



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 12 December 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 and trends in order to determine the appropriate monetary policy stance going forward. The main issues discussed were as follows:

1. The MPC reviewed the latest data on economic conditions in Thailand and deemed that economic growth performance in the first 10 months of the year was satisfactory. The recovery had been supported by continued expansion in production, consumer spending, investment, and export.

2. External stability remained strong with international reserves at a high level, the current account in surplus, and foreign debt on a downward trend. The baht remained stable relative to the US dollar, fluctuating in line with market conditions and trends in regional currencies.

3. Internal stability continued to be supported by the low inflation environment with headline inflation rising slightly to 1.2 percent year-on-year in November, reflecting higher oil and food prices. These increases have yet to feed into core inflation, which remained subdued at 0.2 percent in November. The MPC expected core inflation to remain within the target range over the next 8 quarters.

4. Overall, the MPC observed that the risks to the Thai economy emanating from external uncertainties have not increased since the previous meeting. The US economy showed signs of improvements on some fronts but uncertainties remained, while world financial markets became more stable. The risk of a war between the US and Iraq persisted and the situation warranted continued close monitoring.

5. Against the background of strengthening economic growth, continued external stability, low inflation, steadily improving economic conditions, and unchanged risks emanating from external factors, the MPC decided to maintain the 14-day repurchase rate 1.75 per cent per annum.

Bank of Thailand

12 December 2002