



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 29 August 2001

Mr. Thirachai Puvanat naranubala, Assistant Governor of the Monetary Policy Group, Bank of Thailand announced that the Monetary Policy Committee (MPC) met today to determine the monetary policy stance appropriate to the recent development in economic conditions.

In this meeting, the MPC assessed that the slowdown in Thailand's trading partner economies, particularly the US and the regional countries, would be more prolonged than previously expected. The Thai export performance is thus unlikely to recover quickly, restraining economic growth. However, the government's fiscal stimulus measures should lessen the impact of such pressure on the economy. Contingent on the continuous fiscal impetus to stimulate domestic demand, the Thai economy has a high probability to grow between 1.5-2.0 per cent this year. Price pressure remained minimal, and core inflation was expected to remain below 2.0 per cent in 2001 and within the target range for the next 8 quarters.

In the light of all the factors, the MPC considered the current low levels of interest rates sufficient to support the economic recovery. Therefore, the MPC decided to maintain the 14-day repurchase rate at 2.5 per cent per annum.

Bank of Thailand

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