



BANK OF THAILAND

BOT Press Release

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Monetary Policy Committee's Decision on 16 October 2013

Mr. Paiboon Kittisrikangwan, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 16 October 2013 as follows.

The global economy improved gradually, though with substantial downside risks. The US economy expanded at a moderate pace on the back of private consumption. While the impact of the US government shutdown should be limited, failure to lift debt ceiling poses a substantial risk to global financial and economic stability. A number of euro area economies exhibited nascent signs of recovery, as sentiments picked up. The Chinese economy showed a broad-based recovery in exports, manufacturing, and investment, while North Asian economies improved on exports. ASEAN economies moderated from domestic demand, with somewhat higher external vulnerabilities in some countries. The region remained exposed to global market volatility amid uncertainties about the timing of QE tapering and the US fiscal impasse.

The Thai economy grew more slowly than previously assessed, but began to stabilize and showed signs of improvement in some sectors. Exports began to recover in line with better global demand, while private consumption and investment have stabilized. The outlook points towards a gradual growth recovery, supported by accommodative financial conditions. Key downside risks stem from uncertain global economic recovery as well as a delay in fiscal disbursement especially for infrastructure projects. Inflation edged lower in line with subdued production costs and domestic demand. Household debt has decelerated somewhat.

The MPC judges that the Thai economy is stabilizing and should gradually recover. Fiscal policy, despite delayed disbursement, is still lending support to growth. Current accommodative monetary policy remains appropriate in supporting economic recovery in the periods ahead, given uncertain global economic and financial conditions. **The MPC thus voted unanimously to maintain the policy rate at 2.50 percent per annum.**

One MPC member was absent from this meeting.

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16 October 2013

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