

<b>EXECUTIVE BOARD MEETING</b>
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SM/22/218  
Supplement 2

August 30, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **Thailand—Staff Report for the 2022 Article IV Consultation—Supplementary Information**

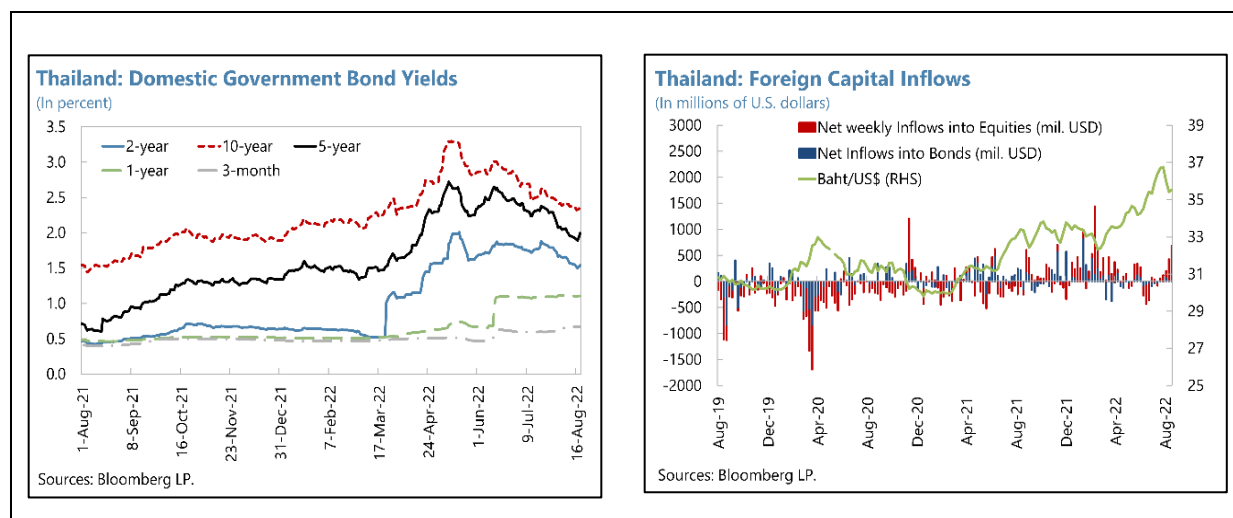
Board Action:	Executive Directors' <b>consideration</b> (Formal)
Tentative Board Date:	<b>Wednesday, August 31, 2022</b>
Administrative Error:	The attached supplementary information is being issued as a supplement to the reissued Thailand—Staff Report for the 2022 Article IV Consultation (SM/22/218, 8/30/22). The supplementary information is unchanged from SM/22/193, Sup. 2 (8/23/22).
Publication:	Yes*
Questions:	Ms. Delechat, APD (ext. 39681) Mr. Stepanyan, APD (ext. 38963) Ms. Kaendera, APD (ext. 39881)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—ASEAN+3 Macroeconomic Research Office, Asian Development Bank, Asian Infrastructure Investment Bank, European Investment Bank, Food and Agriculture Organization, United Nations Development Programme, World Trade Organization

**\*Unless an objection from the authorities is received prior to the conclusion of the Board's consideration, the document will be published.**





**3. Financial conditions remain favorable but volatile.** After depreciating for the first seven months of the year, the Thai baht appreciated by 3.8 percent against the U.S. dollar in August (as of August 16). The NEER appreciated by 1.9 percent over the same period. Net portfolio inflows (bonds and equities) declined from around US\$6 bn in 2022Q1 to US\$0.7 bn in 2022Q2 as global risk sentiment was affected by the war in Ukraine. Net portfolio inflows into equities however rebounded in August supported by the ongoing recovery. Medium-term government bond yields continued to decline.



**4. The Bank of Thailand (BOT) has started to normalize monetary policy.** The BOT raised its policy rate by 25 basis points from 0.5 to 0.75 percent at its August 10<sup>th</sup> Monetary Policy Committee meeting. The BOT continues to closely monitor inflation dynamics, cost pass-through and inflation expectations, and communicated that it would pursue a gradual normalization of monetary as the economy continues to recover.