

Trade and Economic Indices for November 2024

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office (TPSO), Ministry of Commerce, revealed that **the Consumer Price Index (CPI) in November 2024 was 108.47**. Comparing to November 2023 (107.45), **the headline inflation increased by 0.95% (YoY)**. The main factor came from the rise in diesel price, resulting from the low base price in the previous year. Additionally, the prices of food and beverage items also increased, notably from fresh fruits, food components, and non-alcoholic beverages. Other goods and services did not have a significant impact on inflation.

Thailand's inflation rate in October 2024 increased by 0.83% (YoY) compared to other countries, still remaining in the low inflation rate group. That is, Thailand positioned at the 23rd out of 132 economies that reported figures, and the second lowest rate in ASEAN among 8 countries (Brunei, Malaysia, Indonesia, the Philippines, Singapore, Vietnam, and Lao PDR).

The headline inflation rate in November 2024, which increased by 0.95% (YoY), was contributed by prices of goods and services as follows:

Food and non-alcoholic beverages category increased by 1.28% (YoY), primarily driven by rising prices of fresh fruits (rambutan, mango, sugar banana, watermelon, durian, longkong), non-alcoholic beverages (instant coffee powder, soft drink, coffee (hot/cold)), food components (coconut (dried/shredded), granulated sugar), ready-to-eat meals (rice and curry, prepared food, breakfast), the meat, duck, chicken, and aquatic animal category (tilapia, fresh chicken, white shrimp, pork), and the rice, flour, and flour-based product category (pastry, glutinous rice). Meanwhile, there were many items with price reduction such as fresh vegetables (Chinese broccoli, lime, green brinjal, Chinese cabbage, cilantro, tomato, cucumber, fresh chili), chicken egg, grilled chicken, drinking yogurt, short mackerel, vegetable oil, and delivered food.

Non - food and beverages category increased by 0.70% (YoY), primarily due to the increasing prices of energy (diesel, benzene), housing rent, airfare, men's and women's hairdressing services, and student transportation fee. However, there were many necessary items with price reduction such as gasohol 95, personal items (shampoo, body soap, skincare products), cleaning products (dishwashing liquid, bathroom cleaner), 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 0.80% (YoY)**, slightly accelerating from 0.77% (YoY) in October 2024.

The Consumer Price Index in November 2024, when compared to October 2024, decreased by 0.13% (MoM), following a decrease of food and non-alcoholic beverages category by **0.42%**. This resulted from falling prices of some fresh vegetables (Chinese cabbage, cilantro, cabbage, green brinjal, lime, fresh chili), some fresh fruits (tangerine, ripe papaya, sugar banana, guava), chicken egg, and fresh chicken. Meanwhile, there were some items with price rise such as rice, vegetable oil, delivered food, coconut (dried/shredded), cucumber, and long bean. **For non - food and beverages category, there was a 0.09% increase**, mainly due to rising prices of gasohol of all types, benzene fuel, housing rent, and personal items (hair conditioner, body powder, skincare products). Meanwhile, there were some items with price reduction such as cleaning products (powder detergent, floor cleaner, fabric ironing spray, bathroom cleaner), and men's and women's trousers.

The average consumer price index over the 11 months (January – November) 2024 increased by 0.32% (AoA) compared to the same period in 2023

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.

As for 2025, the headline inflation is forecasted to be between 0.3% and 1.3% (midpoint of 0.8%). There are three key factors accelerating the inflation. First, Thailand's economy is projected to improve in 2025 compared to 2024, influenced by growth in both private investment and consumption. Furthermore, the continuous increase in the number of tourists is expected to boost demand for goods and services. Second, the price ceiling of diesel at 33.00 baht per liter is higher than the average price of the first and second quarter of 2024. Third, public spending has increased due to “the 10,000-baht digital wallet project.” On the other hand, **there are four major factors possibly decelerating the inflation.** First, the government is likely to continue implementing measures to ease the burden of living expenses, particularly by reducing electricity and LPG prices. Second, the base price of fresh fruits and vegetables in 2024 was at a high level due to the El Niño and La Niña phenomena. As for 2025, these situations are anticipated to be less severe, and have a minimal impact on prices. Third, the slowdown in the real estate and domestic automobile sectors will result in limited growth in housing rents and car prices. Fourth, the prices of essential goods are likely to experience limited price increases caused by a downward trend in key cost factors such as interest rates and global oil prices.

Nonetheless, if there are significant changes in the circumstances, there will be a reconsideration for the headline inflation.

The overall consumer confidence index for November 2024 increased from 52.9 in the previous month to 53.2. This marks a continuous increase for 3 consecutive months. The present index increased from 44.8 to 45.1, and the future index (3-month outlook) increased from 58.3 to 58.5. Overall, the reasons for the increase are presumably due to the following factors. First, the government's continuous implementation of economic stimulus policies, particularly the 10,000-Baht digital money project, boosts domestic consumption. Moreover, exports have been expanding in line the increasing demand for agricultural and food products. Lastly, the expansion of the tourism sector in the year-end period has a positive impact on the service sector and generates income for the country. Nevertheless, there are some other factors that requires close monitoring, including the global economic slowdown, the ongoing geopolitical issues, the United States trade barriers that may increase pressure on the trade war, and Thailand's high household debt.

Trade Policy and Strategy Office
Ministry of Commerce
December 2024