



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department

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No. 49 /2006

Monetary Policy Committee's Decision on 13 December 2006

Ms. Suchada Kirakul, 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.

During the first ten months of 2006, the Thai economy expanded at a satisfactory pace. In the third quarter, GDP grew by 4.7 per cent, led by a robust expansion in exports. Overall economic stability improved, as reflected in the continued deceleration of core inflation from 1.8 per cent in October to 1.7 per cent in November. Although headline inflation accelerated from 2.8 per cent in October to 3.5 per cent in November, this resulted mainly from the increase in vegetable prices due to flooding.

The MPC judged that the Thai economy continued to expand, although going forward, the momentum of private investment would need to be monitored closely. Price pressures remained in the economy, even though they had moderated somewhat. Therefore, the MPC deemed that the current level of the policy rate is appropriate for the current economic situation and decided to maintain the 14-day repurchase rate at 5.00 per cent per annum.

In addition, to further enhance the efficiency and transparency of the Bank of Thailand's monetary policy implementation as well as to facilitate continued development of the Thai financial markets, the MPC decided to change the policy rate to the 1-day repurchase rate, instead of the 14-day repurchase rate, effective from the next MPC meeting onwards.

Bank of Thailand
13 December 2006

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