

Bank of Thailand cuts key rate by 25 basis points in sudden move

- Bank of Thailand makes an emergency rate cut by 25 basis points to 0.75 per cent, effective on March 23, in response to the economic impact from Covid-19.
- The Monetary Policy Committee (MPC) voted unanimously on Friday (March 20) to cut the key policy rate by 0.25 percentage point, from 1.00 to 0.75 per cent, effective from March 23 to reduce the interest burden on borrowers affected by the Covid-19 outbreak and to alleviate liquidity strain in the financial markets.
- The Bank of Thailand (BOT)'s MPC held a special meeting to assess the impact of the virus outbreak on the economic outlook and domestic financial markets.
- The MPC viewed the fallout from the outbreak in the period ahead to be more severe than previously expected and the situation would take some time before returning to normal. This would severely affect the Thai economy. The committee also noted that the outbreak had resulted in concerns among global financial markets, affecting liquidity and the functioning of Thai financial markets despite the overall stability of the financial system.
- They believed the rate cut would mitigate the impact on the economy and also reinforce fiscal measures already implemented and forthcoming.
- The MPC viewed the policy rate cuts in the previous and Friday's meetings would benefit the economy if financial institutions took active roles in addressing liquidity problems of borrowers, especially small and medium-sized enterprises and households, as well as accelerating debt restructuring to have noticeable and meaningful impact.
- The committee urged the BOT to closely monitor each financial institution's assistance to borrowers. Moreover, the BOT should ensure sufficient liquidity, as well as the proper functioning and stability of the financial markets.

Covid-19 outbreak hits scheduling of international trade conferences

- The worldwide spread of Covid-19 has led to many international trade conferences being postponed, according to Auramon Supthaweethum, the Director-General of the Department of Trade Negotiations (DTN).
- She said the World Trade Organization (WTO), had announced the postponement of all conferences in Geneva, Switzerland until the end of April 2020.
- In addition, it is likely that 164 members of WTO will agree on the postponement of the 12th WTO Ministerial Conference, scheduled from June 8 to 11 this year in Kazakhstan, she said.
- She explained that ASEAN meetings scheduled to be hosted by Vietnam this year were postponed.
- The ASEAN Economic Community Council meeting scheduled to take place from April 6 to 9 this year in Da Nang, Vietnam, will be deferred to the end of June this year, while the ASEAN Summit also will be postponed.
- She said that although many member countries of the Regional Comprehensive Economic Partnership (RCEP) have measures to suspend travel overseas, all members will adjust the work plan to keep the negotiations going forward to be able to sign the agreement within this year as planned.
- Member countries will use teleconferencing system to hold meetings, starting with the 29th RCEP Trade Negotiating Committee meeting, which was originally scheduled at the ASEAN Secretariat in Jakarta.
- She said the Asia-Pacific Economic Cooperation (APEC) meeting of trade ministers from 21 member countries and APEC senior officials scheduled for April this year in Kuala Lumpur will be postponed to June.
- She added that many conferences have a tendency to be postponed, so the DTN will use teleconferencing system and virtual meetings for various international meetings to ensure that work will not be interrupted, and they can proceed as planned.