



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 4 December 2007

Ms. Duangmanee Vongpradhip, 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.

Domestic demand started to recover as recent economic indicators showed signs of continued improvement in both consumption and investment. At the same time, exports continued to expand well. While the problems in the US subprime market were likely to persist, their impact on the Thai economy had so far been limited. Nonetheless, these problems should be monitored closely going forward.

Inflation began to accelerate in line with rising world oil and commodity prices. In addition, the pass-through from costs to the prices of goods and services was likely to increase, going forward.

The MPC assessed that the overall growth momentum had improved although risks to growth still remained, particularly from the global economy. The risks to inflation increased, compared to the previous meeting. However, core inflation was expected to remain within the target range for the next 8 quarters. The MPC therefore decided to keep the 1-day repurchase rate at 3.25 per cent per annum.

Bank of Thailand
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