

"July 2018 Confidence Index rises for the first time in 5 months while remaining in neutral territory. Investors feel confident about domestic economic growth but are keeping an eye on international capital flows."

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Paiboon Nalinthangkurn, Chairman of the Federation of Thai Capital Market Organizations (FETCO), commented on the July 2018 FETCO Investor Confidence Index (ICI): "The Investor Confidence Index for the next three months rose for the first time in five months while remaining neutral for the third month in a row. Survey results indicate that investor confidence is being boosted by strong domestic economic conditions, but investors remain wary of the political situation. As for international factors, investors continue to monitor international capital flows after the increase of foreign investor net sales in 2018 which have resulted from the impact of trade and investment barriers between US and its trading partners and from the hikes in US interest rates."

Results of the FETCO Investor Confidence Index for July 2018 are summarized below:

- FETCO Investor Confidence Index (ICI) for the next three months (through September 2018) rose 10.55% to 101.33 but remained in the neutral range of 80–120.
- Foreign investor ICI jumped into the bullish zone from last month's neutral.
- Confidence level of proprietary traders increased slightly, while ICIs for local institutional investors and retail investors fell, but all remained within the neutral zone.
- The Banking (BANK) sector was viewed as having the most attractive investment opportunities.
- The Steel (STEEL) sector was the least interesting among investors.

- The most influential positive factor in the Thai stock market is the growth of the domestic economy.
- The biggest drag on the Thai stock market is the political situation.

"During June, the Stock Exchange of Thailand (SET) Index trended downward continuously, falling significantly from a peak of 1,737 at the beginning of the month to 1,595 at the end of the month. Investors remained concerned about foreign investor net sales and about the growing barriers to trade and investment between the US and its trading partners, China and the EU. Furthermore, US monetary policy which has raised interest rates twice in 2018 with two more interest rate hikes expected this year is weighing down investor confidence.

"For investment trends over the next three months, investor confidence has been buoyed by the domestic economic growth with May export figures topping 11% and the Bank of Thailand Monetary Policy Committee raising 2018 GDP growth forecasts from 4.1% to 4.4%. Investor sentiment is also buoyed by listed companies' strong performance. However, investors remain keenly aware of the risks inherent in the political situation and the setting of the expected elections in early 2019; in addition, capital outflows resulting from foreign investors' net sales are also a drag on investor confidence. It remains unclear as to the impact of trade and investment barriers between the US and its major trading partners will have, and whether they may extend to other countries around the world. Also, the impact of US monetary policy on regional economies remains a worry. Another primary issue to consider is that the European political environment remains unsettled, with new German elections a possibility. Other issues of concern are the European Bank monetary policy, the volatility of oil prices resulting from adjustments to OPEC oil production to compensate for the declining Venezuelan oil output, and the US announcement of economic sanctions against Iran."

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