



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 29 August 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.

Recent economic data showed signs of positive adjustment in domestic demand, even though consumer and business confidence remained fragile. Exports slowed down, but overall economic growth forecasts stayed unchanged.

Inflation was expected to remain low, due partly to private spending that had yet to fully recover, while the risk of higher oil prices moderated compared to the previous meeting.

The MPC assessed that risks to growth and inflation were unchanged from the previous meeting, and therefore decided to keep the 1-day repurchase rate at 3.25 per cent per annum.

However, risks to the global economy and financial markets increased as a result of rising concerns in the US subprime market. Although the direct impact on the Thai economy thus far was minimal, the MPC viewed that the indirect effects from this problem would need to be monitored, going forward.

Bank of Thailand
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