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Monetary Policy Committee's Decision on 25 February 2009

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 on-going global financial crisis resulted in a marked slowdown in world economic growth with high uncertainty surrounding the economic outlook. The sharp decline in external demand adversely affected regional countries including Thailand through a marked contraction in exports. In addition, domestic demand remained weak, while the impact of authorities' measures to stimulate the economy would take some time to come into full effect.

The MPC assessed that, going forward, risks to growth increased while inflation was expected to decline further. Core inflation could be below the target range during certain periods of this year. The MPC therefore viewed that monetary policy could be eased further to support economic recovery and to safeguard price stability going forward.

The MPC therefore decided to lower the policy interest rate by 0.50 per cent per annum, from 2.00 per cent per annum to 1.50 per cent per annum, effective immediately.

Bank of Thailand
25 February 2009

For further information, please contact:
Mr. Akkharaphol Chabchitrchaidol Tel: +66 (0) 2283 5621
e-mail: akkharac@bot.or.th