



## **BANK OF THAILAND NEWS**

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### **Monetary Policy Committee's Decision on 3 June 2002**

Mr. Bandid Nijathaworn, Assistant Governor of the Monetary Policy Group, Bank of Thailand announced that the Monetary Policy Committee (MPC) met today to assess the latest economic developments, both domestically and abroad, in order to determine the appropriate monetary policy stance.

The MPC observed that economic activity had strengthened since the last meeting, as reflected in further improvements in indicators on both the production and consumption sides, as well as investment. However, despite stronger exports in April, uncertainty regarding the momentum of the US recovery and depressed export prices continue to pose downside risks to the export outlook.

The external financial position remained strong with continued reductions in foreign debt and a high level of international reserves. At the same time, both headline and core inflation remained low.

With inflation well contained, the MPC assessed that monetary policy needs to remain supportive of Thai economic growth, and that previous reductions in the policy rates have been sufficient in signalling the stance of monetary policy to the market. Adjustments in market interest rates have been in line with the direction of policy and have reflected liquidity conditions of each individual bank.

The MPC, therefore, decided to maintain the 14-day repurchase rate at 2 percent per annum.

**Bank of Thailand**

**3 June 2002**