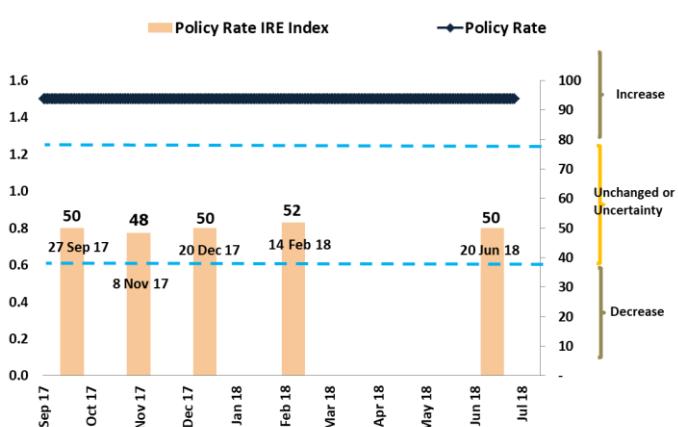


♣ Interest Rate Expectation Index for June 2018 ♣

The Interest Rate Expectation (IRE) Index for the Bank of Thailand's Monetary Policy Committee (MPC) meeting in June 2018 stands at 50, reflecting that the market remains confident that the MPC policy rate will be maintained at 1.50% due to the prospect of rising inflation rates, as well as the expectation of good economic growth. Meanwhile, Interest Rate Expectation Indices for 5-year and 10-year government bond yields through the August MPC meeting (11 weeks hence) are at 90 and 92, respectively, much higher than previous levels. These levels reflect the market view that yields will rise for both series of government bonds due to the following primary factors: supply and demand in the bond market; foreign fund flows; Thailand's economic growth prospects; and a moderate inflation outlook

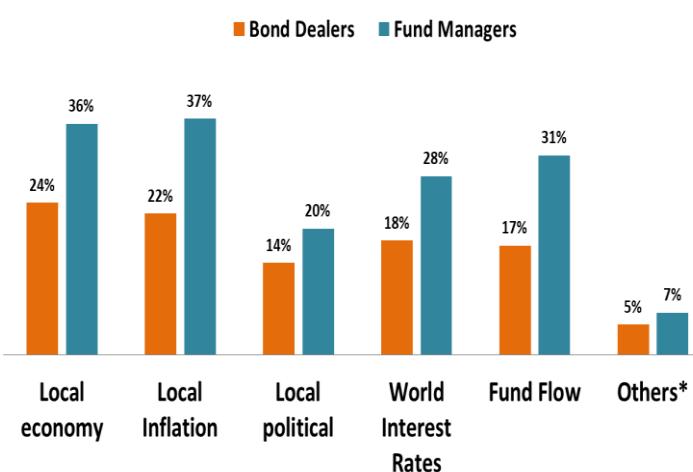
Policy Rate IRE Index compared to Policy Rate



♣ The Interest Rate Expectation Index for the next

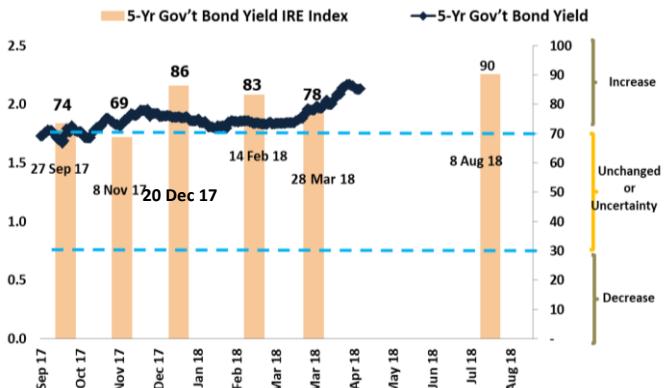
Bank of Thailand MPC meeting being held June 20, 2018 stands at 50, remaining in the unchanged range, thus reflecting market sentiment that in June the MPC will leave the policy rate at 1.50%, similar to previous forecasts. Bond dealers and fund managers responding to the survey have the same consensus.

Factors Affecting the Interest Rate Policy Trends

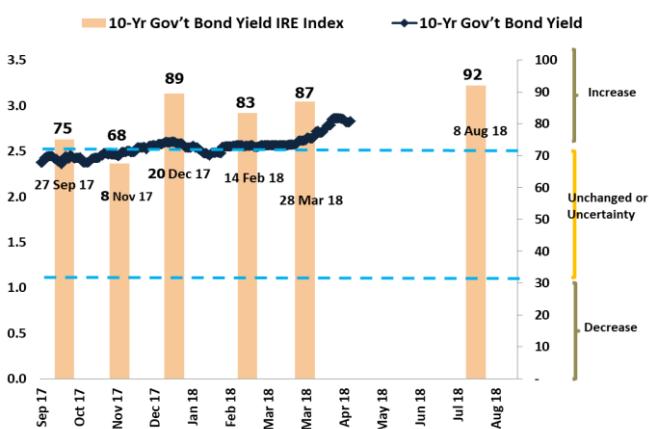


♣ Bond dealers and fund managers agree as to four factors influencing the policy rate, which listed below.

- A moderate inflation rate
- Good economic growth prospects in Thailand
- Foreign investor fund flows
- Anticipated US interest rate hikes

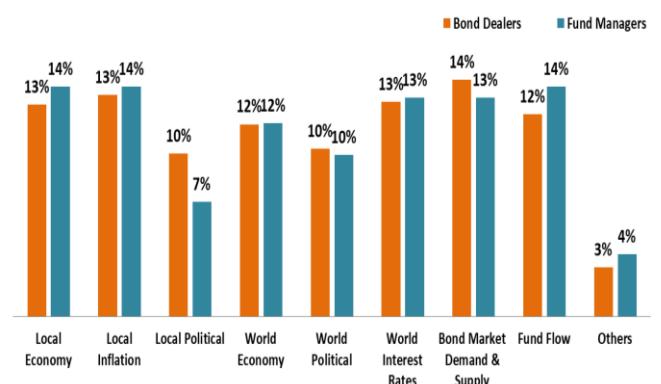
5-Year IRE Index compared to 5-Year Government Bond Yields

♣ The Interest Rate Expectation Index for 5-Year Government Bonds through the next two meetings of the Bank of Thailand MPC (through August 8, 2018) is at 90, which is significantly higher than the previous level of 78 and which is in the index's increase range. These results reflect the market's growing confidence that yields on 5-year Government Bonds will increase from 2.16% during the period from May 24, 2018 until before the MPC meeting on August 8, 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 August 8, 2018) stands at 92, a significant increase from the previous index of 87 and within the increase range. This reflects the market's confidence that the 10-year Government Bond yields will increase from 2.85% in the period from May 24, 2018 until before the MPC meeting on August 8, 2018. Both bond dealers and fund managers share the same view.

Factors Affecting Long-term Government Bond Yields



♣ Bond dealers primarily focus on supply and demand in the bond market while fund managers give equal importance to three factors, namely the domestic economy, moderate inflation rates, and foreign investor fund flows.