

Thailand

12 June 2024

Bank of Thailand: Holding the Line Firmly

- Bank of Thailand (BOT) maintained its policy rate at 2.50%, as expected. The Monetary Policy Committee (MPC) voted 6-1 in favour of the decision.
- There were no changes to the growth or inflation forecasts suggesting BOT deems recent economic activity data as in line with its expectations.
- As such, we maintain our forecast for BOT to keep its policy rate unchanged at 2.50% in 2024.

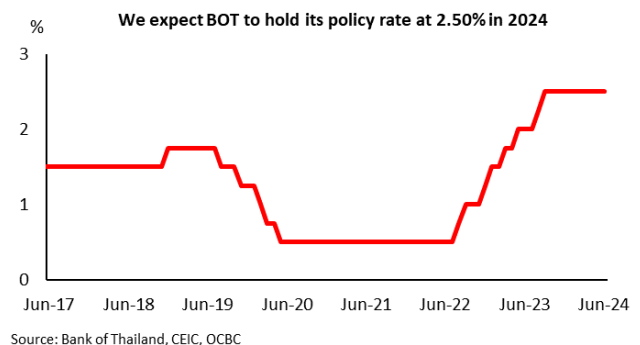
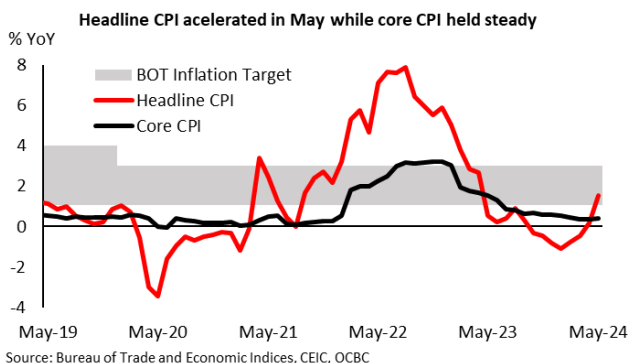
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Bank of Thailand (BOT) maintained its policy rate at 2.50%, as expected. The Monetary Policy Committee (MPC) voted 6-1 in favour of the decision. There was a more hawkish shift in the MPC votes as two members had voted for a 25bp cut at its 10 April meeting.

The BOT made no changes to its growth and inflation forecasts, implying that the incoming data were broadly in line with its expectations. Although 1Q24 GDP growth slowed to 1.5% YoY versus 1.7% in 4Q23, BOT maintained its 2024 full year growth forecast at 2.6% (OCBC: 2.8%). For 2025, the forecast was unchanged at 3.0%. Similarly, the headline and core inflation forecasts were unchanged at 0.6% YoY and 0.5% for 2024. Year-to-May headline inflation averaged -0.1% YoY, implying a pickup in the coming months, similar to our expectations.

The slight hawkish tilt from the MPC taken together with the steady economic forecasts showed that “the majority of the Committee deems that the current policy interest rate is consistent with the economy converging to its potential...”. The BOT will likely remain nimble in terms of its approach to evolving growth and inflation outlook. However, our baseline remains for it to keep its policy rate unchanged at 2.50% for the rest of the year.



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