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Monetary Policy Committee's Decision on 4 November 2015

Mr. Jaturong Jantarangs, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 4 November 2015 as follows.

The Committee voted unanimously to maintain the policy rate at 1.50 percent.

Key considerations for policy deliberation are as follows.

In the third quarter of 2015, the Thai economy gradually recovered at a pace close to the assessment at the previous meeting. Domestic demand improved slightly on the back of increased spending on non-durable goods and services, as well as investment in certain business sectors. Meanwhile, public expenditure increased, and additional fiscal stimulus measures should provide some support to the recovery. However, the Thai economy faces more negative factors from abroad, particularly a slowdown in the Chinese and other Asian economies, which weigh down Thailand's merchandise exports and investors' confidence.

Inflationary pressure was stable from the previous meeting. Headline inflation continued to stay in negative territory due to a substantial fall in oil prices from last year. Nevertheless, headline inflation is projected to rise gradually, and to turn positive in the first quarter of next year. Meanwhile, deflationary risks remain contained as demand continues to expand and core inflation is still positive, consistent with medium-term inflation expectations of the public.

Under the Committee's assessment, monetary conditions and exchange rate remain supportive to the economic recovery, despite the Thai economy continuing to face downside risks, especially from the global economy, structural limitations and uncertainty in the global financial markets. Against this backdrop, the Committee deemed maintaining the policy rate as appropriate at this meeting.

Looking ahead, monetary policy stance should continue to be sufficiently accommodative. The Committee will closely monitor global financial market developments as well as the impacts of fiscal stimulus measures on the economic recovery. The Committee stands ready to utilize an appropriate mix of available policy tools in order to support the economic recovery, while ensuring financial stability.

Bank of Thailand
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