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## **Monetary Policy Committee's Decision on 3 December 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.

1. The global financial crisis has led to a significant and more-than-expected slowdown in growth in industrial economies as well as a marked decline in exports of regional economies.

2. Thailand's economic data in the third quarter and latest indicators in October pointed towards a noted slowdown in economic activities as well as a substantial rise in the risks to growth going forward. In addition, the impact of fiscal stimulus is likely to be delayed, while domestic political problems are likely to have greater repercussions on economic growth than previously assessed, particularly to confidence and tourism.

3. Risks to inflation declined significantly compared to the previous meeting from lower oil and commodity prices due to weaker global economic conditions. This will help keep inflationary pressures low throughout 2009.

Given the significant change in the environment, the MPC assessed that monetary policy could be eased to help support economic recovery, particularly as the economy faced numerous negative risks, both on the domestic and external fronts. The MPC therefore decided to lower the policy interest rate by 1.00 percent per annum, from 3.75 per cent per annum to 2.75 per cent per annum, effective immediately.

Bank of Thailand  
3 December 2008

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