



BANK OF THAILAND

BOT Press Release

Communications and Relations Office, Corporate Communications Department
Tel. 0-2283-5016-7 Fax. 0-2281-5648 www.bot.or.th

No. 7/2014

Monetary Policy Committee's Decision on 12 March 2014

Mr. Paiboon Kittisrikangwan, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 12 March 2014 as follows.

The global economy continued to recover from the last meeting, led by the major economies. The Chinese economy expanded steadily, with some sign of moderation in investment. Asian economies' exports benefited from a recovery in major economies. Domestic demand in ASEAN economies moderated from private investment and public spending.

Growth of the Thai economy slowed through the final quarter of 2013 and January 2014 from domestic demand amid lower private confidence. Tourism has felt more impact from the ongoing political situation. Prolonged political uncertainties would continue to impede the recovery of private consumption and investment. Nonetheless, exports of goods should gradually improve on the back of a recovery in major economies, providing impetus to growth this year.

The committee judges that downside risks to growth have risen in the wake of prolonged political situation. Core inflation has edged up, but remains subdued. Monetary policy has some scope to ease, in order to lend more support to the economy and ensure continuous financial accommodation. The MPC thus voted 4 to 3 to reduce the policy rate by 0.25 percent, from 2.25 to 2.00 percent per annum, with immediate effect. Three members voted to maintain the policy rate at 2.25 percent per annum. In their judgment, current monetary policy stance remains accommodative while the main headwinds to growth are not financial in nature. Monetary policy should be used when it is effective in supporting the economic recovery.

Bank of Thailand

12 March 2014

For further information, please contact:
Monetary Policy Strategy Team 1 Tel: +66 (0) 2283 6186, 356 7872
email: MonetaryPolicyStrategyTeam1@bot.or.th