

Trade and Economic Indices for August 2024

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in August 2024 was 108.79**. Comparing to August 2023 (108.41), **the headline inflation increased at a slower rate by 0.35% (YoY)**, mainly due to rising food prices, especially fresh vegetables and fresh fruits as flooding affected some agricultural areas and decreased crop yields. Moreover, the prices of rice, glutinous rice, and ready-to-eat meals such as prepared food, rice and curry, and cooked to order dish also increased. Other goods and services did not have a significant impact on inflation.

Thailand's inflation rate in July 2024 increased by 0.83% (YoY) compared to other countries, still remaining in the low inflation rate group. That is, Thailand positioned at 10th out of 128 economies that reported figures, and the second lowest rate in ASEAN among 8 countries (Cambodia, Malaysia, Indonesia, Singapore, Vietnam, the Philippines, and Lao PDR).

The headline inflation rate in August 2024, which increased by 0.35% (YoY), was contributed by the prices of goods and services as follows:

Food and non-alcoholic beverages category increased by 1.83% (YoY), primarily driven by the rising prices of fresh food such as fresh vegetables (green brinjal, fresh chili, cucumber, Chinese cabbage, lime, water spinach, cabbage), fresh fruits (rambutan, mango, sugar banana, guava), rice, glutinous rice, fresh milk, and chicken egg. In addition, the prices of ready-to-eat meals (prepared food, lunch (rice and curry), cooked to order dish, breakfast), non-alcoholic beverages (instant coffee powder, sweetened beverage), and food components (granulated sugar, instant coconut milk) also increased. On the other hand, there were many items with price reduction such as pork, tangerine, short mackerel, vegetable oil, and grilled chicken.

Non - food and beverages category decreased by 0.68 % (YoY), primarily due to the falling prices of energy (gasohol, electricity), cleaning products (powder detergent, fabric softener, bathroom cleaner, detergent (liquid laundry soap), dish soap), personal items (shampoo, body soap, skincare products, hair conditioner,) and clothes (men's and women's t-shirts, men's trousers, men's and women's shirts). However, there were many necessary items with price rise such as diesel fuel, benzene fuel, housing rent, student's transportation fee, women's and men's hairdressing service, and monk offering set.

For the core inflation (the headline inflation excluding fresh food and energy), it **increased by 0.62% (YoY)**, slightly accelerating from 0.52% (YoY) in July 2024.

The Consumer Price Index in August 2024, when compared to July 2024, increased by 0.07% (MoM), following an increase of food and non-alcoholic beverages category by 0.79%. This resulted from rising prices of fresh vegetables (Chinese cabbage, fresh chili, Chinese broccoli, water spinach, lime, cilantro, and cucumber), fresh fruits (tangerine, guava, sugar banana, rambutan), rice, and pork. Meanwhile, there were some items with price reduction such as grilled chicken, vegetable oil, fresh milk, and soy milk. **For non - food and beverages category, there was a 0.42% decrease**. The main contributor was a decrease in the prices of gasohol, benzene fuel, diesel fuel, fabric softener, deodorant, perfume, men's trousers, and men's shirts. However, there were some items with price rise such as powder detergent and personal items (hair conditioner, face powder, body soap, face wash, skincare products).

The average consumer price index over the 8 months (January – August) 2024 increased by 0.15% (AoA) compared to the same period in 2023

As for September 2024, the headline inflation is expected to increase from the rate in August 2024. There are three key factors accelerating the inflation. First, price ceiling of diesel at 33.00 baht per liter is higher than the same period last year. Second, the impact of flooding has caused the prices of fresh vegetables and fresh fruits to rise, as some agricultural areas have been damaged. However, this is expected to be a short-term effect. Third, geopolitical conflicts may create uncertainty in the prices of key commodities, including an increase in freight and shipping costs. Nonetheless, there are some other factors possibly decelerate the inflation. For instance, the price of electricity is lower than the previous year due to government measures. Furthermore, the base price of Dubai crude oil in 2023 was higher than the current price, which tends to slowly recover or decrease due to a slow global economic growth. Lastly, price reduction and competition in marketing activities among domestic wholesalers, retailers, and e-commerce channels have led to a continuous decrease in prices for many products

Thus, the Ministry of Commerce predicts that the headline inflation for 2024 will be between 0.0% and 1.0% (midpoint of 0.5%). This rate aligns with the current economic situation. If there are significant changes in the circumstances, there will be a reconsideration.

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