



BANK OF THAILAND NEWS

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Monetary Policy Committee's Decision on 10 September 2002

Mr. Bandid Nijathaworn, Assistant Governor of the Monetary Policy Group, Bank of Thailand announced 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. After consideration of the latest data, the MPC was of the view that economic growth in the first 7 months of the year had been satisfactory, with expansion in both production and domestic spending, as well as a pick-up in exports.

2. External stability remained strong with the current account still in surplus, international reserves position sound, and continued reductions in foreign debt. The baht/US dollar exchange rate has been stable, moving in line with market conditions and other regional currencies.

3. In terms of internal stability, both headline and core inflation remained subdued, the latter averaging 0.6 percent year-on-year in the first 8 months of 2002. Looking forward, the MPC assessed that core inflation in the next 8 quarters should remain low and within the official target range.

4. The MPC was fully aware of the heightened risks to the Thai economy emanating from external factors. These included increased uncertainty regarding the US economic recovery, greater volatility in global financial markets, as well as more pronounced risks in world oil markets associated with tensions in the Middle East. The MPC felt that these developments must be monitored closely to ensure timely adjustment of policy should the threat become more apparent.

The MPC therefore decided to maintain the 14-day repurchase rate at 2 percent per annum for now.

Bank of Thailand
10 September 2002