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Monetary Policy Committee's Decision on 8 October 2008

Ms. Duangmanee Vongpradhip, Assistant Governor of the Monetary Policy Group, Bank of Thailand, announces that the Monetary Policy Committee (MPC) met today to assess the latest economic developments and trends in order to determine the appropriate monetary policy stance. The main issues discussed were as follows.

The latest economic data up to August pointed towards a slowdown in the Thai economy, due to both domestic and external demand. In addition, risks to economic growth would increase going forward, as a result of the impact of the global financial crisis as well as domestic political factors. However, the MPC assessed that the marked rise in farm income and lower inflation would improve consumers' purchasing power and support a continued economic growth.

Risks to inflation declined significantly compared to the previous meeting from lower oil prices. Nonetheless, inflationary pressures remained from the continued pass-through of costs and the gradual adjustment of prices under the authorities' price administration measures.

The MPC therefore decided to maintain the policy interest rate at 3.75 per cent per annum. The MPC would closely monitor the risks to the world economy and stand ready to implement appropriate monetary policy should the impact on the Thai economy worsen from the current assessment.

Bank of Thailand
8 October 2008

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