

“February 2019 Investor Confidence Index remains neutral as it rises for the first time in four months. Confidence boosted by political situation, domestic economic conditions, and international capital flows. Meanwhile, investors keep a wary eye on international trade negotiations and post-election government stability.”

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Paiboon Nalinthangkurn, Chairman of the Federation of Thai Capital Market Organizations (FETCO), commented on the February 2019 FETCO Investor Confidence Index (ICI): “The Investor Confidence Index for the next three months increased for the first time in four months while remaining in neutral territory. The survey found investor confidence buoyed by the political situation and the setting of an election date as well as the continuing steady growth of the domestic economy. At the same time, concerns about US-China trade negotiations and post-election government stability are having a negative impact on investor confidence.”

Results of the FETCO Investor Confidence Index for February 2019 are summarized below:

- FETCO Investor Confidence Index (ICI) for the next three months (through April 2019) for all groups of investors rose 25.07% to 116.76 and remained in the neutral zone (index range 80 – 119).
- Foreign investor confidence rose into the bullish zone.
- Proprietary trader confidence also became bullish.
- Retail investor confidence index rose from bearish to neutral territory.
- Local institutional investor confidence index dropped from bullish into the neutral zone.
- The sector drawing the most investor interest was Tourism & Leisure (TOURISM).
- The least attractive business sector for investors was Media & Publishing (MEDIA).
- The factor having the greatest positive impact on the Thai stock market was the political situation.

- Concerns over international conflicts were the biggest drag on the Thai stock market.

“During January, the Stock Exchange of Thailand (SET) Index gradually increased from a low of 1560 points at the beginning of the month to 1624 points at the end of the month, which was near the month's high. Positive investment trends for the next three months have resulted from the setting of a specific date for Thai elections; confidence in the domestic economy; international capital flows which reflected net purchases in the Thai stock market in January; reduced concerns about US monetary policy and the possibility of further interest rate hikes; and positive expectations about ongoing US-China trade negotiations. Nevertheless, investors continue to be concerned about US-China trade negotiations; the domestic political situation; post-election political stability; continuity in government policy; and the impact of a global economic slowdown. Investors also continue to monitor a number of global economic factors including the unresolved BREXIT agreement with the EU; EU economic numbers which are lower than expected; the economic forecast for China and its impact globally and regionally; and trends in US dollar exchange rates. Investor interest was focused on the Tourism & Leisure (TOURISM), Banking (BANK), and Commerce (COMM) sectors, while Media & Publishing (MEDIA) and Steel (STEEL) attracted few investors.”

Interest Rate Expectation Index for February 2019

“Results from the Interest Rate Expectation Index show that interest rates are not expected to change from 1.75% in the ten weeks following the January 11, 2019 survey. Similarly, yields on 5-year government bonds, currently at 2.15%, are unlikely to change. Meanwhile, yields on 10-year government bonds, which are at 2.53%, are seen as having less of a chance of increasing after the January 11, 2019 survey date. These sentiments result from economic growth rates, foreign fund flows, global interest rates, and inflation rates.”

Ariya Tiranaprakij, Deputy Managing Director of the Thai Bond Market Association, commented on the Interest Rate Expectation Index for February 2019 with the following details:

- The Interest Rate Expectation Index for the Bank of Thailand's Monetary Policy Committee (MPC) meeting in February stands at 53, reflecting market view that the MPC will

maintain its policy rate at 1.75%. Main factors leading to this outlook include economic growth rates, foreign fund flows, interest rates in the world market, and inflation.

- The Interest Rate Expectation Index for 5-year government bond yields through the March 2019 MPC meeting (10 weeks hence) stood at 58 in the unchanged range, significantly reduced from the previous report and the lowest since the survey began. This IRE Index reflects expectations that yields on 5-year Government Bonds will not change from 2.15% over the ten weeks following the January 11, 2019 survey. The Interest Rate Expectation Index for 10-Year Government Bonds stands at 70, much reduced from the previous index level but still within the index' Increase range. 10-Year Government Bond rates were 2.53% as of January 11, 2019. Primary factors cited for these sentiments were foreign fund flows and supply and demand in the bond market.

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