



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department

Tel. 0-2283-5016-7 Fax. 0-2281-5648 www.bot.or.th

No. 8/2011

Monetary Policy Committee's Decision on 9 March 2011

Mr. Paiboon Kittisrikangwan, Assistant Governor, Bank of Thailand, announces the outcome of the Monetary Policy Committee (MPC) meeting today, as follows.

The global economy maintained its growth momentum. The outlook for the US economy improved from the previous MPC meeting due to increased consumption, recovery in private sector employment, and a declining unemployment rate. The European economy expanded gradually, with core countries serving as the main growth engines. Meanwhile, Asian economies continue to grow robustly, supported by rising domestic demand and exports. The MPC viewed that unless political unrest in the Middle East becomes widespread and affects global oil supply, the current spike in oil and commodity prices will not significantly impact the continuity of global recovery.

The Thai economy continues to expand steadily, supported by expansion in exports, private consumption and private investment as well as fiscal stimulus. Private consumption growth continues to be supported by high farm income and improving employment. Private investment is underpinned by rising manufacturing production and business confidence. In light of these relatively strong fundamentals, the MPC evaluated that the current surge in oil and commodity prices would not weigh on the growth prospects of the Thai economy.

The surge in oil and commodity prices has resulted in increased inflationary pressure compared to the previous MPC meeting. Nevertheless, the MPC assessed that gradual normalization of the policy rate remains appropriate for anchoring inflationary expectations and reducing the risk of financial imbalances in the economy. The MPC therefore decided unanimously to raise the policy interest rate by 0.25 per cent, from 2.25 to 2.50 per cent, effective immediately. The MPC will, however, closely monitor inflationary pressure going forward and stands ready to take necessary action.

Bank of Thailand
9 March 2011

For further information, please contact:
Monetary Policy Strategy Team 1 Tel: +66 (0) 2283 5621, 283 6186
e-mail: MonetaryPolicyStrategyTeam@bot.or.th