



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department

Tel. 0-2283-5016-7 FAX 0-2281-5648 www.bot.or.th

No. 26/2006

Monetary Policy Committee's Decision on 19 July 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.

From the latest data, the MPC assessed that economic growth was slowing down in the second quarter of 2006. Looking ahead, in light of many uncertainties including the oil prices, there is a risk that the economy, especially in private investment demand, may continue to slow down for some time.

Pressure on economic stability remains with the oil prices edging up further. The MPC thus viewed that this year's headline inflation will moderate at a pace slower than previously projected. However, softening economic growth will help to relieve pressure on core inflation, which is still expected to stay within the target range.

Judging that the current level of the policy interest rate is appropriate in that it facilitates the business and household sectors to adjust at a gradual pace, the MPC decided to maintain the 14-day repurchase rate at 5.00 per cent per annum.

Under the present circumstance, with volatile movements of domestic and external factors including the oil prices, the MPC will continue to monitor inflation and growth indicators closely for future policy deliberation.

Bank of Thailand
19 July 2006

For further information, please contact: Ms. Jittapa Prachuabmoh Tel: +66 (0) 2356 7872
e-mail: jittapav@bot.or.th