



## **BANK OF THAILAND NEWS**

Communications and Relations Office, Management Assistance Department  
Tel. 0-2283-5016-7 FAX 0-2281-5648 www.bot.or.th

**No. 34/2003**

### **Monetary Policy Committee's Decision on 28 October 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 economic growth in the first 8 months of 2003 had been strong, supported by growth in export and domestic consumption, and improvements in consumer and business confidence. Nonetheless, in August, there was some moderation in growth rates in certain sectors such as private consumption, investment, and export, from very high levels in the first half of the year.

2. External stability remained strong with the current account continuing in surplus, international reserves at a high level, and further declines in foreign debt. Improved confidence in Thailand's internal and external stability contributed to further appreciation of the baht.

With respect to speculative short-term capital flows that may affect the baht, the MPC observed that the measures already implemented have helped to curtail the risks of fluctuations in the baht that may impact on the real economy.

3. Internal stability remained satisfactory. Headline inflation in the first 9 months of the year averaged 1.8 per cent, driven by higher energy and food prices. Core inflation remained flat year-on-year in September for the second consecutive month, reflecting lower rents. Excluding the latter, core inflation was 0.5 per cent.

The MPC expected core inflation in the next 8 quarters to remain in the lower range of the target band. While there is a risk that core inflation may fall below the target band in the near term, this is not construed as deflation since headline inflation remains positive and economic growth continues to be robust.

4. While the MPC expected economic growth in Thailand to remain strong, uncertainty regarding economic recovery in the main industrialized countries continued to pose risks to the Thai economy going forward. The MPC deemed that the policy interest rate was at an appropriate level for current economic conditions, and that an accommodative stance of monetary policy should be maintained.

The MPC decided to maintain the 14-day repurchase rate at 1.25 per cent per annum.

**Bank of Thailand**

**28 October 2003**

For further information, please contact: Mr. Chanchai Pungchanchaikul Tel: +66 (0) 2283 6825  
e-mail: [chanchap@bot.or.th](mailto:chanchap@bot.or.th)