



BANK OF THAILAND

## BOT Press Release

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### **Monetary Policy Committee's Decision on 27 November 2013**

Mr. Paiboon Kittisrikangwan, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 27 November 2013 as follows.

The global economy continued to recover, led by expansion in the major economies, particularly the US. High uncertainty in the outlook for monetary and fiscal policies in the US continues to weigh on global financial market stability. The Chinese economy expanded well across all sectors, while the regional economies continued to grow gradually. Exports of the North Asian economies recovered in tandem with the major and Chinese economies, and at a more robust pace than those of ASEAN peers.

Growth of the Thai economy in the third quarter of 2013 was weaker than expected from both private and public spending. Recovery in exports has not gained traction. Looking ahead, there are higher downside risks to growth stemming from delay in government investment and fragile private confidence, which could be compounded by ongoing political situation. In addition, exports might not benefit fully from prospective global economic recovery. Inflationary pressure remains subdued, while private credits decelerated in line with the economy.

The committee judges that the Thai economy is expanding at a lower pace than previously assessed, with greater downside risks compared with the last meeting. Given benign inflation outlook and moderating household credit growth, there is room for monetary policy to mitigate downside risks to the economy. The MPC thus voted 6 to 1 to reduce the policy rate by 0.25 percent, from 2.50 to 2.25 percent per annum, with immediate effect. One member deemed current monetary policy stance to be sufficiently accommodative, and therefore voted to maintain the policy rate at 2.50 percent per annum.

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