thailand's economy is still experiencing a gradual recovery as the economies of important trading partners such as the US are moving in a more positive direction. As a result, the US Federal Reserve (FED) decided to raise short-term interest rates by 0.25% to the range of 0.50 – 0.75%. Meanwhile, the European Central Bank (ECB) decided to maintain the deposit interest rate at 0%, a move which is expected to have an enormous impact on the flow of capital. In Asia, China increased its control over capital outflows early this year which has weakened the yuan with the effect of dragging down other regional currencies and affecting investor confidence in regional markets.

Nevertheless, despite stock markets clearly responding to the overall global economic recovery, there has yet to evolve a bullish economic outlook in Q1/2017. Thus, it is imperative to continue closely monitoring both the international situation as well as the financial policies of the developed nations.

Kesara Manthusree, President of the Stock Exchange of Thailand (SET), said that "During the past 3–5 years, the Stock Exchange of Thailand has developed in many ways. First, listed companies, which have been organized into new industrial groups in line with the economic development of the nation, are playing a greater role. For example, 5 years ago only 7 companies in the Services Industry Group made it into the top 30 of blue chip companies, but today there are 11 companies from this group that are in the top 30. Meanwhile, many family enterprises foresaw the advantages inherent in capital market funding, and accounted for 75% of new securities issued in the last 5 years; and 90% of such companies increased in value after listing on SET. Also during this period, the investor base has expanded in all segments, which has resulted in a more stable Thai capital market. In 2017, the Stock Exchange of Thailand has important plans for investments, funding, and infrastructure by adopting technologies and innovations in all phases of operations in order to bolster the Thai capital market's continued growth as SET serves as a mechanism in driving the various sectors of the nation's economy."

For more information, please contact the
Federation of Thai Capital Market Organizations (FETCO)
telephone: 02 009 9370-3 or email: fetco@set.or.th