



# BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department

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## **Monetary Policy Committee's Decision on 23 May 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.

Overall domestic demand continued to soften due to a slowdown in private expenditure and fragile confidence. Although the government accelerated spending, government expenditure had yet to achieve the target. Meanwhile, exports continued to expand favorably in line with global economic conditions and the ability of exporters to adapt to the current environment. However, there remained a risk to export growth should the global economy slow down going forward.

Inflation continued to moderate as expected. The MPC thus assessed that despite higher global oil prices, inflationary pressure would remain low due to a slowdown in domestic demand.

The MPC viewed that, with subdued inflationary pressures, monetary policy could be eased to facilitate economic growth, while inflationary pressures remained manageable. The MPC therefore decided to lower the 1-day repurchase rate by 0.5 per cent from 4.00 per cent per annum to 3.50 per cent per annum, effective today. The current rate was deemed suitable in ensuring the inflation target and supporting economic expansion.

Bank of Thailand  
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