



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 2 June 2010

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

Global economic outlook has improved since the last MPC meeting, supported by continued growth in the US, Japan and particularly in Asia. However, sovereign debt problems in some European economies may dampen the region's recovery and pose risks to the sustainability of global growth. The MPC will closely monitor the outcome of measures taken to resolve problems and restore confidence in Europe.

The Thai economy expanded in the first quarter of 2010 at a stronger pace than anticipated. This was driven by strong growth in exports and tourism, on the back of global economic recovery. Also, domestic demand, especially private investment, continued to expand. In April, economic activities slowed down somewhat, partly owing to adverse impacts of domestic political situation on tourism as well as confidence of consumers and businesses. Meanwhile, inflation remains low at present but is projected to increase in the periods ahead.

The MPC judges that Thailand's economic fundamentals are robust, and should enable the economy to continue growing in the second half of this year. However, uncertainties related to the impact of sovereign debt problems in Europe and domestic political situation remain key risks to the growth outlook. The MPC therefore decided to maintain the policy interest rate at 1.25 per cent for the time being.

Bank of Thailand

2 June 2010

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