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Monetary Policy Committee's Decision on 13 January 2010

Mr. Paiboon Kittisrikangwan, Assistant Governor, Bank of Thailand, announces the outcome of the Monetary Policy Committee (MPC) meeting today, as follows.

The global economy continues to improve since the previous MPC meeting. However, risks to economic recovery in the period ahead remain, especially for the major industrialized economies. The Asian economies are likely to recover sooner, giving rise to policy differentials which may lead to more volatile capital flows going forward.

The latest economic data point toward a continued recovery of the Thai economy. Main supporting factors include improvements in private consumption of durable goods especially automobiles, income from tourism and agricultural sectors, as well as exports. Nevertheless, private investment remains subdued.

Inflation accelerated in December, owing mainly to oil prices. Meanwhile, the pressure of demand on inflation remains low. The MPC assesses that inflation will likely be higher this year, due to effects from oil prices, the end of government's subsidy measures, and the economic recovery. The MPC will continue to closely monitor inflation and economic developments.

The MPC therefore decided to maintain the policy interest rate at 1.25 per cent per annum.

Bank of Thailand
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