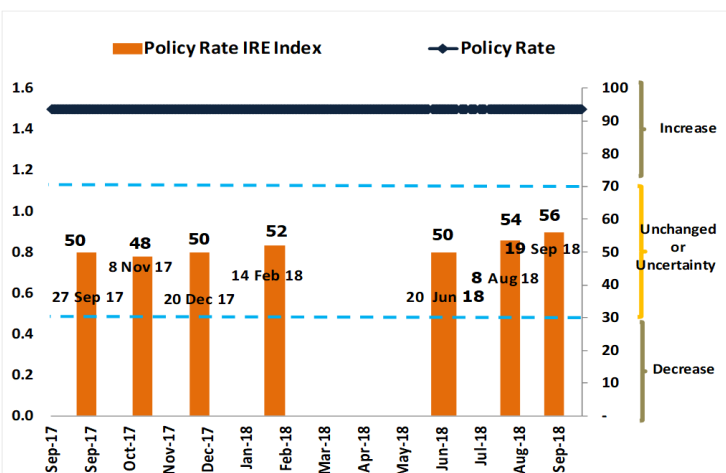


## ♣ Interest Rate Expectation Index for September 2018 ♣

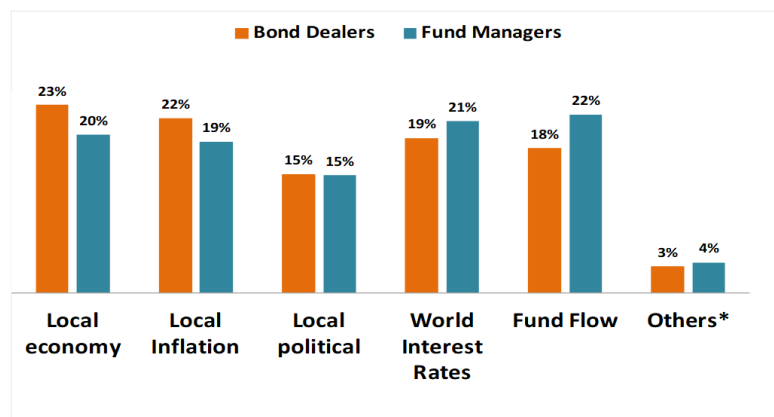
The Interest Rate Expectation (IRE) Index for the Bank of Thailand’s Monetary Policy Committee (MPC) meeting in September 2018 stands at 56, the highest level in the past year but remaining within the index’ unchanged range, indicating that the market remains confident that the MPC policy rate will be maintained based on current economic growth, inflation rates, international fund flows, and global interest rate trends. Meanwhile, Interest Rate Expectation Indices for 5-year and 10-year government bond yields through the November MPC meeting (11 weeks hence) are both up at 94 and 91, respectively. These levels reflect the market view that yields will rise for both series of government bonds due to supply and demand in the bond market, foreign fund flows, and global interest rate trends.

### Policy Rate IRE Index compared to Policy Rate



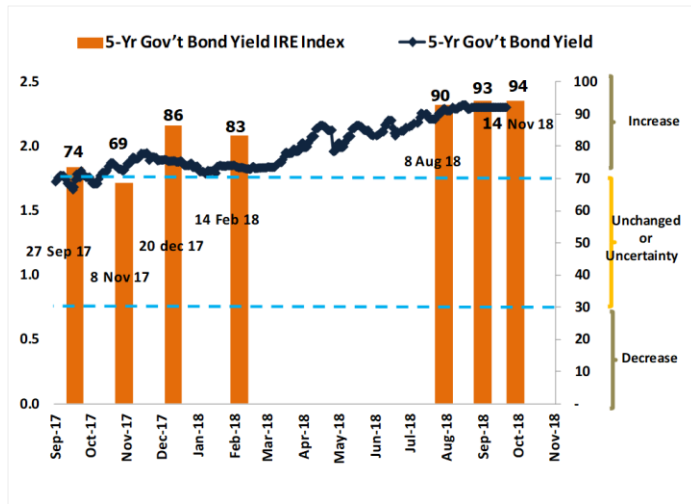
♣ The Interest Rate Expectation Index for the next Bank of Thailand MPC meeting being held September 19, 2018 was up to 56, the highest level in a year but remaining in the unchanged range. This reflects growing market sentiment that there may be a policy rate increase from 1.50% at the MPC meeting in September. Bond dealers responding to the survey cite economic growth and inflation as key considerations while fund managers focus on global fund flows and interest rates.

## Factors Affecting the Interest Rate Policy Trends



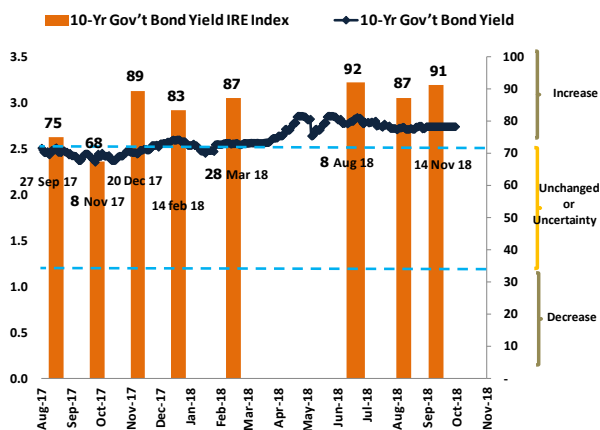
♣ Bond dealers and fund managers are of two minds with regard to the main factors influencing their outlooks. Bond dealers give most weight to economic growth and inflation while fund managers focus on fund flows and interest rates in the global market.

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



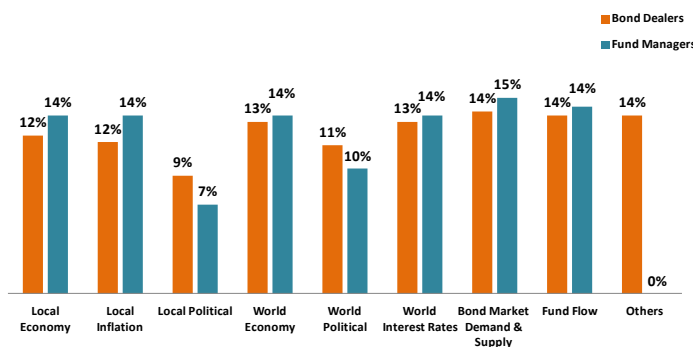
♣ The Interest Rate Expectation Index for 5-Year Government Bonds through the next two meetings of the Bank of Thailand MPC (through November 14, 2018) is at 94 within the index' increase range, which is the highest in a year and an increase over the previous level of 93. These results reflect the market's growing expectation that yields on 5-year Government Bonds will increase from 2.33% during the period from August 24, 2018 until before the MPC meeting on November 19, 2018. 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 November 14, 2018) stands at 91, up rather significantly from the previous index level of 87 and within the index' Increase range. This reflects the market's confidence that the 10-year Government Bond yields will increase from 2.75% in the period from August 24, 2018 until before the MPC meeting on November 14, 2018. 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 the factors affecting yields on 5-Year and 10-Year Government Bonds, namely supply and demand in the bond market, foreign fund flows, and global interest rate trends.

**Disclaimer:** The Interest Rate Expectations Survey was developed with the objective to present statistical data related to Thai capital market and to report on interest rate trends over the next six weeks according to the MPC meeting. The indexing is only a prediction of interest rate trends from bond traders and bond fund managers, who may have different opinions. Our team makes no representations about the accuracy of the information nor is it liable for any damages. If any person reproduces, falsifies, reposts, modifies, publishes, or otherwise uses the data contained herein in a manner that is exploitive for trading purposes or that creates a wrongful benefit without prior permission, all or part of the team reserves the right to act in accordance with the law.