



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 16 January 2008

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 showed signs of continued recovery, both in consumption and investment, while export growth continued to be robust. However, the trend of oil prices and the likelihood of a slowdown in US economic growth could affect Thailand's economic growth going forward.

Headline inflation was expected to accelerate for some time due to higher world oil and commodity prices. Core inflation was likely to rise in line with the recovery in domestic demand and the pass-through from higher costs. However, the MPC assessed that core inflation should remain within the target range throughout the next 8 quarters.

The MPC deemed that the overall growth momentum had improved from the previous meeting from domestic demand. But the uncertainty surrounding the risks to growth and inflation has risen, which should be monitored closely going forward. The MPC therefore decided to keep the policy interest rate (the 1-day repurchase rate) at 3.25 per cent per annum.

Bank of Thailand
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