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## **ECONOMY** Bank of Thailand leaves rates on hold

Yesterday

The Bank of [Thailand](#) has chosen to leave its benchmark rate unchanged, as expected.

The BoT cut rates twice in 2015 taking it's main rate to 1.5 per cent. Its easing measures have been credited with helping the economy grow by more than expected last year, at an annualised rate of 2.8 per cent, compared to 0.9 per cent in 2014, even as exports slow.

Thailand's economy is suffering from weak demand due to a slowing Chinese economy and [high levels of household debt](#) – a legacy of a period of generous subsidies, loans and tax breaks over the past 15 years.

Krystal Tan at Capital Economics said:

With the economy exiting deflation and growth still on track to come in around 3% in 2016, we expect rates to be kept on hold for the remainder of the year.

On balance, the economy still looks on track to post growth of around 3% this year, which should be enough to satisfy the BoT. Our forecast is for the policy rate to be kept at 1.50% for the rest of 2016. Of the 23 analysts polled by Focus Economics, eight are expecting rate cuts in 2016, one is pencilling in hikes, while the remainder are forecasting no change.

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