



BANK OF THAILAND

BOT Press Release

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Re. : Measures to Enhance Surveillance of Short-Term Capital Flows

Ms. Vachira Arromdee, Assistant Governor for Financial Markets Operations Group, noted the heightened volatility in global financial market due to various factors, such as trade tensions between the US and major trading partners, global economic slowdown, and the shift towards more accommodative monetary policy stance amongst major central banks. These developments have increasingly led capital flows to return to Emerging Market Economies. With relatively more positive outlook on the Thai baht, investors have increased their positions in Thai baht and Thai securities, in part for short-term speculative purpose.

The Bank of Thailand (BOT) has been closely monitoring the Thai baht as well as non-residents' capital flow movements, and is concerned about the rapid appreciation of the Thai baht relative to its regional peers, as it could lead to unfavorable macroeconomic repercussions. Thus, the BOT has decided to enhance measures to mitigate impact of short-term speculative flows and increase the reporting requirements for non-residents' holdings of debt securities. The details of the measures are as follow.

(1) Enhance "*Measures to Prevent Thai Baht Speculation*" by reducing the limit on the outstanding balance of Non-resident Baht Account (NRBA) and Non-resident Baht Account for Securities (NRBS) from 300 million baht per non-resident to 200 million baht per non-resident. This measure will become effective on 22nd July 2019. For NRBA and/or NRBS with outstanding balances at the end of the day higher than 200 million baht per non-resident, financial institutions are required to notify the corresponding non-resident account holders to comply with these changes by reducing the outstanding balances within the effective date.

NRBA holders who are non-financial corporates with underlying trade and investment in Thailand, and have opened accounts directly with Thai financial institutions, may submit requests to the BOT for waivers of this outstanding balance limit, which will be considered on a case by case basis.

(2) Enhance the reporting requirements for non-residents' holdings of debt securities issued in Thailand where the names of end beneficiaries shall be reported for all non-residents' holdings of Thai debt securities. This measure will help enhance the BOT's surveillance of non-residents' investment behaviors. This measure will become effective as of July 2019 reporting period.

The BOT will continue to closely monitor the Thai baht movements as well as non-resident behaviors, and stand ready to use additional measures if undesirable speculative behaviors persist.

Bank of Thailand
12th July 2019

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