

Trade and Economic Indices for October 2024

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in October 2024 was 108.61**. Comparing to October 2023 (107.72), **the headline inflation increased by 0.83% (YoY)**. The main factor came from the rise in food prices, especially fresh vegetables and fresh fruits. Additionally, the prices of diesel fuel and electricity increased due to the low base price from the previous year, where there were government measures that helped reducing energy expenses more than this year. Meanwhile, the gasohol price decreased in accordance with global energy prices. Other goods and services did not have a significant impact on inflation.

Thailand's inflation rate in September 2024 increased by 0.61% (YoY) compared to other countries, still remaining in the low inflation rate group. That is, Thailand positioned at the 20th out of 140 economies that reported figures, and the second lowest rate in ASEAN among 9 countries (Brunei, Cambodia, Malaysia, Indonesia, the Philippines, Singapore, Vietnam, and Lao PDR).

The headline inflation rate in October 2024, which increased by 0.83% (YoY), was contributed by prices of goods and services as follows:

Food and non-alcoholic beverages category increased by 1.95% (YoY), primarily driven by rising prices of fresh food such as fresh vegetables (green onion, cabbage, cilantro, Chinese cabbage, green brinjal, fresh chili, cauliflower), fresh fruits (rambutan, sugar banana, mango, watermelon, longkong, banana), fresh chicken, chicken egg, white shrimp, pork, and rice. Furthermore, prices of non-alcoholic beverages (instant coffee powder, coffee (hot/cold), sweetened beverage), and food components (granulated sugar, coconut (dried/shredded), instant coconut milk), also increased. On the other hand, there were many items with price reduction such as grilled chicken, lime, vegetable oil, shallot, garlic, short mackerel, and delivered food.

Non - food and beverages category increased by 0.04% (YoY), primarily due to the increasing prices of fuel (diesel, benzene), electricity, housing rent, airfare, men's and women's hairdressing services, and photocopying fee. However, there were many necessary items with price reduction such as gasohol, personal items (shampoo, body soap, skincare products), cleaning products (powder detergent, bathroom cleaner, fabric softener), and clothes (men's and women's t-shirts, men's and women's shirts).

For the core inflation (the headline inflation excluding fresh food and energy), it **increased by 0.77% (YoY)**, which was similar to September 2024 (0.77% YoY).

The Consumer Price Index in October 2024, when compared to September 2024, decreased by 0.06% (MoM), following a decrease of food and non-alcoholic beverages category by 0.11%. This resulted from falling prices of some fresh vegetables (cucumber, Chinese broccoli, fresh chili, lime, green onion), some fresh fruits (guava, tangerine, longkong, sugar banana), fresh chicken, pork, chicken egg, and delivered food. Meanwhile, there were some items with price rise such as water spinach, cabbage, green brinjal, glutinous rice, dragon fruit, and mango. **For non - food and beverages category, there was a 0.03% decrease**, mainly due to falling prices of gasohol and personal items (shampoo, hair conditioner, body soap, skincare products, face wash). Meanwhile, there were some items with price rise such as cleaning products (powder detergent, fabric ironing spray, floor cleaner), housing rent, diesel, and airfare.

The average consumer price index over the 10 months (January – October) 2024 increased by 0.26% (AoA) compared to the same period in 2023

As for November 2024, the headline inflation is expected to increase from the rate in October 2024. There are three key factors accelerating the inflation. First, the price ceiling of diesel at 33.00 baht per liter is higher than the same period last year. Second, household electricity prices have increased due to the low base from the previous year, as government measures for electricity costs have been reduced this year. Third, prices of products and services related to the tourism sector are likely to increase, particularly airfares, which align with the tourism season. Nonetheless, **there are some other factors possibly decelerate the inflation.** For instance, the global crude oil price is relatively lower than the previous year. That is, the current average price is approximately \$70 per barrel, whereas the average price last year was over \$80 per barrel. This results in a decrease in gasohol prices. Furthermore, the prices of fresh vegetables have returned to normal levels as the impact of temporary factors such as flooding and heavy rainfall in some areas has ended. Lastly, the major wholesalers and retailers are likely to continue organizing marketing promotions.

Thus, **the Ministry of Commerce predicts that the headline inflation for 2024 will be between 0.2% and 0.8% (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.

The overall consumer confidence index for October 2024 increased from 51.6 in the previous month to 52.9. This marks a continuous increase for 2 consecutive months. The present index increased from 43.1 to 44.8, and the future index (3-month outlook) increased from 57.2 to 58.3. Overall, the reasons for the increase are presumably due to the following factors. First, the government measures aimed at addressing economic and social issues, particularly the 10,000-Baht digital money project, boost domestic consumption. Moreover, exports have been expanding following the increasing demand for agricultural and food products. Lastly, the gradual reduction of interest rates by commercial banks in line with the policy interest rate helps ease financial concerns for the public. Nevertheless, the overall global economy has been slowing down, as reflected by the ongoing trade wars and persistent geopolitical issues. Additionally, household debt in Thailand still remains at a high level, which is a pressing factor that requires close monitoring.

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