



BANK OF THAILAND



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Monetary Policy Committee's Decision (Special Meeting)

On 20 March 2020, the Monetary Policy Committee (MPC) held a special meeting to assess the impact of the COVID-19 outbreak on the economic outlook and domestic financial markets functioning.

The Committee viewed that the COVID-19 outbreak in the period ahead would be more severe than previously expected and the situation would take some time before returning to normal. This would severely affect the Thai economy. Moreover, the outbreak resulted in concerns among global financial markets, affecting liquidity and the functioning of Thai financial markets despite overall stability of the financial system.

**The Committee thus voted unanimously to cut the policy rate by 0.25 percentage point, from 1.00 to 0.75 percent effective on 23 March 2020,** to reduce interest burdens of borrowers affected by the outbreak and to alleviate liquidity strain in the financial markets. This would mitigate the impact on the economy and would also reinforce fiscal measures already implemented and forthcoming.

The Committee viewed that the policy rate cut in the previous and today's meetings would benefit the economy if financial institutions took active roles in addressing liquidity problems of borrowers, especially SMEs and households, as well as accelerating debt restructuring to have noticeable and meaningful impact. The Committee urged the Bank of Thailand to closely monitor each financial institution's assistance to borrowers. Moreover, the Bank of Thailand would ensure sufficient liquidity, as well as the well-functioning and stability of the financial markets.

Bank of Thailand  
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