

“ICI retreats to ‘bearish’ zone

Government’s economic stimulus and easing international conflicts to support sentiment Israel-Hamas conflict and fund outflow weigh”

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Kobsak Pootrakool, Chairman of the Federation of Thai Capital Market Organizations (FETCO), revealed that the FETCO Investor Confidence Index (FETCO ICI) in October 2023 (conducted during October 20-31, 2023), which anticipated the market condition over the next three months, is at 76.87, down 31.5 percent from the previous month, falling to “bearish” zone. Most supportive factors are government’s economic stimulus measures, easing international conflicts and local economic recovery respectively. However, Israel-Hamas conflict hold back confidence the most, followed by fund outflow and listed companies’ earnings.

Highlights of FETCO Investor Confidence Index surveyed in October 2023 are as follows.

- Overall FETCO Investor Confidence index for the next three months (January 2024) is in “bearish” zone (40-79 of FETCO ICI Criterion), down 31.5 percent from the previous month to 76.87.
- Confidence of retail and proprietary investors is in “bearish” zone while that of institutional and foreign investors is in “neutral” zone.
- Most attractive sector is Energy & Utilities (ENERG).
- Least attractive sector to investors is Property Development (PROP).
- Most influential factor driving the Thai stock market is the government’s economic stimulus measures.
- Most important factor impeding the Thai stock market is Israel-Hamas conflict.

“**The survey results in October 2023** show that investor’s confidence across categories retreated, retail investors down 45.3 percent to 65.63, proprietary investors down 34.0 percent to 73.33, institutional investors down 31.6 percent to 100.00 and foreign investors down 16.7 percent to 83.33.

SET Index continued to fall throughout October 2023, tracking global markets. Sentiment was rattled by concerns over Israel-Hamas conflict and U.S. Treasury yield broke above 5 percent. At month-end, the SET Index slipped below the 1,400 mark to close at 1,381.83, which was down 6.1 percent from a month earlier. Average daily trading volume in October was THB 47,213 million. Foreign investors continued their sell-off, marking THB 15,649 million in net selling for the month and THB 171,021 million from Jan-Oct.

External factors to monitor include Israel-Hamas conflict, which may impact global economic stability and volatility in commodities prices such as gold and oil; Fed's high policy rate that is likely to remain as US economy continues to grow; trend of China's economic recovery following the government's economic stimulus and its pro-growth measures that regain market confidence. Locally, eyes are on listed companies' Q3/2023 earnings, and clarity on the government's stimulus measures on private consumption, including minimum wage adjustment and THB 10,000 digital wallet scheme, that could be delayed to September 2024. This could impact on the 2024 GDP forecast. Household debt hit 90.7 percent while public debt reached 61.7 percent, which could impact the country's ratings. However, positive cues include tourism expansion expected in the last quarter of this year as the government announced to waive tourist visa for visitors from Russia, India, and Taiwan. The government earlier implemented the temporary tourist visa exemption for tourists from China and Kazakhstan."

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