



BANK OF THAILAND

BOT Press Release

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Monetary Policy Committee's Decision on 9-10 July 2013

Mr. Paiboon Kittisrikangwan, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meetings on 9 and 10 July 2013 as follows.

The global economy expanded less than previous assessment due to China's economic slowdown which weighed on Asian exports, despite some improvement in the US economy from better housing and labour market conditions. The euro area economies stabilized, while Japanese economic growth improved on government stimulus policies.

Growth of the Thai economy moderated from a slowdown in domestic demand and exports. Private consumption softened, as consumers exercise more caution partly as a result of rising debt burden, coupled with waning government consumption stimulus measures. Exports decelerated from domestic supply constraints as well as China's slowdown. Weak domestic and external demand in turn caused further delay in private investment. Inflationary pressure eased from softening domestic demand and lower production costs.

The MPC judges that the slowdown in domestic demand was partly an adjustment from the previous extraordinary growth induced by government stimulus measures, and thus should resume its normal growth path in the periods ahead. Prevailing domestic environment remains supportive of a recovery of private spending, including sound underlying fundamentals such as high employment and income, and accommodative monetary and fiscal policies as reflected in continued private credit growth and fiscal deficits. Meanwhile, rapidly changing global economic and financial conditions, as well as risks to domestic financial stability warrant continued close monitoring. The MPC thus voted unanimously to maintain the policy rate at 2.50 percent per annum.

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10 July 2013

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