



BANK OF THAILAND NEWS

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Monetary Policy Board's Decision on 6 December 2000

The Monetary Policy Board met today and assessed that despite the world oil price being higher and the baht being weaker since the last meeting, inflationary pressure remains subdued and less than previously estimated. During October and November 2000, headline inflation did not increase, but declined moderately from an average of 2.2 per cent during the third quarter to 1.7 per cent in both months, while core inflation stayed at 0.7-0.8 per cent. These reflected the fact that the recovery in the domestic economy was still modest.

The latest data also indicated a clearer trend of slowdown in the major industrial economies. This may have adverse effects on the rate of growth of world trade and the exports of Thailand, which, in turn, will lessen the pressure on inflation. In light of these factors, the MPB decided to maintain the key policy rate at 1.5 per cent to allow the economic recovery to further strengthen and will continue to monitor these external developments closely.

Bank of Thailand

6 December 2000