



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

Press Conference  
Monetary Policy Committee's Decision 5/2024  
16 October 2024  
Sakkapop Panyanukul  
Assistant Governor, Monetary Policy Group



The committee voted 5 to 2 to cut the policy rate by 0.25 percentage point from 2.50 to 2.25 percent

- The overall Thai economy is projected to expand as anticipated. The main drivers are tourism as well as private consumption that is further supported by government stimulus measures. However, the recovery remains uneven across different sectors.
- Headline inflation is anticipated to gradually return to target range by the end of 2024 and is expected to remain low partly due to structural factors.
- The overall financial condition somewhat tightened. The overall loan growth has slowed, and credit quality deteriorated, especially for SMEs and vulnerable households experiencing slower income recovery and with elevated debt burden.
- With regard to financial stability, debt deleveraging is expected to continue in the context of decelerating loan growth.

The lower policy rate should help alleviate debt burden without impeding ongoing debt deleveraging given the expected slowdown in loan growth

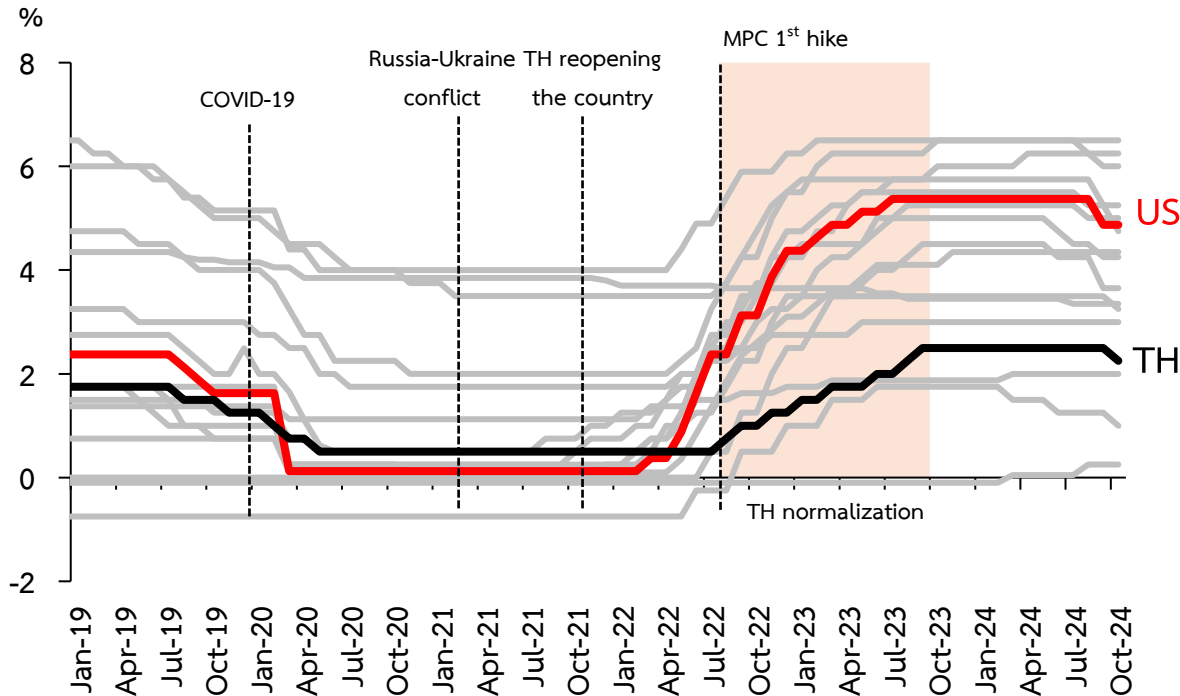


- (1) supporting economic recovery
- (2) maintaining price stability
- and (3) avoiding build-up of financial imbalances

During 2022-2023, Thai hiking cycle started later relative to other countries at a more gradual pace

Unlike most countries, Thai policy rate did not overshoot neutral level

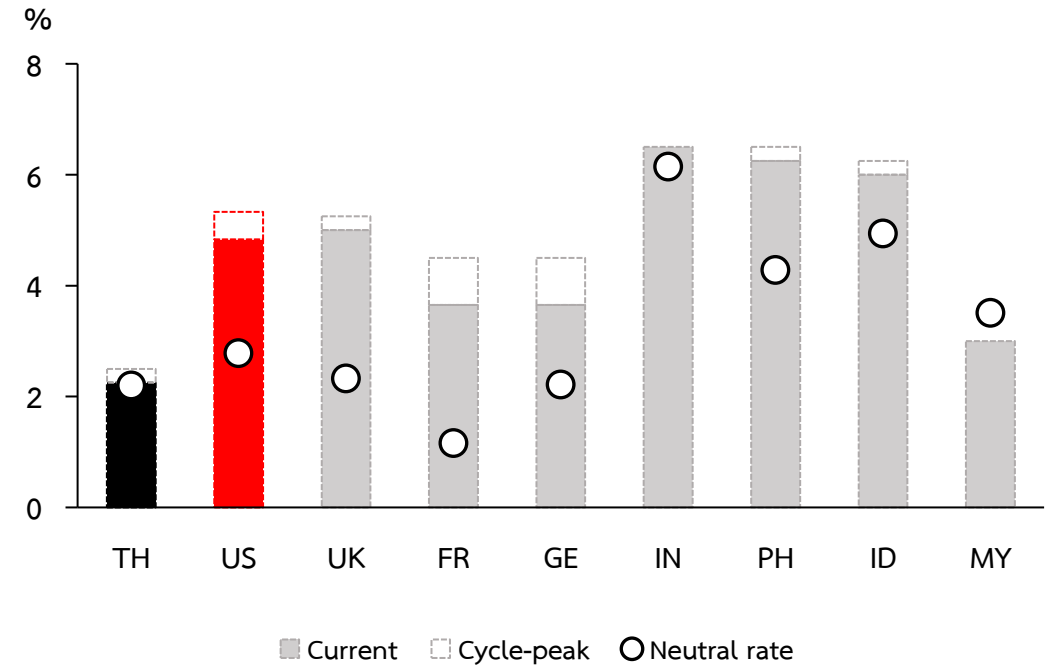
Policy interest rates of various countries



Note: Policy interest rate data includes 17 economies: Australia, Canada, China, Euro Area, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, South Korea, Switzerland, Taiwan, Thailand, United Kingdom, United States (as of 16 Oct 24)

Source: BIS, Bloomberg

Policy interest rates and nominal neutral rates



Note: Neutral rates of TH, US, UK, FR, GE, IN are proxied by natural rate of interest path in 2024 and long-term inflation forecast (5Y5Y) as of Oct 24; Neutral rates of PH, ID, MY are proxied by average of real interest rate since 2000, excluding the COVID-19 period (2020)

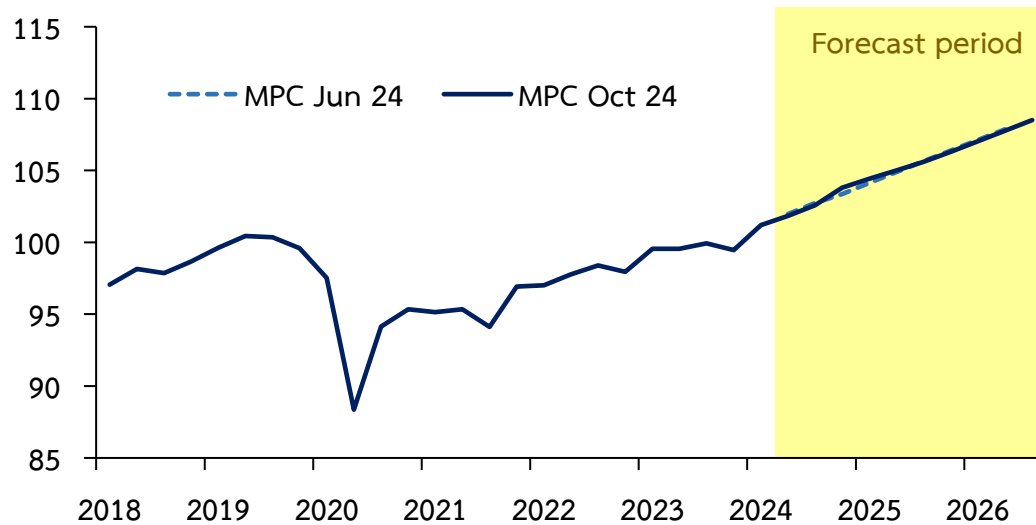
Source: World Economic Outlook Database, Consensus forecasts, BSP's BS Review 2018



Overall economy is expanding as anticipated.  
Growth engine will be more balanced.

Real GDP

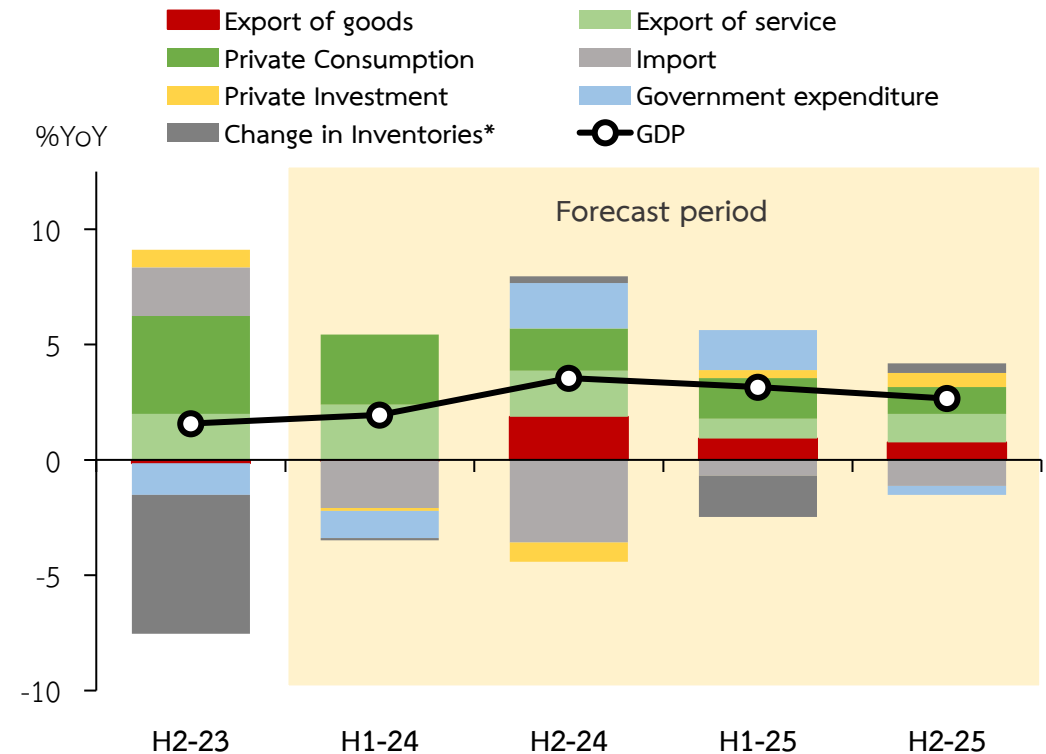
Index (2019 = 100)



GDP Growth	2015-2019	2023	2024		2024	2025
			H1	H2		
%YoY	3.4	1.9	1.9	3.5	2.7	2.9
Avg. %QoQsa	0.8	0.4	1.2	1.0	1.1	0.6

Source: NESDC, BOT forecast

Contribution to GDP growth



Note: \* including statistical discrepancy or CVM additive error

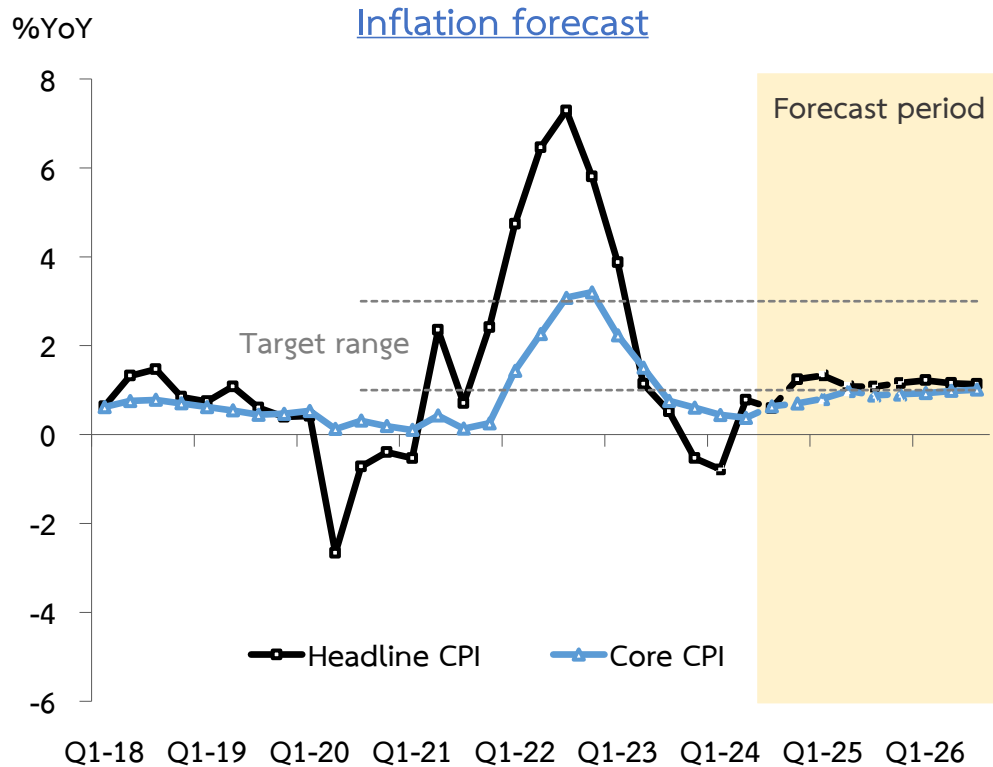
Source: NESDC, BOT calculation



# Headline inflation is expected to be around the lower bound of the target range, but does not reflect deflation risk

Headline inflation should gradually return towards target range by the end of 2024

Prices of goods and services have not declined broadly or continuously; price increases are observed in some categories



Source: Ministry of Commerce, calculated by BOT

Continuity in price increases of Core CPI basket (%MoM)	2023					2024								
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Seasonings and condiments	Green		Green	Red						Green	Green			
Prepared food			Red		Green		Green		Green	Green		Red		Red
Electric devices and house furnishing	Green		Red		Green		Green		Green	Green		Red		Green
Cleaning supplies	Red	Green		Green	Red	Green		Green	Red	Green	Green		Red	Green
Personal care expenditures		Green	Red	Green		Red		Green	Red	Green	Green		Red	Green
Public transportation services										Red				
Tobacco and alcoholic beverages						Green								
Recreation and Education					Green				Green	Red	Red			
Apparel and footwear		Red	Green		Green			Red		Red	Green	Green	Green	Green

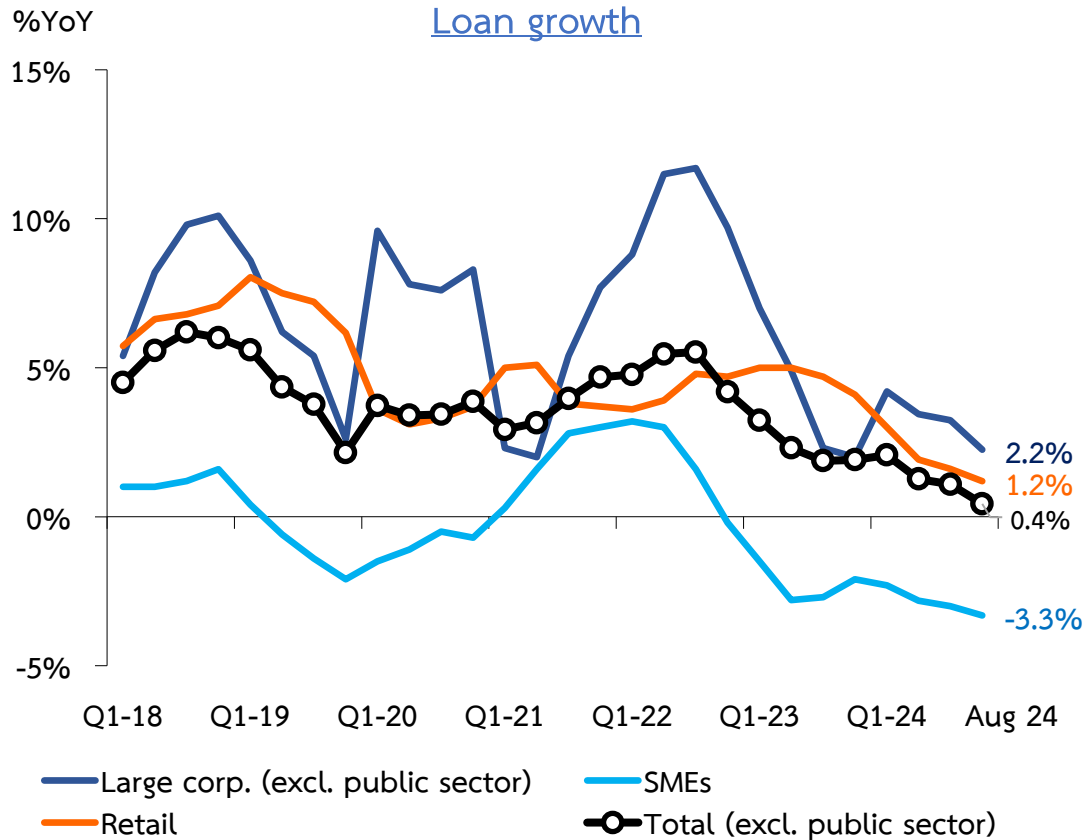
**Note:** Prices of personal care and cleaning supplies have decreased/increased due to the promotion offered by the merchants.

- Prices decrease more than 0.5 S.D.
- Prices change less than 0.5 S.D.
- Prices increase more than 0.5 S.D.
- Prices increase more than 1 S.D.



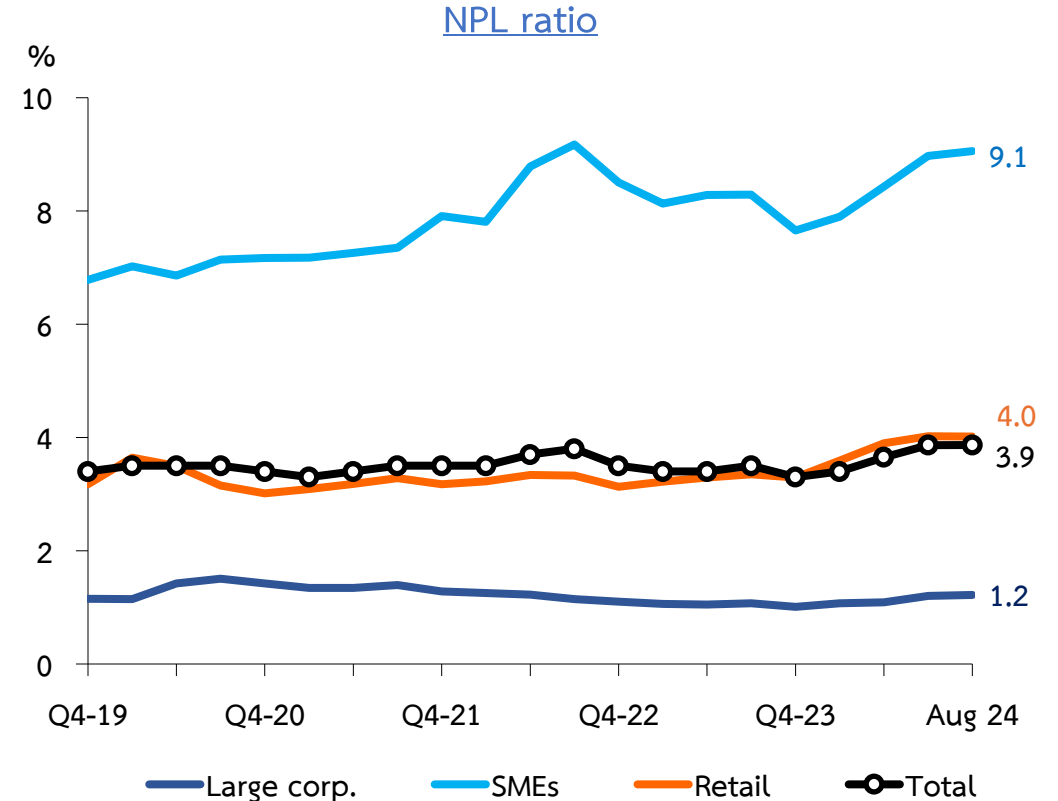
# Overall loan growth declined after having accelerated; deteriorating credit quality shows signs of stabilization

## Business and retail loan growth declined



**Note:** (1) Data covers loans from commercial banks and subsidiaries, SFIs, and non-bank under the supervision of the BOT  
 (2) For loans from commercial banks and subsidiaries, business's credit line per bank (excluding interbank) as of Aug 2024 is used to categorize Large corp. (credit line > 500 MB) and SMEs (credit line ≤ 500 MB). For SFIs and non-bank, OSMEP's criteria is used.

## Credit quality for SMEs and retail loans deteriorated but shows signs of stabilization

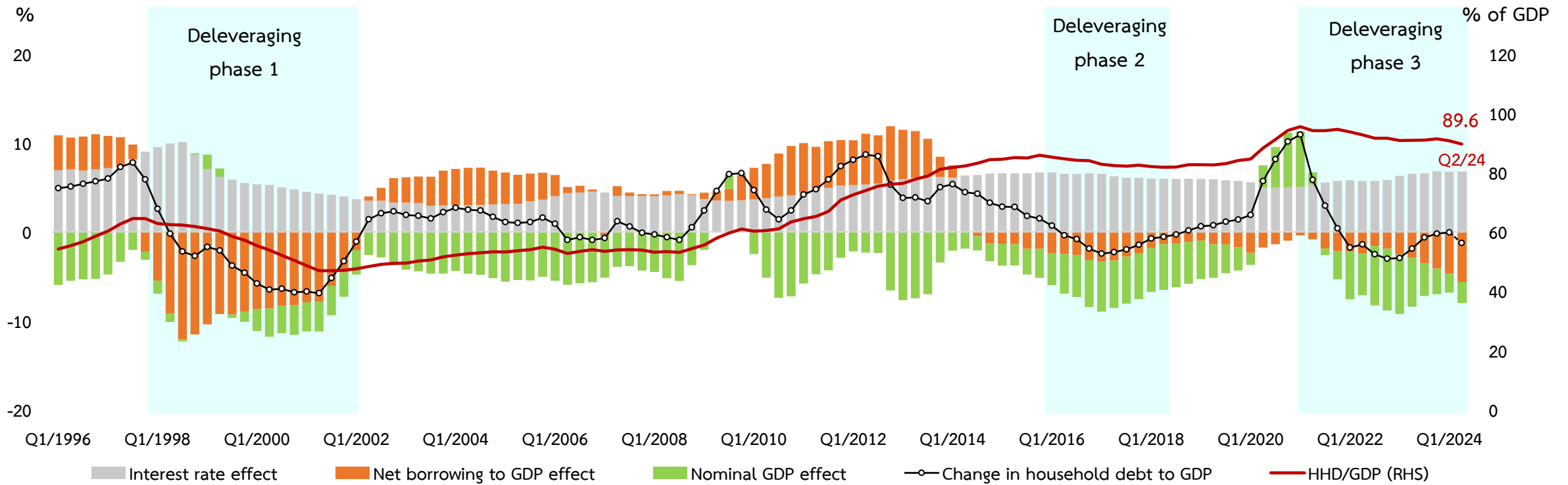


**Note:** Data covers loans from commercial banks and subsidiaries, SFIs, and non-bank under the supervision of the BOT



The lower policy rate will help alleviate debt-servicing burden without impeding debt deleveraging given the expected slowdown in loan growth

Contribution to changes in household debt to GDP ratio



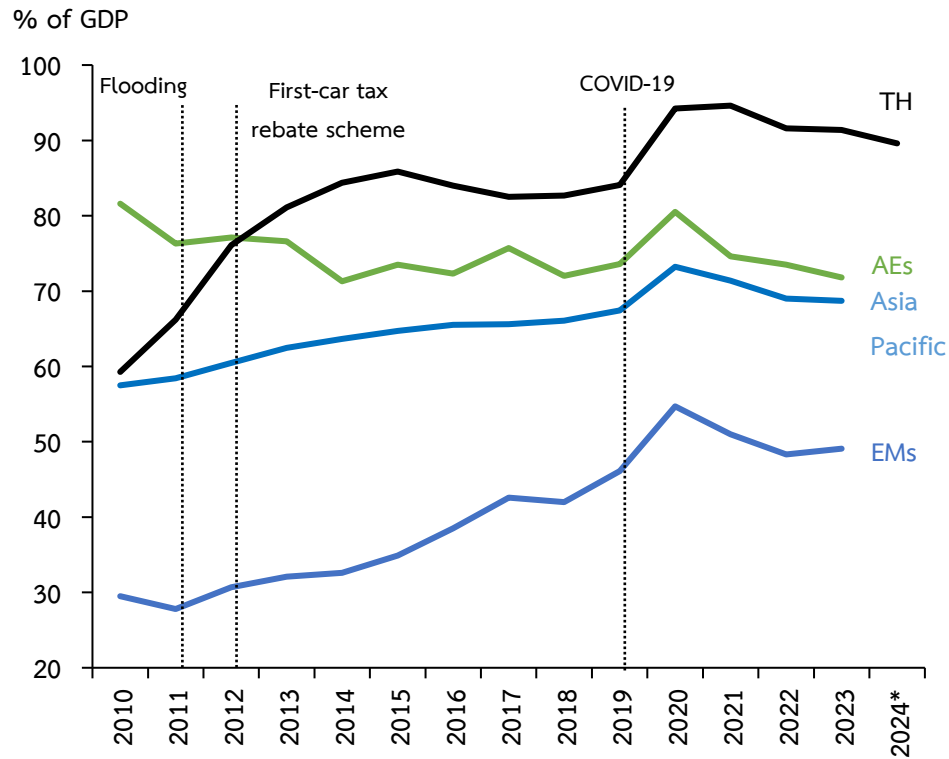
Source: BIS, NESDC and BOT, calculated by BOT



Household debt in Thailand remains elevated compared to other countries

Interest rates being too low often lead to build-up of financial imbalances

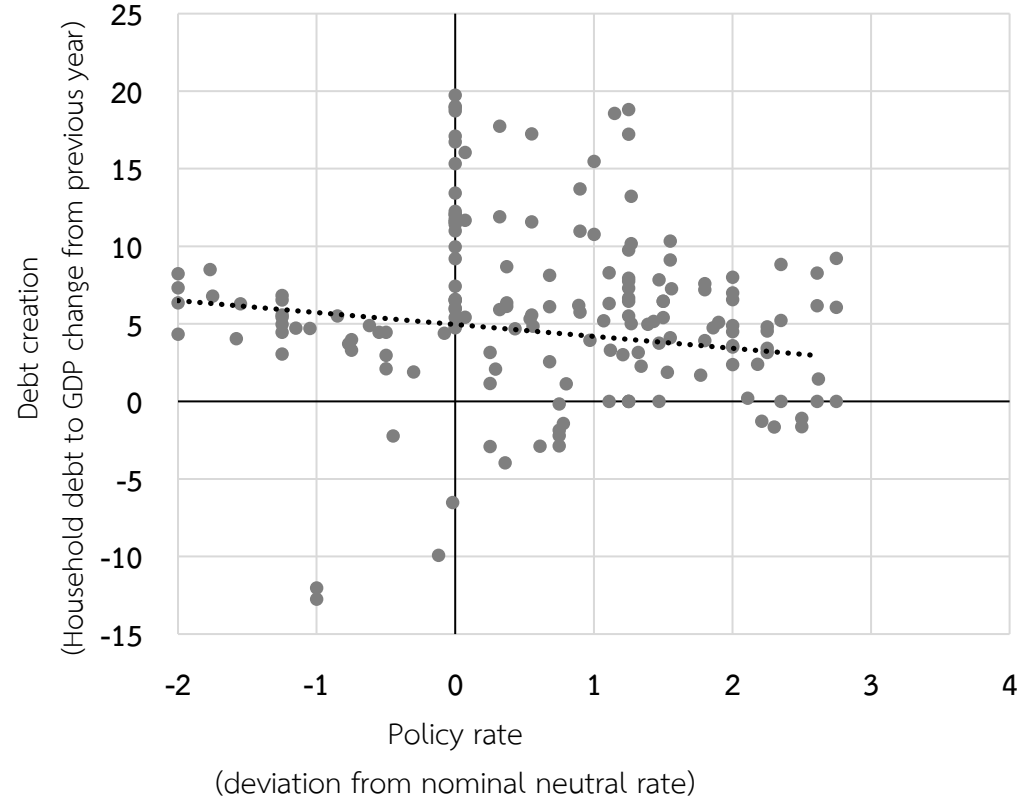
Household debt to GDP



Note: Asia Pacific calculated by the average of AU CN HK ID IN JP MY NZ SG TH

\*data as of Q2/2024

Source: BIS and BOT



Note: <sup>1/</sup> Sample includes US ES PT IE KR and TH  
<sup>2/</sup> Neutral rates for TH and US are calculated from IMF's nominal rate and long-term inflation consensus forecast (5Y5Y); nominal neutral rates for ES PT IE are from ECB; nominal neutral rate for KR is calculated by averaging nominal interest rates since 2000  
Source: World Bank, IMF, Calculated by BOT





Annual percentage change	2023*	2024	2025
GDP growth	1.9	2.7	2.9
Domestic demand	3.5	2.4	2.7
Private consumption	7.1	4.2	2.5
Private investment	3.2	-2.8	2.9
Government consumption	-4.6	2.0	2.6
Public investment	-4.6	1.1	4.5
Exports of goods and services	2.1	4.8	2.8
Import of goods and services	-2.3	4.4	1.4
Current account (billion, U.S. dollar)	7.4	10.0	16.0
Value of merchandise exports (%YoY)	-1.5	2.8	2.0
Value of merchandise imports (%YoY)	-3.8	5.1	0.4
Number of foreign tourists (million persons)	28.2	36.0	39.5
Dubai crude oil price (U.S. dollars per barrel)	82.0	80.0	80.0
Headline inflation	1.2	0.5	1.2
Core inflation	1.3	0.5	0.9

Note: \* Outturns