



# BANK OF THAILAND NEWS

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## **Monetary Policy Committee's Decision on 27 February 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 accelerated, both in consumption and investment, while exports expanded robustly. In addition, the improvement in private sector confidence and the government's plan for additional fiscal stimulus would support a continued recovery in domestic demand, which going forward, would help cushion the impact from the risk of a slowdown in export growth, given the signs of a US recession.

Headline inflation adjusted upwards and could continue to accelerate in the near future as a result of higher world oil and commodity prices. However, the recent appreciation of the Thai baht would help reduce inflationary pressures from world commodity prices somewhat.

The MPC deemed that the overall growth momentum of the Thai economy improved due to the pickup in domestic demand, partly as a result of accommodative monetary policy in earlier periods. Headline inflation remained at a high level, but was expected to moderate going forward. At the same time, core inflation was expected to remain within the target range throughout the next 8 quarters. However, risks remained that global economic growth could turn out weaker than expected, affecting the Thai economy and inflation expectations going forward. The situation would therefore need to be monitored closely. In the meantime, the MPC decided to keep the policy interest rate at 3.25 per cent per annum.

Bank of Thailand  
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