



BANK OF THAILAND NEWS

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No. 21/2006

Monetary Policy Committee's Decision on 7 June 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 the first quarter of 2006, the Thai economy grew satisfactorily, with the export sector expanding particularly well due to supportive world economic conditions. Nonetheless, latest indicators on private demand conditions showed signs of softness and public investment could be partly delayed. The MPC thus viewed that there is a probability that the economy could slow down going forward.

However, with the oil prices surging more than expected and causing inflation to clearly accelerate beyond the MPC's previous projections, there continued to be a need to maintain the tightening policy stance at this time. Therefore, the MPC decided to raise the 14-day repurchase rate by 25 basis points from 4.75 to 5.00 per cent per annum, effective immediately.

Provided that there are no unexpected developments, especially a continued acceleration of inflation, the MPC viewed that today's increase has brought the policy interest rate to the level which is appropriate for achieving economic stability and supporting sustainable growth in the long run.

Bank of Thailand
7 June 2006

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