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Monetary Policy Committee's Decision on 20 May 2009

Ms. Atchana Waiquamdee, Deputy Governor, 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.

The global financial crisis continued to put downward pressure on economic activities in the major and regional economies. However, international financial markets had started to show signs of stabilization. Monetary and fiscal policies in several countries began to show their effects, which would help the global economy recover going forward.

As for the Thai economy, the MPC assessed that a number of economic indicators started to show a more moderate contraction while inflation continued to be subdued. Moreover, the impetus from fiscal measures became more evident, with an increasing disbursement rate of public expenditure, which would help shore up economic activities. Nevertheless, downside risks to economic recovery remained.

The MPC viewed that monetary policy had been substantially eased. The current policy interest rate of 1.25 per cent per annum was low and would continue to aid the process of economic recovery.

The MPC therefore decided to maintain the policy interest rate at 1.25 per cent per annum. In the meantime, the committee would continue to monitor closely the uncertainty surrounding both domestic and external economic conditions, and would stand ready to implement appropriate monetary policy to ensure economic expansion in the periods ahead.

Bank of Thailand
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