



BANK OF THAILAND

BOT Press Release

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**Monetary Policy Committee's Decision on 17 December 2014**

Mr. Mathee Supapongse, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 17 December 2014 as follows.

**The committee voted 5 to 2 to maintain the policy rate at 2.00 percent per annum. Two members voted to reduce the policy rate by 0.25 percent per annum.**

Key considerations for policy deliberation are as follows.

In the third quarter of 2014, the Thai economy expanded slowly as expected, with domestic private spending being the main growth driver. In 2015, the economy should continue to recover, albeit at a rate lower than formerly assessed. A less-than-expected government spending weighs on private investment as most businesses await the implementation of public investment plans. In addition, a recovery in exports of goods is subject to the more uncertain global economic outlook. Nevertheless, tourism is expected to turn more positive, but remains somewhat below the normal level.

Headline inflation trended downward due to energy prices, and is projected to remain subdued for some periods ahead, in line with global oil prices. Core inflation slightly decelerated in tandem with lower demand pressure as a result of slow economic recovery. Meanwhile, risks to financial stability from a period of low interest rates are contained.

In deliberating monetary policy, most members judged that the current policy stance remains sufficiently accommodative given a steady path of economic recovery in 2015, and is consistent with long-term financial stability objective. Nevertheless, two members assessed that against the backdrop of higher downside risks to global growth and low inflationary pressure, monetary policy should be eased in order to add more support to the weaker-than-expected recovery.

Going forward, members agreed that monetary policy should remain accommodative in order to reinforce the momentum of economic recovery. Another important factor would be for the government to ensure that the disbursement of public spending goes as planned.

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