



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 19 November 2002 (special supplementary session)

Mr. Bandid Nijathaworn, Assistant Governor of the Monetary Policy Group, Bank of Thailand announced that the Monetary Policy Committee (MPC) met today in a special supplementary session to assess the latest economic developments and trends in order to determine the appropriate monetary policy stance going forward. The main issues discussed were as follows:

1. The MPC noted that economic growth in Thailand in the third quarter continued to be robust, as acceleration in private sector activity and exports helped to sustain the pickup in production, consumption and investment. External stability remained strong while internal stability continued to be supported by a low inflation environment. Core inflation fell slightly in October compared to the previous month to 0.2 percent year-on-year.

2. The MPC assessed that external uncertainties continue to persist which could have important repercussions on the Thai economy. In particular, the US economic recovery was still fragile and the effects of the recent additional monetary stimulus would not be fully felt for some time. Economic conditions in the US would, therefore, continue to impact on the world economy and Thai exports. In addition, a softening of the world economy could impart downward pressure on inflation of Thailand's trading partners, which would, in turn, feed into domestic inflation.

3. With inflation remaining low, the MPC saw room for further easing of monetary policy to safeguard against uncertainties in external economic conditions and support the growth process in 2003.

The MPC therefore decided to reduce the 14-day repurchase rate by 0.25 per cent from 2 per cent per annum to 1.75 per cent per annum, effective today.

Bank of Thailand

19 November 2002