

## Baht Falls as Singapore Unexpectedly Eases Before Thai Meeting

By Anuchit Nguyen

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(Bloomberg) -- The baht retreated from a three-month high after Singapore's central bank unexpectedly eased monetary policy, raising the possibility that Thailand will follow suit at a meeting later Wednesday.

Six of 22 economists surveyed by Bloomberg forecast the Bank of Thailand will cut its benchmark rate by 25 basis points to 1.75 percent, while the rest see no change. Singapore joined other monetary authorities around the world, including the European Central Bank, Canada, Denmark and India, to loosen policy amid slowing economic growth and deflation risks.

"We still view this meeting as a close call," Euben Paracuelles, a Singapore-based economist at Nomura Holdings Inc., said by e-mail. Slowing inflation, the weak export outlook and the baht's gain versus the dollar will justify a Bank of Thailand rate reduction, he said.

The Thai currency fell 0.2 percent to 32.62 a dollar as of 10:09 a.m. in Bangkok, according to data compiled by Bloomberg. The baht has gained 0.8 percent this year, heading for its biggest monthly advance since July and making the nation's exports less competitive at a time when growth is slowing.

Finance Minister Sommai Phasee last week said the monetary authority should "in theory" lower borrowing costs, and that exports are under pressure from a stronger baht. The currency climbed to 32.48 a dollar Wednesday, the strongest level since Oct. 31.

## Bonds Rise

The Bank of Thailand, which has kept its rate unchanged since cutting it to 2 percent in March, has lowered 2015 forecasts for economic growth and overseas shipments because the recovery is hampered by the weaker outlook for domestic consumption and global demand.

Nomura is one of the six predicting a 25 basis-point rate cut before the decision due at 2:30 p.m. local time. Thai inflation eased to 0.6 percent in December from a year earlier, the least in Southeast Asia and the lowest since 2009.

While there is a growing probability that Thailand's headline inflation will slow to below the central bank's target range of 1 percent to 4 percent, the current policy rate is "already accommodative" and remains supportive of the economic recovery, the central bank's Senior Director Roong Mallikamas said in an interview Jan. 9.

Five-year government bonds advanced, with the yield falling three basis points, or 0.03 percentage point, to 2.33 percent, according to data compiled by Bloomberg.

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