



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 9 April 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.

In the first two months of this year, domestic demand continued to expand, from both private consumption and private investment. At the same time, the government's budget disbursement met its target. Exports continued to expand well, but the slowdown in the global economy could affect export growth going forward.

Risks to inflation increased from the previous meeting. Headline inflation accelerated in the first quarter due to the prices of oil and commodities in world markets, as well as greater pass-through of costs to domestic prices. However, the MPC assessed that these pressures were likely to moderate in the latter part of the year in tandem with the slowdown of the global economy.

The MPC deemed that the overall growth momentum of the Thai economy continued to be sustained from domestic demand, which was supported by accommodative monetary policy in previous periods and additional fiscal stimulus. Nevertheless, risks to inflation and growth going forward increased, making it necessary for the MPC to monitor both issues closely.

The MPC decided to keep the policy interest rate at 3.25 per cent per annum.

Bank of Thailand
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