



BANK OF THAILAND NEWS

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No. 42 / 2001

The Repurchase Market Transactions and Interest Rate in February 2001

The Bank of Thailand (BOT) recently reported on the reduction in the number of transactions of the repurchase market in February 2001 compared to that of January 2001 whereas the interest rate reduced continuously.

The average of transactions of the repurchase market in February 2001 was 38 billion baht per day decreased from 42 billion baht in January 2001. Most of the transactions were R/P rates for one to 14 days.

However, in February 2001, the number of the longer-term investments, that is, one to three month transactions, which financial institutions invested has increased continuously from last month.

The one-day and seven-day interest rate were 1.0-1.4375% and 1.125-1.4375% per year respectively, which was narrower from 1.0-2.375% and 1.25-2.0% last month because of the increase of the liquidity after the Chinese New Year. Thus, the fluctuation of short-term interest rate was not much.

The R/P 14-day rate was still maintained at 1.50% by the Monetary Policy Board (MPB)'s decision on 18 January 2001 in order to support the economic recovery by achieving the price stability and the continuous economic growth.

The long-term interest rate has reduced continuously and drastically since the beginning of this month. The one-month two-month and three-month interest rate has reduced from 2.0% to 1.875% from 2.25 to 2.0% and from 2.3125 to 2.0625 respectively because investors were still considering that the gap between short-term and long-term interest rate was too high.

Bank of Thailand

7 March 2001