

Inflation Report

January 2009

The *Inflation Report* is prepared quarterly by staff of the Bank of Thailand with the approval of the Monetary Policy Committee (MPC). It serves two purposes: (1) to provide a clear forward-looking framework for economic and inflation forecasting to assist the MPC in making monetary policy decisions and (2) to give the MPC an opportunity to present the explanation for their decisions on various policy issues to the public.

Although individual MPC members may have differing opinions regarding the assumptions on which the forecasts are based, as a group they are in agreement with the forecasts on the outlook for inflation and output as well as the risk factors involved as illustrated in the fan charts.

The Monetary Policy Committee:

Mrs. Tarisa	Watanagase	Chairman
Mrs. Atchana	Waiquamdee	Vice Chairman
Mr. Bandid	Nijathaworn	Member
Mr. Chakramon	Phasukavanich	Member
Mr. Ampon	Kittiampon	Member
Mr. Ammar	Siamwalla	Member
Mr. Praipol	Koomsup	Member

Thailand Monetary Policy Strategy

Monetary Policy Formulation

- The Monetary Policy Committee (MPC) sets monetary policy in order to attain price stability conducive to sustainable economic growth. The MPC also monitors factors contributing to external stability and financial imbalances.

The Monetary Policy Instrument

- The MPC utilizes the 1-day bilateral repurchase transaction rate as the key policy rate to signal the monetary policy stance.

The Target

- The MPC uses core inflation (excluding raw food and energy) as its policy target with the range of 0-3.5 per cent (quarterly average). In the event that the target is missed, the MPC is required to explain the reasons thereof to the public.

Forecasting Tools

- To assist the MPC in making monetary policy decisions, the Bank of Thailand has developed a macroeconomic model to forecast economic conditions and inflation outlook. The model is also employed to evaluate the impact of various factors on the economy and to offer guidelines for appropriate monetary policy responses.

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