

“June 2019 Investor Confidence Index continues to decline but stays within neutral zone for the third month. International trade disputes drag down investor confidence while expected resolution of political issues with establishment of new government boosts confidence.”

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Paiboon Nalinthrangkurn, Chairman of the Federation of Thai Organizations (FETCO), commented on the June 2019 FETCO Investor Confidence Index (ICI): “The Investor Confidence Index for the next three months continued to fall while remaining in neutral territory for the third month. The survey found that foreign trade disputes had the greatest negative impact on investor confidence, while expectations for the establishment of a new government and government policies are factors boosting investor confidence.”

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

- FETCO Investor Confidence Index (ICI) for the next three months (through August 2019) for all groups of investors dropped 16.56% to 87.20, but stayed within the neutral zone (index range 80–119).
- Foreign investor confidence remained stable in the neutral zone.
- Proprietary trader confidence index fell into the bearish zone.
- Retail investor confidence index likewise dropped into the bearish zone.
- Local institutional investor confidence remained neutral.
- Banking (BANK) was the most attractive sector for investors.
- The Media and Publishing (MEDIA) sector drew the least investor interest.
- The current political situation buoyed the Thai stock market the most.
- Concerns over international conflicts were the biggest drag on the Thai stock market.

“FETCO Investor Confidence Index (ICI) dropped while staying within the neutral zone for the third month. Proprietary traders’ confidence index dropped into the bearish zone from bullish in the previous month. Retail investor ICI fell into the bearish zone from the previous

month's neutral, while local institutional investors and foreign investors decreased slightly but remained neutral.

“During May, the Stock Exchange of Thailand (SET) Index gradually decreased from its highest level of 1682 points at the beginning of the month to its lowest level of 1604 in the middle of the month. The index then recovered and moved within the range of 1620–1630. Investment trends for the next three months show foreign factors continue to be the primary drag on investor confidence due to concerns over the protracted trade war between the United States and China and its likely expansion into the technology sector. In addition, investors have domestic concerns about the establishment of a new government which may delay consideration of the 2020 government budget. However, some investors see the political situation and the continuation of government policies after the election as the primary factors bolstering investor confidence, followed by international capital transfers. Global economic factors that warrant continued monitoring include: Progress in US-China trade disputes and China's economic policies to deal with the trade and technology wars; the direction of US interest rates; risks associated with and direction of BREXIT after the resignation of British Prime Minister Theresa May; changes to EU policy after the European Parliament elections; and policies of the new Thai government in stimulating the domestic economy and exports amid the global economic slowdown.”

Interest Rate Expectation Index for June 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 unlikely to change in the 12 weeks following the May 17, 2019 survey. These sentiments result from global economic trends and international trade conflicts.”

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

The Interest Rate Expectation Index for the next Bank of Thailand MPC meeting being held in June stands at 50, decreasing from the previous report but staying in the unchanged range.

This reflects market sentiment that the MPC meeting in June is likely to maintain the policy rate at 1.75 percent based on the domestic economic growth rate, global interest rate trends, and the inflation rate.

The Interest Rate Expectation Index for 5-Year Government Bonds through the Bank of Thailand MPC meeting in August 2019 (12 weeks hence) is at 36, falling sharply from the previous level and moving into the index' unchanged range, indicating a change from the 2.10% rate as of the survey date of May 17, 2019 is not expected by the market. Similarly, the Interest Rate Expectation Index for 10-Year Government Bonds saw a significant drop to 31, much lower than the previous index level and falling into the unchanged range. This reflects market sentiment that the 10-year Government Bond yields will remain unchanged from the level of 2.54% as of the survey date of May 17, 2019. Key factors supporting these outlooks are supply and demand in the bond market, global interest rate trends, and international fund flows.

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