

**“Surge in confidence among all investor groups propels ICI into bullish territory for the first time in 20 months. Survey reveals confidence boost resulting from continued foreign capital inflows, though political situation keeps investors wary.”**

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FETCO Press Release: FETCO Investor Confidence Index

August 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 August 2016, that “Investor confidence rose significantly by 23.31%, pushing the ICI into bullish territory. This boost in investor confidence was driven by the continued inflow of foreign capital. However, the fragile political situation at this time is considered a risk negatively impacting investor confidence in the Thai stock market. The Banking (BANK) sector continued to attract the most investments, while Fashion (FASHION) was least attractive in the eyes of investors.” Details follow:

- The confidence index for the next three months (through October 2016) surged into bullish territory at 128.81, which represented an increase of 23.31% from last month's 104.46 (the ICI ranges from 0 to 200).
- Investor confidence for all groups increased markedly, especially among foreign investors whose ICI rose 71.43% into the extremely bullish range.
- Banking (BANK) was the most attractive sector for investing while Fashion (FASHION) remained the least interesting for the second consecutive month.
- Capital inflow/outflow was the factor boosting the Thai stock market the most while the political situation in Thailand was the biggest drag on the market.

The volatility of global financial markets has impacted stock markets in Asia and in developing countries by driving an increase in fund flow. With interest rates all over the world trending lower, investors are looking for investments with higher yields than bonds. As a result, increasing amounts of capital are flowing out of debt instruments and into stock markets. This may cause stock prices which are significantly higher than the stock's fundamental value. The P/E ratio of the SET Index as of July 2016 was 23.33 times, up 3.37% compared to a year ago, while the P/E ratio of the Market for Alternative Investment (mai) was 67.02 times.

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