

Denial of Reports on the Bank of Thailand's Exchange Losses

The Bank of Thailand wishes to deny reports by some newswire services and newspapers quoting the Governor as indicating that the Bank will incur foreign exchange loss of no more than US 3 billion dollars or 100 billion baht. The Governor has never made any such statement.

The Bank wishes to point out that although recent baht depreciation will cause some accounting losses on the Bank's forward contracts, these will be more than offset by revaluation gains on the Bank's holdings of foreign assets. Thus, it is not possible at this time to accurately quantify any such gains or losses. The net results will depend on market exchange rates at the time when the forward contracts mature and when the Bank's foreign assets are revalued.

Implementation of monetary and exchange rate policies by the Bank of Thailand has always been aimed at achieving macro economic and monetary stability. Any resulting gains or losses are entirely incidental to the achievement of this objective.

Bank of Thailand
27th August 1997