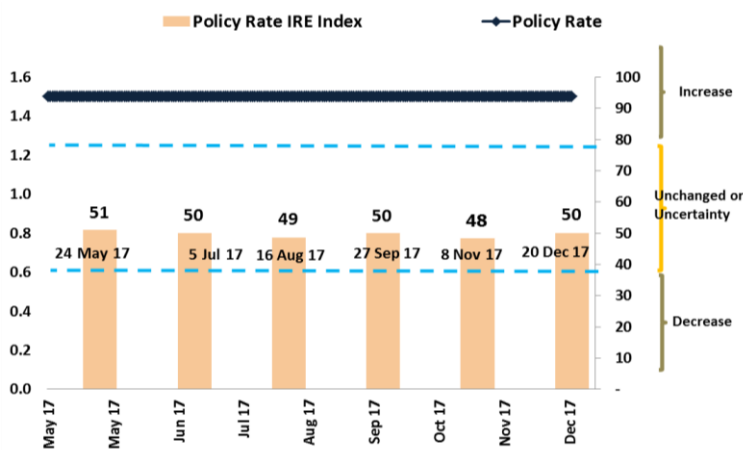


♣ Interest Rate Expectation Index for December 2017 ♣

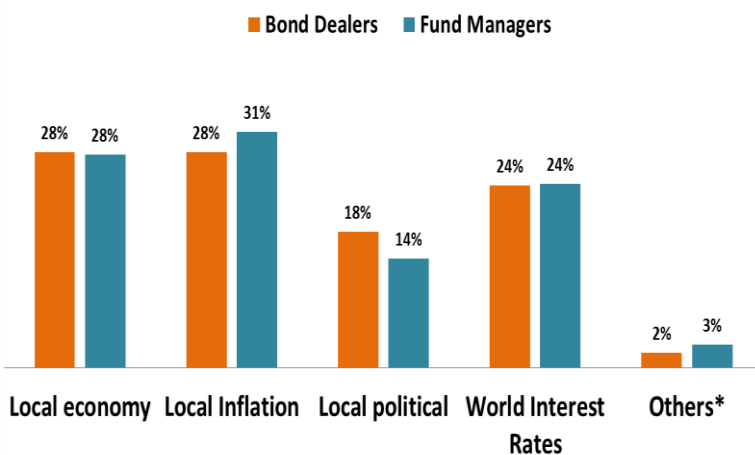
The Interest Rate Expectation Index for the Bank of Thailand’s Monetary Policy Committee (MPC) meeting in December stands at 50, reflecting that the market remains confident that the MPC policy rate will be maintained at 1.50%, due to two primary factors: the low inflation rate and the moderate rate of economic growth in Thailand. Meanwhile, Interest Rate Expectation Indices for 5-year and 10-year government bond yields through the February MPC meeting (11 weeks hence) are both at 83, slightly lower than the previous levels of 86 and 89, respectively. This level reflects the market view that yields will rise for both series of government bonds due to supply and demand in the Thai bond market, the prospect of a rising inflation rate, and the possibility of a US interest rate policy hike.

Policy Rate IRE Index compared to Policy Rate



♣ The Interest Rate Expectation Index for the next Bank of Thailand MPC meeting being held December 20, 2017 stands at 50, remaining in the unchanged range, thus reflecting market sentiment that the MPC will leave the policy rate at 1.50%, similar to previous forecasts. Bond dealers and fund managers responding to the survey had the same consensus.

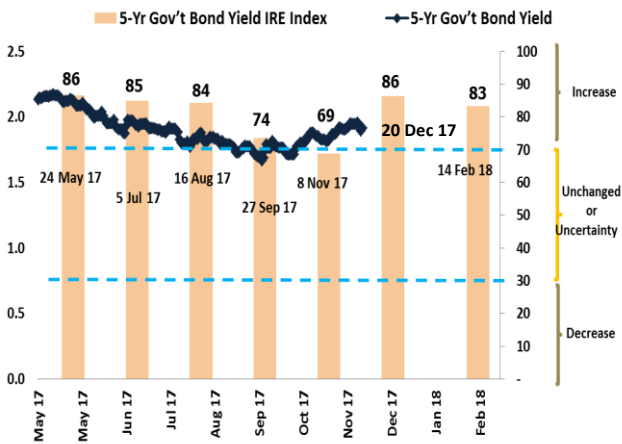
Factors Affecting the Interest Rate Policy Trends



♣ The top three factors influencing the interest rate policy forecasts by bond dealers and fund managers—ordered from the most important—include the following:

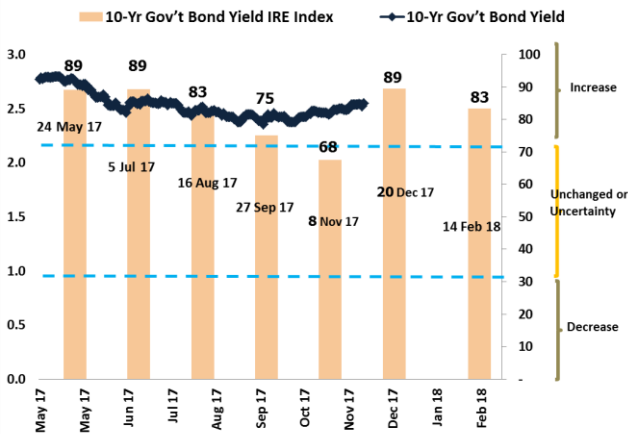
- Thailand’s low inflation rate
- The domestic economy
- Interest rate policies in world financial markets

5-Year IRE Index compared to 5-Year Government Bond Yields



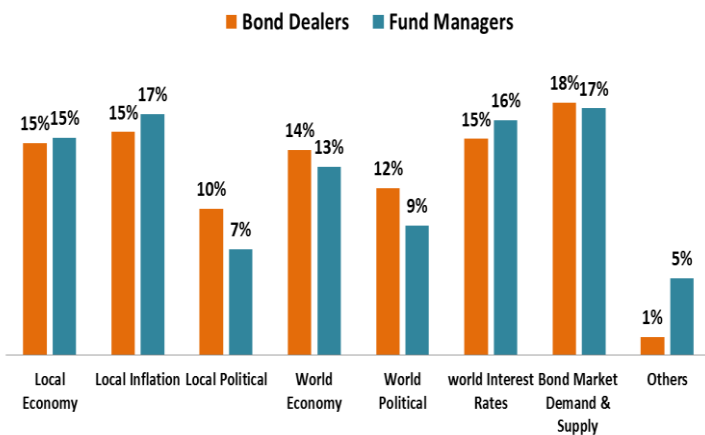
♣ The Interest Rate Expectation Index for 5-Year Government Bonds through the next two meetings of the Bank of Thailand MPC (through February 14, 2018) stands at 83, slightly lower than the previous level of 86, but still remaining in the index's increase range. These results reflect that the market is still confident that yields on 5-year Government Bonds will increase to 1.95% in the 11 weeks after November 27, 2017. Both bond dealers and fund managers share the same view.

10-Year IRE Index compared to 10-Year Government Bond Yields



♣ The Interest Rate Expectation Index for 10-Year Government Bonds for the period through the next two Bank of Thailand MPC meetings (through February 14, 2018) stands at 83, a decrease from the previous index of 89, but still in the increase range. This reflects the market's confidence that the 10-year Government Bond yields will increase to 2.54% in the 11 weeks following November 27, 2017. Both bond dealers and fund managers share the same view.

Factors Affecting Long-term Government Bond Yields



♣ Bond dealers and fund managers agree as to four factors affecting yields on 5-Year and 10-Year Government Bonds, which are listed below in order of importance.

- Supply and demand in the Thai bond market
- Anticipated US interest rate hikes
- A rising Thai inflation rate which, nonetheless, remains low
- Prospects for continued economic expansion in Thailand