



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department

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Monetary Policy Committee's Decision on 11 April 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 were as follows.

In the first quarter of 2007, domestic demand slowed down by more than the MPC had expected, particularly private consumption and investment. The MPC assessed that the risks to economic growth this year rose due to the slowdown in the global economy which would dampen demand for exports, while weak private sector confidence would dampen domestic spending.

As inflation in the first quarter moderated sharply, the MPC viewed that even though crude oil prices were expected to be higher, inflation would remain at a low level, due partly to subdued domestic demand.

The MPC viewed that, with minimal inflationary pressures and with core inflation projected to remain within the target range for the next 8 quarters, monetary policy could be eased further and at an accelerated pace to support economic growth without increasing inflation risks. The MPC therefore decided to lower the 1-day repurchase rate by 0.5 per cent from 4.50 per cent per annum to 4.00 per cent per annum, effective today.

Bank of Thailand
11 April 2007

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