

“May 2019 Investor Confidence Index drops slightly, stays within neutral zone for second month. Establishment of the new government is key domestic factor both bolstering and dampening investor confidence.”

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Paiboon Nalinthrangkurn, Chairman of the Federation of Thai Organizations (FETCO), commented on the May 2019 FETCO Investor Confidence Index (ICI): "The Investor Confidence Index for the next three months fell slightly while remaining in neutral territory for the second month. The survey found that domestically, the post-election political situation tended to bolster investor confidence the most. At the same time, concerns about the stability of any new government and the results of US–China trade policy negotiations dragged down investor confidence."

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

- FETCO Investor Confidence Index (ICI) for the next three months (through July 2019) for all groups of investors dropped 2.83% to 104.49 within the neutral zone (index range 80–119).
- Foreign investor confidence dropped from bullish into neutral territory.
- Proprietary trader confidence index rose into the bullish zone.
- Retail investor confidence remained neutral.
- Local institutional investor confidence index also stayed within the neutral zone.
- Energy & Utilities (ENERG) was the most attractive sector for investors.
- The Mining (MINE) sector drew the least investor interest.
- The current political situation buoyed the Thai stock market the most.
- At the same time, the political situation also had the most detrimental impact on the Thai stock market.

“FETCO Investor Confidence Index (ICI) dropped slightly while staying within the neutral zone for the second month. The foreign investor ICI fell into the neutral zone from the previous month's bullish. Local institutional investor and retail investor ICIs rose slightly and

remained within neutral territory as before. Proprietary trader confidence index jumped from neutral into the bullish zone.

“During April, the Stock Exchange of Thailand (SET) Index fluctuated in the range of 1644–1675 points, with a gradual increase reflecting a sideways up trend. Investment trends for the next three months show the primary factor affecting investor confidence continues to be the domestic political situation as the nation waits between the announcement of the election results and the establishment of the government in May. Secondary factors bolstering investor confidence include international capital movements and the economic impact of tourism. However, concerns over the political stability of the new government are dampening investor confidence. Likewise, worries about international conflicts and the domestic economy expanding at a slower rate due to a decelerating global economy are also drags on investor confidence. Global economic factors that merit continued monitoring include: anticipation of the United States and China reaching a trade agreement in May; the dispute between the United States and the EU over aviation industry subsidies, which may affect import tariffs; the EU's weak economic momentum and the further risk of an EU economic slowdown as the EU policy rate is maintained until the end of the year; the direction of BREXIT after its deadline was moved to October 31st; China's slowing down of its economic stimulus policy after China's first quarter GDP grew 6.4%, which was better than expected; and the impact on oil prices after the US ended its waivers for Iran's crude oil exports.”

Interest Rate Expectation Index for May 2019

“Results from the Interest Rate Expectation Index show that interest rates are not expected to change from 1.75%. Meanwhile, yields on 5-year government bonds and 10-year government bonds are seen as likely to increase in the ten weeks following the May 19, 2019 survey. These sentiments result from the economic outlook, stable inflation, and steady global interest rates.”

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

- The Interest Rate Expectation Index for the next Bank of Thailand MPC meeting being held in May stands at 60, increasing from the previous report but staying in the unchanged range. This reflects a growing market sentiment that the MPC meeting in May will possibly raise the policy rate; however, the majority of the market continues to think that the policy rate will be maintained at 1.75%. Primary factors contributing to this outlook include the economic growth rate, interest rate trends in global markets, and inflation.

- The Interest Rate Expectation Index for 5-Year Government Bonds through the Bank of Thailand MPC meeting in June (about 10 weeks out) is at 74, falling from its previous level but still within the index' increase range. This means the market expects that yields on 5-year Government Bonds will increase from 2.14% following the April 19, 2019 survey. The Interest Rate Expectation Index for 10-Year Government Bonds decreased to 72 from the previous level but is still within the index' Increase range. This reflects market sentiment that the 10-year Government Bond yields will increase from 2.54% following the April 19, 2019 survey. Key factors supporting these outlooks include international fund flows, the domestic economy, and supply and demand in the bond market.

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