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**Monetary Policy Committee's Decision on 9 January 2013**

Mr. Paiboon Kittisrikangwan, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting today as follows.

The global economy overall continued to recover gradually since the last meeting led by the US and China. The recent agreement to avert the US fiscal cliff also helped bolster global financial market sentiment. Nevertheless, the eurozone and the Japanese economies remained weak and resolution of their structural problems would likely take time. Economic performance of most Asian economies turned more positive on the back of strong domestic demand as well as modestly improving exports.

The Thai economy in the fourth quarter likely expanded more than previously assessed, leading to an upward growth revision for both 2012 and 2013. Private consumption and investment continued to be the key growth drivers supported by consumer and business confidence, favourable household income, full employment as well as accommodative monetary conditions with continued high rates of credit growth. Exports sector showed incipient signs of a broad-based recovery while the service sector and tourism expanded robustly. Inflationary pressure remained stable close to the previous meeting. Nevertheless, the impact of the second-round minimum wage increase warranted monitoring.

The MPC assessed that the accommodative monetary policy stance throughout the previous year had significantly shored up private sector confidence, supported post-flood recovery, and helped cushion the economy from the global economic headwinds. The MPC viewed that, with remaining uncertainties in the global economy and inflation forecast within target, the current monetary policy stance was appropriate in supporting domestic demand to sustain growth momentum. The MPC will, however, continue to closely monitor financial stability risks that may arise from persistently high credit growth, rising household debt, and volatile capital flows. The MPC thus voted unanimously to maintain the policy rate at 2.75 percent per annum.

Bank of Thailand

9 January 2013

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