



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 21 April 2004

Ms. Atchana Waiquamdee, 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 two months of 2004 continued to be robust, supported by both domestic and external demand. Although news of the avian flu outbreak and unrest in southern Thailand led to some reductions in consumer and investor confidence, domestic spending remained strong with further increases in the private investment and private consumption indices.

2. External stability remained strong with the current account continuing in surplus and international reserves at a high level.

3. Internal stability remained satisfactory. Headline inflation edged up to 2.3 per cent year-on-year in March from 2.2 per cent in the previous month driven primarily by higher food and beverage prices. Core inflation remained unchanged from the 0.2 per cent year-on-year registered in February.

4. The MPC assessed that the overall economic growth process continued to be sound, supported by robust domestic spending and continued recovery in the world economy. While upward pressure on core inflation became more apparent, it is expected to remain within the targeted range. Nevertheless, the MPC stressed the need to monitor inflation trends in other countries, oil prices, and consumer goods prices closely since they have the potential to affect prices domestically.

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

Bank of Thailand

21 April 2004

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