



BANK OF THAILAND

BOT Press Release

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The Monetary Policy Committee approved a framework for exchange rate management

The Monetary Policy Committee (MPC) today attended a regular monthly macroeconomic briefing organized by the Bank of Thailand and discussed recent exchange rate developments.

The MPC has been closely monitoring recent baht appreciation and assessing its implications for the Thai economy. The committee judges that recent gain in baht is largely attributable to foreign investors' confidence in the strength of the Thai economy. On the positive side, the baht appreciation has been conducive to business investment to enhance their productivity. However, the stronger baht also has negative impact on exporters, particularly small and medium sized firms as well as those that rely heavily on domestic raw materials, agricultural products, and labour. Nonetheless, the export sector's continued structural and productivity improvements have helped alleviate the adverse impact to some extent. Overall, despite exchange rate appreciation, the committee expects the Thai economy to remain resilient, which is in line with other agencies' assessments.

The MPC expressed concern over recent volatility and rapid appreciation of the baht, which, at times, have not been justified by economic fundamentals. The committee therefore agreed on the need for a timely implementation of appropriate policy mix as warranted by circumstances, in close coordination with the Ministry of Finance and other agencies.

Bank of Thailand

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