



## **BANK OF THAILAND NEWS**

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### **Monetary Policy Board's Decision on 25 December 2001**

Mr. Pakorn Malakul na Ayudhya, Deputy Governor, Bank of Thailand announced that the Monetary Policy Committee (MPC) met today to determine the appropriate stance of monetary policy in light of recent developments in the domestic and global economy.

The MPC agreed that Thailand's external position has improved satisfactorily. In particular, the stability of the Baht together with the high level of international reserves has strengthened investor confidence both domestically and abroad. However, the outlook for economic growth remains weak.

The latest data from abroad continue to indicate an uncertain global economic outlook, one in which a further retrenchment of world demand cannot be ruled out. Downside risks stem from the possibility of continued slowdown in the US and Japanese economies, as well as in other major trading partners of Thailand with important repercussions for export growth and the recovery process in Thailand. Moreover, the lower trend for inflation is exerting upward pressure on real interest rates which may hamper the recovery process.

With core inflation projected to remain contained in the range of 1.5-2.5 percent for 2002 and external stability remaining strong, there is scope for an easing of monetary policy. To support the economic recovery, the MPC has therefore decided to reduce the 14-day repurchase rate by 0.25 percent from the current 2.5 percent per annum to 2.25 percent per annum.

Bank of Thailand

25 December 2001