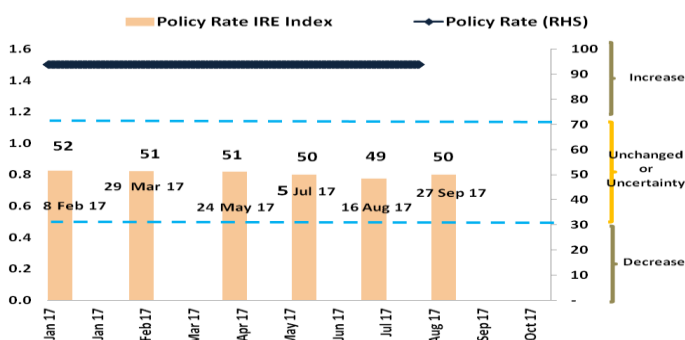


♣ Interest Rate Expectation Index for September 2017 ♣

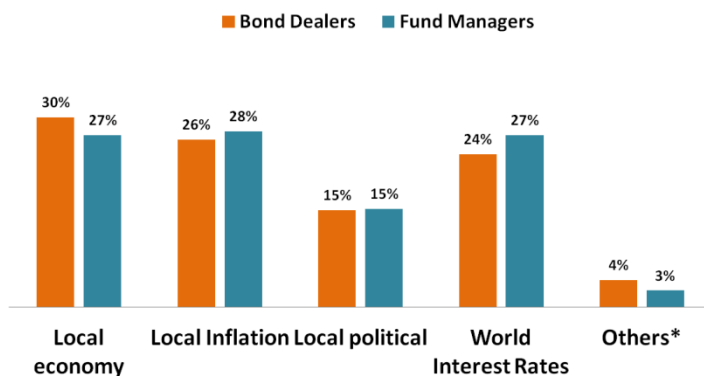
The Interest Rate Expectation Index for the Bank of Thailand’s Monetary Policy Committee (MPC) meeting in September stands at 50, reflecting that the market remains confident that the MPC policy rate will be maintained at 1.50%, due to two primary factors: 1) the low inflation rate; and 2) the trend for gradual economic growth in Thailand. Meanwhile, Interest Rate Expectation Indices for 5-year and 10-year government bond yields through the November MPC meeting (9 weeks hence) are at 69 and 68 respectively, which are lower than the previous levels of 74 and 75. These differing index values reflect that the market has no clear vision as to direction of yields for both the 5-year and 10-year government bonds from current levels.

Policy Rate IRE Index compared Policy Rate



♣ The Interest Rate Expectation Index for the next Bank of Thailand MPC meeting being held **September 27, 2017 stands at 50**, remaining in the **unchanged** range, thus reflecting market sentiment that the MPC will leave the **policy rate at 1.5%**, similar to previous forecasts. Bond dealers and fund managers responding to the survey had the same consensus.

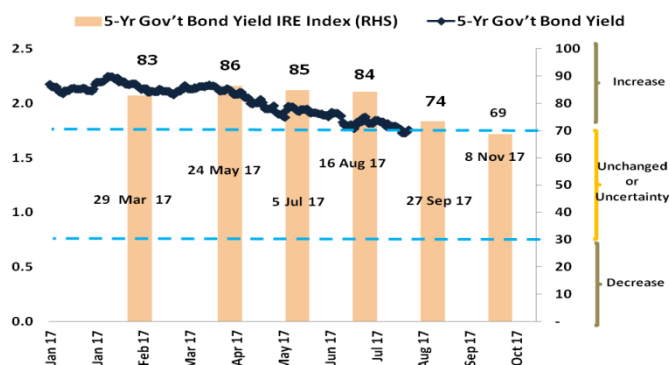
Factors Affecting the Interest Rate Policy Trends



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

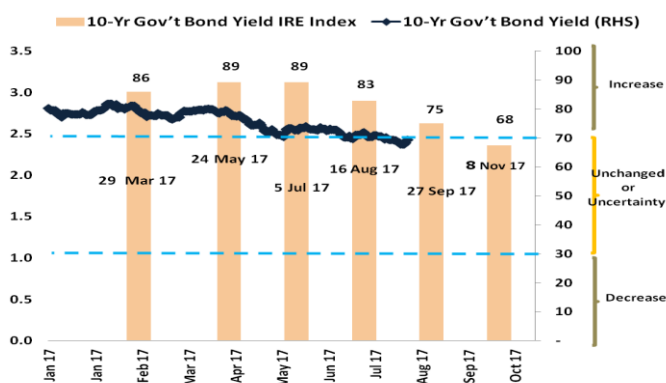
- Thailand's gradual economic expansion.
- Thailand's low inflation rate.
- Continued US interest rate hikes.

5 Yr- IRE Index compared 5 Yr-Gov't bond yield



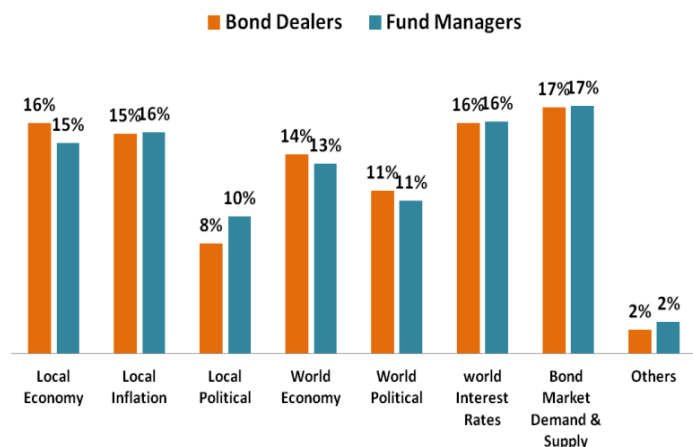
♣ The Interest Rate Expectation Index for 5-Year Government Bonds through the next two meetings of the Bank of Thailand MPC (through November 8, 2017) **stands at 69**, a decrease from the previous level of 74 and a drop into the index **uncertainty range**. The results of the survey—which forecasts the direction of expected interest rate movements—reflect that the market is uncertain whether the 1.79% yields on 5-Year Government Bonds **will increase or decrease** in the nine weeks following September 4, 2017. An increasing number of both bond dealers and fund managers see the yields for 5-Year Government Bonds either falling or remaining unchanged.

10 Yr- IRE Index compared 10 Yr-Gov't bond yield



♣ The Interest Rate Expectation Index for 10-Year Government Bonds for the period through the next two Bank of Thailand MPC meetings (through November 8, 2017) **stands at 68**, lower than the previous index of 75. As a consequence, the **index has dropped into uncertainty territory** with regard to expectations of yields **increasing or decreasing**. This reflects the market's uncertainty as to the direction of any changes to the 2.42% yield on 10-Year Government Bonds in the nine weeks beginning September 4, 2017. An increasing number of both bond dealers and fund managers see the yields for 10-Year Government Bonds either falling or remaining unchanged.

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, which are listed below in order of importance.

- Supply in the long-term bond market with an increased number of auctions.
- Continued US interest rate hikes.
- Thailand's continued gradual economic expansion.
- Low Thai inflation rates.