



BANK OF THAILAND

BOT Press Release

Communications and Relations Office, Corporate Communications Department
Tel. 0-2283-5016-7 Fax. 0-2281-5648 www.bot.or.th

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Outcome of the Joint Meeting of the Monetary Policy Committee (MPC) and Financial Institutions Policy Committee (FIPC) on 14 July 2014

The Bank of Thailand announced the outcome of the first joint meeting of MPC and FIPC for 2014 as follows.

The Committees viewed that the recent economic slowdown has had some impact on the Thai financial and economic stability. Corporate and household income decreased, while the quality of consumer loan deteriorated slightly. However, the impact has neither been widespread nor developed into systemic risk.

As the recent change in the political situations has improved private sector's confidence, the Thai economy is expected to recover in the periods ahead from public and private spending. Nevertheless, tourism has been affected as Asian tourists, who have recently increased their share in the Thai tourism industry, are more sensitive to political situations.

The Thai banking system remained sound, with good performance and high level of capital and loan loss provision, enabling it to withstand the economic risk. Despite a slight slowdown in credit growth in tandem with the current economic condition, credits continued to expand to support the real economy.

Looking forward, even though the more unambiguous political situations have contributed positively to the Thai economic and financial stability, the clarity and pace of policy implementation need to be monitored. Furthermore, the committees viewed that one of the important long-term risk to economic and financial stability stems from fiscal imbalance between revenues and expenditures, as well as the non-budgetary fiscal activities, which have continued to increase. Therefore, a structural reform is critical to maintaining fiscal sustainability.

Bank of Thailand
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