



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 8 March 2006

Ms. Atchana Waiquamdee, Assistant Governor of the Monetary Policy Group, Bank of Thailand, announces 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. The main issues discussed are as follows.

In 2005 Q4, the Thai economy grew at a slower pace compared with the previous quarter, and economic indicators in January 2006 pointed to a continued moderation in domestic demand. Nevertheless, external demand expanded well, and the MPC viewed that the growth momentum should carry on going forward, being supported by a positive outlook on exports in accordance with favourable global economic trends.

Pressure on internal stability remains. Although headline inflation has started to moderate, the MPC expected core inflation to stay high with some probability of exceeding the target range going forward. Meanwhile, external stability has improved, with the current account continuing to be in surplus.

With price pressure remaining and real interest rates still negative, the MPC judged that the policy interest rate should be raised again to keep future core inflation within the target.

The MPC therefore decided to raise the 14-day repurchase rate by 25 basis points from 4.25 to 4.50 per cent per annum, effective immediately.

Bank of Thailand
8 March 2006

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