



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department
Tel. 0-2283-5016-7 FAX 0-2281-5648 www.bot.or.th

No. 118/2001

The Repurchase Market Transactions and Interest Rates in August 2001

The Bank of Thailand (BOT) reported an increase in transaction volume in the repurchase market in August 2001 compared to that in July 2001.

The BOT announced that the average volume of transactions that took place in the repurchase market in August 2001 was B49 billion per day, increased from B46 billion in July 2001. This was due to the increase in demand for loan and investment, especially during mid-August, when most financial institutions began to reserve liquidity to pay mid-year tax at end-August. In addition, the government absorbed some liquidity by issuing debt instruments more than those redeemed in August, including the issuance of saving bonds to the public.

In early August, liquidity in the repurchase market was high, continued from July. The 1-day and 7-day repurchase rates moved between 2.0625 – 2.375 percent and 2.125 – 2.375 percent, respectively during the first half-month. Later, the rates moved to 2.3125 – 2.375 and 2.5 percent, respectively. The financial institutions, which accumulated reserves for tax payment, continued to invest for short period at the end of the month. Therefore, the 1-day and 7-day repurchase rates closed at 2.125 and 2.25 percent, respectively compared to 2.25 and 2.375 percent last month. The 14-day and 1-month, 2-month, and 3-month repurchase rates remained unchanged from last month and closed at 2.5, 2.5625, 2.625, and 2.75 percent, respectively.

On 29 August 2001, the Monetary Policy Committee agreed to maintain the 14-day repurchase market rate at 2.5 percent.

Bank of Thailand

10 September 2001