



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department

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Monetary Policy Committee's Decision on 17 January 2007

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.

Latest economic indicators point towards a slowdown in domestic demand. In particular, consumption and investment in the first two months of the fourth quarter of 2006 showed a continued moderation from the previous quarter. Despite an expansion in exports, risks remain given the prospects of a slowdown in the global economy in 2007. On the other hand, inflationary pressures are expected to moderate, particularly from lower oil prices, significantly reducing the chances that core inflation will exceed the target band over the next two years.

The MPC viewed that inflationary pressures have moderated, while the risks to growth have increased. Therefore, monetary policy could be eased in support of a further expansion of the economy. The MPC thus decided to lower the 1-day repurchase rate from 4.9375 per cent per annum to 4.75 per cent per annum, with the 1-day repurchase rate replacing the 14-day repurchase rate as the policy rate, effective today.

Bank of Thailand
17 January 2007

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