



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 10 April 2006

Mr. Bandid Nijathaworn, Deputy Governor, Monetary Stability, 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.

Having assessed the economic data in the first 2 months of 2006, the MPC viewed that the Thai economy grew satisfactorily, in particular the export sector that expanded well due to favourable world economic conditions and became the driving force behind the overall growth. Meanwhile, domestic demand stemming from both consumption and investment continued to moderate from the previous quarter, but still on an expanded path.

Overall economic stability had improved. Although headline inflation edged up slightly in March 2006 but on the quarterly average basis was lower than the previous quarter. Core inflation remained quite stable for the last 3-4 months and is expected to decline in the second half of this year. Meanwhile, external stability had improved, with the current account continued to be in surplus while the baht appreciated in line with the regional currencies.

The MPC deemed that although headline inflation had declined from the previous quarter but real deposit rates still remained negative. Furthermore, the overall economy expanded satisfactorily.

The MPC therefore decided to raise the 14-day repurchase rate by 25 basis points from 4.50 to 4.75 per cent per annum, effective immediately.

Bank of Thailand
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