



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 1 December 2010

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

The global economy continues to recover as expected. Uncertainty over US monetary measures has decreased. Volatility in the global financial markets rose following sovereign debt problems in Europe but has been contained by concrete financial support facilities. Meanwhile, Asian economies continue to grow robustly, supported by rising consumption and investment.

Thailand's economic fundamentals remain strong. The economy is expected to grow continuously next year due to robust domestic demand as a principal driver of growth, an upward investment cycle and continued growth in tourism. Nevertheless, some slowdown is projected in the short-term due to a surge of growth in the earlier period.

Inflationary pressure, while stable at present, is expected to rise in line with rising input costs due to rising demand pressure on the back of economic expansion. As a result, pressure on core inflation, going forward, is expected to rise.

In light of these developments, the MPC saw a lesser need to maintain the current extra-accommodative monetary policy stance and therefore decided to raise the policy interest rate by 0.25 per cent per annum, from 1.75 to 2.00 per cent per annum, effective immediately.

Bank of Thailand
1 December 2010

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