



BANK OF THAILAND

## BOT Press Release

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### **Monetary Policy Committee's Decision on 18 June 2014**

Mr. Paiboon Kittisrikangwan, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 18 June 2014 as follows.

The global economic recovery, led by major economies, retained its momentum. The US continued to grow on the back of stronger labour and housing markets. Recovery in the euro area and Japan continued at a moderate pace. In China, risks in the financial sectors subsided, while the downside risks to growth diminished in the short term. Asian economies remained stable, with exports partially offsetting slowing domestic demand.

The Thai economy contracted in the first quarter of 2014 as political uncertainties weighed on domestic demand and tourism. Moderate recovery in exports of goods could not compensate for falling domestic demand. Following a significant reduction of political uncertainties, the economy should benefit from improving public and private spending. A slow recovery in exports of goods and tourism however pose downside risks to growth. Meanwhile, inflationary pressure has edged higher.

In the committee's view, the economic recovery should pick up pace given reduced political uncertainties and a resumption of functioning public policy management. More active fiscal policy and prevailing monetary policy accommodation should lend support to a sustained economic recovery. The committee thus voted unanimously to maintain the policy rate at 2.00 percent per annum. The MPC will closely monitor economic and financial developments, and will pursue appropriate policy to ensure a sustained recovery as well as long-term financial stability.

Bank of Thailand

18 June 2014

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