

## **Inflation still decreased as the prices of fresh food and diesel fuel decreased.**

Mr. Poonpong Naiyanapakorn, the Director of Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in February 2024 was 107.22**. Comparing to February 2023 (108.05), **the headline inflation decreased by 0.77% (YoY)**. **It has decreased for 5 consecutive months**. This resulted from a decrease in the prices of fresh food, including meat and fresh vegetables, caused by an increase in the market supply. In addition, the prices of diesel fuel and electricity also decreased due to the government measures. More importantly, the high baseline price in February 2023 has contributed to the decrease in the inflation rate. As for other goods and services, their prices moved in a normal direction.

**Thailand's inflation rate in January 2024 which decreased by 1.11% (YoY) compared to other countries** showed that Thailand remained in the low inflation rate group, positioned at 4<sup>th</sup> out of 135 economies that reported figures, and continued to have the lowest rate in ASEAN among 7 countries (Laos, the Philippines, Singapore, Vietnam, Indonesia, Malaysia). Thailand's inflation rate decreased and moved accordingly with several countries worldwide.

**The headline inflation rate in February 2024, which decreased by 0.77% (YoY)**, was contributed by the prices of goods and services as follows:

**Food and non-alcoholic beverages category decreased by 0.97% (YoY)**, primarily due to a decrease in prices of pork, short mackerel, white shrimp, sea bass, and fresh vegetables (lime, cucumber, Chinese cabbage, tomato, and cabbage) due a large amount of supply in the market. Furthermore, the prices of vegetable oil and fish sauce also decreased. There are some items with price rise such as rice, chicken egg, soy milk, margarine, fruits (watermelon, bananas, mangoes), granulated sugar, instant coconut milk, ready-to-drink coffee, prepared food, noodle, and lunch.

**Non - food and beverages category decreased by 0.63% (YoY)**, driven by falling prices of diesel fuel and electricity due to the government measures. Moreover, the prices of men's and women's clothes, cleaning products (laundry detergent, bathroom cleaner, fabric softener), electrical appliances (television, washing machine, refrigerator), body soap, shampoo, and skincare also decreased. There are some items with price rise such as body powder, deodorant, toothpaste, cold and flu medicine, antacid, medical examination fee, international travel budget, airfare, cigarette, alcohol, and wine.

For **the core inflation**, excluding fresh food and energy, it **increased by 0.43% (YoY)** with a slight decrease from 0.52% (YoY) in January 2024.

**The Consumer Price Index in February 2024, when compared to January 2024, increased by 0.22% (MoM) and for non - food and beverages category increased by 0.60 %** because the fuel prices have increased for almost all types, except for diesel. In addition, the prices of airfare, deodorant, facial cleanser, toothpaste, alcohol, beer, and wine also increased. However, there are some item with price reduction, such as men's clothes, cleaning products (laundry detergent, bathroom cleaner, fabric softener), **For food and non-alcoholic beverages category, there was a 0.33% decrease**, driven by falling prices of pork, grilled chicken, short mackerel, snake-

head fish, squid, chicken egg, powdered milk, drinking yogurt, and fresh vegetables (fresh chili, tomato, Chinese cabbage). There are some items with slight price increases, including rice, fruits (tangerine, grape, watermelon), instant coffee powder, sweetened beverage, and lunch (rice and curry).

**For the average consumer price index over 2 months (January - February 2024) compared to the same period in 2023, it decreased by 0.94% (AoA).**

As for March 2024, the headline inflation is expected to continuously decrease, mainly due to the government measures such as the decreased prices of electricity below 3.99 Baht per unit for households consuming less than 300 units per month, and at 4.18 baht per unit for general households. Additionally, the government measure to fix the diesel price at no more than 30 baht per liter is in force until April 19, 2024. Furthermore, the high baseline prices of pork and fresh vegetables in the previous year will result in a decrease in the inflation rate. Thailand's economy has also expanded very slowly. Nevertheless, there are 4 major factors possibly contributing to an increase in inflation. First, ongoing conflicts in the Middle East have led to an increase in the prices of necessary consumer products, especially crude oil prices in the global market. Second, the Thai Baht tends to depreciate, causing an increase in import prices. Third, fluctuating weather conditions towards the end of the El Niño phenomenon and the beginning of hot season are likely to impact quantities of agricultural products and their production costs. Fourth, a continuous expansion of the tourism sector has increased the prices of products related to the tourism, particularly airfare.

Thus, The Ministry of Commerce **predicts that the headline inflation for 2024 will be between (-0.3) % and 1.7%, with a midpoint of 0.7%.** This rate aligns with the current economic situation. If there are significant changes in the circumstances, there will be a reconsideration.

The overall consumer confidence index for February 2024 is still above the confidence level with a slight decrease from 54.5 in January 2024 to 54.2. The present index slightly increased, while the future (3-month outlook) index decreased. The consumer confidence index still remained within the confidence range presumably due to the continuous expansion of the tourism and export sectors, following the global economic recovery and food security policies of trading partners. The increasing prices of key agricultural products, such as jasmine rice and natural rubber, also play an important role in remaining the consumer confidence. Lastly, the fuel prices (except for diesel) have increased compared to the previous month, resulting in a gradual change in the consumer confidence index.

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Trade Policy and Strategy Office

Ministry of Commerce

March 2024