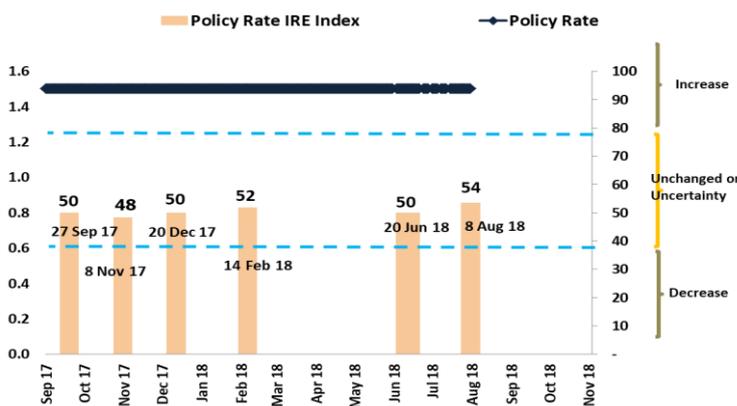


♣ Interest Rate Expectation Index for August 2018 ♣

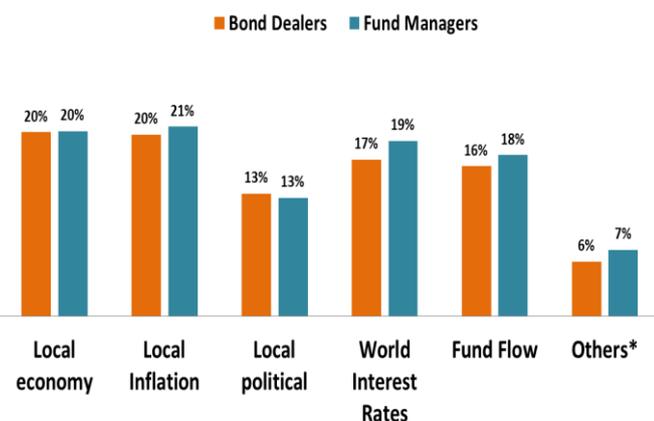
The Interest Rate Expectation (IRE) Index for the Bank of Thailand’s Monetary Policy Committee (MPC) meeting in August 2018 stands at 54, reflecting that the market remains confident that the MPC policy rate will be maintained at 1.50% due to the prospect of rising inflation rates, as well as the expectation of good economic growth. Meanwhile, Interest Rate Expectation Indices for 5-year and 10-year government bond yields through the September MPC meeting (11 weeks hence) are at 93 and 87, respectively. 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; world interest rate; and foreign fund flows.

Policy Rate IRE Index compared to Policy Rate



♣ The Interest Rate Expectation Index for the next Bank of Thailand MPC meeting being held August 8, 2018 stands at 54, remaining in the unchanged range, thus reflecting market sentiment that in August 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.

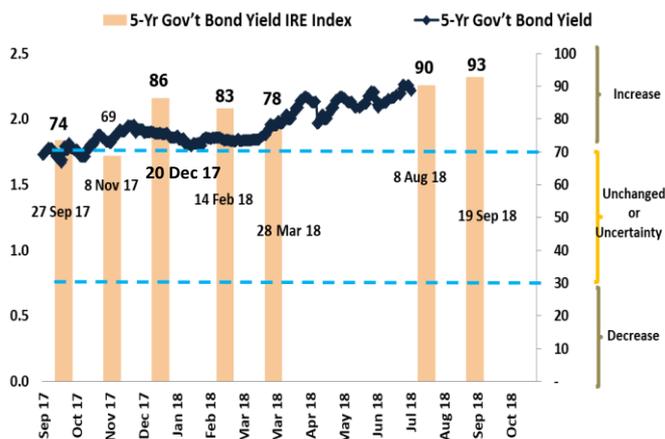
Factors Affecting the Interest Rate Policy Trends



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

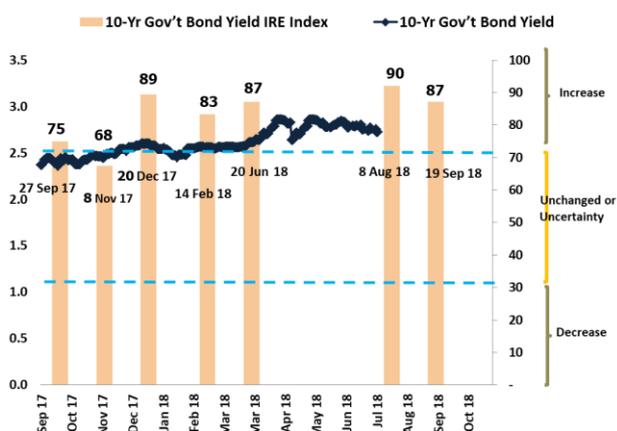
- A moderate inflation rate
- Good economic growth prospects in Thailand
- Anticipated US interest rate hikes

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



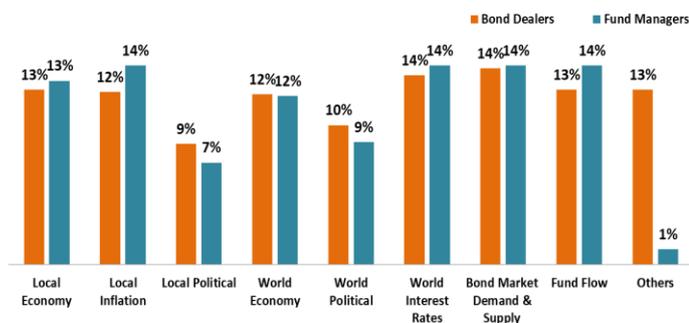
♣ The Interest Rate Expectation Index for 5-Year Government Bonds through the next two meetings of the Bank of Thailand MPC (through August 8, 2018) is at 93, which is significantly higher than the previous level of 90 and which is in the index's increase range. These results reflect the market's growing confidence that yields on 5-year Government Bonds will increase from 2.26% during the period from Jul 19, 2018 until before the MPC meeting on September 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 September 19, 2018) stands at 87. This reflects the market's confidence that the 10-year Government Bond yields will increase from 2.77% in the period from July 19, 2018 until before the MPC meeting on September 19, 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 three factors affecting yields on 5-Year and 10-Year Government Bonds, which are listed below in order of importance.

- Supply & demand in the Thai bond market
- Expected US interest rate hikes
- Fund Flow

**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.