



# **BANK OF THAILAND NEWS**

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## **Monetary Policy Committee's Decision on 2 December 2009**

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

The global economic and financial conditions have improved since the previous MPC meeting. The major industrialized and Asian economies expanded in the third quarter at higher rates than market expectations but the recovery remains dependent on policy support. The current global inflationary pressure continues to be subdued. Nevertheless, risks to global economic recovery remain and warrant close monitoring going forward.

The Thai economy continues to recover, though growing at a slightly slower pace in the third quarter and October. Among supporting factors are improvements of domestic and foreign order books, business sentiment, farm income, employment conditions as well as the tourism sector. The MPC judges that the economic recovery is likely to continue at a gradual pace and still requires sustained policy support.

Headline inflation turns positive for the first time since early this year, as a result of an increase in oil prices compared to the same period last year which saw a rapid decline in oil prices. However, core inflation remains close to zero. The MPC assesses that the pressure of demand on inflation remains subdued at the present time, but the MPC will closely monitor future developments.

The MPC views that the current level of policy interest rate is appropriate and supportive of the economic recovery. The MPC therefore decided to maintain the policy interest rate at 1.25 per cent per annum.

Bank of Thailand  
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