



## **BANK OF THAILAND NEWS**

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### **Monetary Policy Committee's Decision on 12 December 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 10 months of 2003 had been strong, supported by robust domestic and external demand. With further increases in the private investment and consumption indices in October, on the back of heightened economic activity and improved confidence, the strength of domestic spending should provide a solid basis for future growth.

2. External stability remained strong with the current account continuing in surplus, international reserves at a high level, and the level of foreign debt steady. Measures already implemented helped to ensure stability in movements of the baht.

3. Internal stability remained satisfactory. Headline inflation in the first 11 months of the year averaged 1.8 per cent, on account of higher energy and food prices. Core inflation picked up slightly in November to 0.1 per cent year-on-year after remaining flat for three consecutive months previously, reflecting lower rents.

4. The MPC expected economic growth to continue in the foreseeable future supported by strong domestic spending and reduced external risks. Inflation should remain low and not pose a threat to economic stability. Nonetheless, the movements of major currencies and domestic asset price developments associated with continued economic growth are areas that need to be monitored closely.

The MPC deemed that the current policy stance and prevailing rates of interest are appropriate for current economic conditions and the outlook going forward. The MPC decided to maintain the 14-day repurchase rate at 1.25 per cent per annum.

**Bank of Thailand**

**12 December 2003**

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