



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. 32/2007

Monetary Policy Committee's Decision on 18 July 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 expected. While private consumption and investment showed signs of a slight improvement in April and May, fragility remained, given that consumer confidence stayed at a low level.

Despite higher global oil prices, inflation in the first half of the year was lower than expected, due to the appreciation of the baht and private spending that had yet to fully recover.

The MPC viewed that risks to growth remained, particularly in private expenditure, which still required support for a continued recovery. Risks to inflation moderated, and core inflation was expected to remain within the target range for the next 8 quarters. Monetary policy could therefore be eased further to facilitate economic adjustment and to facilitate economic expansion without exerting pressure on inflation. The MPC therefore decided to lower the 1-day repurchase rate by 0.25 per cent from 3.50 per cent per annum to 3.25 per cent per annum, effective today.

Bank of Thailand
18 July 2007

For further information, please contact:

Mr. Trirat Thanaprakopkorn Tel: +66 (0) 2283 6186 e-mail: triratt@bot.or.th