

“Investor Confidence falls into “bearish zone”

Investors expect tourism recovery and capital inflow to shore up confidence

Worries over Fed’s interest rate hike and inflation related to global commodity prices”

FETCO Press Release: Thursday, 14 July 2022

Kobsak Pootrakool, Chairman of the Federation of Thai Capital Market Organization (FETCO), said that “the FETCO Investor Confidence Index (FETCO ICI) in June, which anticipated the market condition over the next three months, is at 64.57, which comes down 23.1 percent from the preceding month and enters “bearish” zone for the first time in 11 months. Investors believe the recovery of the tourism sector will be the most supportive boost of confidence, followed by capital inflow and the US Fed’s monetary policy to tackle inflation. They are most concerned about the US Fed’s interest rate hike policy that may lead to recession, the inflation related to global commodity prices and worries about the spread of COVID-19 infection spikes as a result of Omicron BA.4 and BA.5 variants.

Highlights of **FETCO Investor Confidence Index surveyed in June 2022** are as follows.

- Overall FETCO Investor Confidence index for the next three months (September 2022) is in “bearish” zone (40-79 of FETCO ICI Criterion), down 23.1 percent to 64.57 from the previous month.
- Confidence of retail, proprietary and foreign investors is in “bearish” zone while that of local institutional investors is in “neutral” zone.
- Most attractive sector to investors is Food & Beverage (FOOD).
- Least attractive sector to investors is Fashion (FASHION).
- Most influential factor driving the Thai stock market is tourism recovery.
- Most important factor impeding the Thai stock market is Fed’s interest rate hike policy.

“The survey result in June 2022 shows that retail investor’s confidence falls 33.9 percent to 69.57, while that of proprietary investors drops 25.9 percent to 55.56. Local institutional investor’s confidence rises 5.9 percent to 87.50, but foreign investors retreat 4.8 percent to 57.14.

In June 2022, SET Index moved in a narrow band of 1,557.61-1,660.01 due to concerns over global inflation

and the risk of an economic recession after the Fed Chairman and the ECB President signaled the acceleration of the interest rate hike to tackle inflation. As a result, foreign investors posted a net sale of THB 29,990 million in June, which was the first time after having recorded a net buy since December 2021. However, the Thai stock market continues to get the support from the government measures to alleviate the impact of rising energy prices and from the tourism stimulus measures. However, the SET Index ended the month of June at 1,568.33, down 5.7 percent from the previous month.

External factors to monitor include the Fed's handling of inflation after consumer prices hit the 40-year high, uncertainties from the Ukraine-Russia war, which remains a major economic risk, particularly for the energy sector in Europe, and the outlook of the Chinese economic recovery following the relaxation of the lockdown. In terms of domestic factors, the likelihood of the interest rate increase by the Bank of Thailand's Monetary Policy Committee, the high inflation rate due to surging global energy and domestic raw material prices, and the outbreak of COVID-19's Omicron BA.4 and BA.5 variants."

For more information, contact FETCO
at 02 009 9520 / 02 009 9506 / 02 009 9484
or email: fetco@set.or.th