“Domestic economy continues to bolster investor confidence, while investors keep an eye on international capital flows. December Investor Confidence Index falls into bullish territory.”

FETCO Press Release: Monday December 18, 2017

Dr. Santi Kiranand, representative of the Federation of Thai Capital Market Organizations (FETCO), commented on the monthly FETCO Investor Confidence Index (ICI) for December 2017: “The Investor Confidence Index for the next 3 months decreased slightly, dropping into bullish territory. The main factors underpinning confidence were the country's positive economic growth, both in terms of exports and overall GDP, as well as expectations the new Chairman of the US Federal Reserve will continue a monetary policy of gradual interest rate hikes; in addition, tax reform policies have been passed by the US Senate. As for the risks emanating from the Korean Peninsula, investors continue to monitor the progress of North Korea's ongoing weapon tests. For the Thai stock market, the SET Index experienced fluctuations in November." Details follow.

- FETCO Investor Confidence Index (ICI) for the next three months (through February 2018) stood at 150.81, falling into the ICI's bullish range of 120–160, and down 9.02% from the previous month's level of 165.77.
- The overall ICI fell, though the foreign investor ICI remained very bullish. Meanwhile, the ICIs for local institutional investors, proprietary traders, and retail investors all dropped but were in the bullish range.
- Tourism & Leisure (TOURISM) remained the most attractive sector for investors, while Agribusiness (AGRI) drew the least investor interest.
- The major factor bolstering investor confidence in the Thai stock market was the state of the domestic economy while international capital flows dragged down investor sentiment.

“Investment conditions fluctuated in November as the SET Index swung up and down in the range around 1700 points. However, investor confidence remained bullish, driven by Thailand's economic growth in the 4th quarter which reached 4.3%—the highest in 18 months—as exports continued to grow steadily. Additionally, private investment and private consumption were expected to expand in this period though government investment is likely to shrink. Overseas, the positive effects of the current US stock market rally continue, US tax reform is making progress, and the new Chairman of the Federal Reserve is expected to maintain a monetary policy that includes gradual interest rate hikes. The European economy has also continued to grow. The Japanese economy is gradually growing, with continued monetary easing. However, policies in China bear watching after the recent National Congress of the Communist Party of China at which the Chinese government indicated it would resume a tightening of monetary policy in order to control the systemic problem of a high debt level. The tensions due to the Korean Peninsula conflict have adversely affected investments, though the market has not had a marked response yet."

Interest Rate Expectation Index for December 2017

“Results from the Interest Rate Expectation Index show that interest rates are expected to remain stable at 1.50%, while yields on 5-year and 10-year government bond are likely to increase. The primary factors driving this sentiment are supply and demand in the bond market, gradual growth of the Thai economy, and the possibility of US interest rate hikes.”

Ariya Tiranaprakij, Deputy Managing Director of Thai Bond Market Association, commented on the Interest Rate Expectation Index for December 2017 with the following details.

- The Interest Rate Expectation Index for the Bank of Thailand’s Monetary Policy Committee (MPC) meeting in December stands at 50, reflecting market confidence that the MPC will maintain its policy rate at 1.50% based on three main factors: 1) inflation remains low; 2) conditions in the Thai economy; and 3) interest rate policies in global financial markets.

- Interest Rate Expectation Indices for 5-year and 10-year government bond yields through the February 2018 MPC meeting (11 weeks hence) are both at 83, down from the previous levels of 86 and 89, respectively. These levels indicate a conviction that bond yields will increase. Survey respondents cited four main factors affecting their outlooks: 1) supply and demand in the Thai bond market; 2) expectation of a US interest rate hike; 3) the Thai inflation rate; and 4) growth prospects for the Thai economy.

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