



## **BANK OF THAILAND NEWS**

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### **Monetary Policy Committee's Decision on 3 March 2003**

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 the economy continued to grow satisfactorily in January 2003. Economic activity was buoyed by further expansion in production, consumer spending, as well as improvements in both consumer and business confidence, while export was not hampered by external uncertainties. However, domestic investment, especially in machinery and equipment, began to moderate.

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 appreciated with respect to the US dollar but remained in line with other regional currencies.

3. The economic recovery thus far had not generated significant upward pressure on prices. Headline inflation fell slightly from 2.2 per cent in January 2003 to 1.9 per cent in February as a pickup in agricultural production helped to lower food prices, while core inflation moderated to 0.3 per cent from 0.4 per cent in January. Core inflation was expected to remain within the target range over the next 8 quarters.

4. The MPC agreed that the main risks to the Thai economy in the near term emanated from external uncertainties, in particular with respect to economic growth in the industrialized countries, higher oil prices, and increased volatility in financial markets. Nevertheless, the momentum of the economic recovery continued to support the Thai economy, while the overall

economic environment remained stable facilitating the maintenance of an accommodative monetary policy stance going forward.

The MPC decided to maintain the 14-day repurchase rate at 1.75 per cent per annum.

**Bank of Thailand**

**3 March 2003**