

## Trade and Economic Indices for July 2024

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in July 2024 was 108.71**. Comparing to July 2023 (107.82), **the headline inflation rose 0.83% (YoY)** due to rising prices of global oil. Moreover, the prices of food also increased, especially ready-to-eat meals, fresh fruits, rice, and glutinous rice. Other goods and services did not have a significant impact on inflation.

**Thailand's inflation rate in June 2024 increased by 0.62% (YoY) compared to other countries**, still remaining in the low inflation rate group. That is, Thailand positioned at 5<sup>th</sup> out of 135 economies that reported figures, and the second lowest rate in ASEAN among 9 countries (Brunei, Cambodia, Malaysia, Singapore, Indonesia, the Philippines, Vietnam, and Lao PDR).

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

**Food and non-alcoholic beverages category increased by 1.27% (YoY)**, primarily driven by the rising prices of ready-to-eat meals (prepared food, rice and curry, breakfast, cooked to order dish), fresh fruits (rambutan, durian, mango, sugar banana, watermelon, guava), rice, flour, and flour products (rice, glutinous rice), fresh vegetables (tomato, green onion, ginger, pumpkin, cucumber), egg and milk products (chicken eggs, fresh milk, soy milk), non-alcoholic beverages (instant coffee powder, coffee (hot/cold), sweetened beverage), and food components (granulated sugar, instant coconut milk, coconut (dried/shredded coconut)). On the other hand, there were many items with price reduction such as pork, short mackerel, tangerine, Chinese broccoli, vegetable oil, lime, garlic, and grilled chicken.

**Non - food and beverages category increased by 0.50% (YoY)**, primarily due to the rising prices of fuel (gasohol, diesel, benzene). However, there were many necessary items with a decrease in prices such as electricity, shampoo, body soap, detergent, skincare products, hair conditioner, men's and women's t-shirts, and men's and women's shirts.

For **the core inflation** (the headline inflation excluding fresh food and energy), it **increased by 0.52% (YoY)**, accelerating from 0.36% (YoY) in June 2024.

**The Consumer Price Index in July 2024, when compared to June 2024, increased by 0.19% (MoM)**, following an increase of food and non-alcoholic beverages category by 0.18%. This resulted from rising prices of ready-to-eat meals (rice and curry, prepared food, breakfast, rice box), fresh fruits (rambutan, tangerine, guava, sugar banana). Meanwhile, there were some items with price reduction such as fresh vegetables (tomato, lime, fresh chili, long bean, green onion, Chinese broccoli, cilantro), rice, and grilled chicken. **For non - food and beverages category, there was a 0.21% increase**. The main contributor was an increase in the prices of fuel (gasohol, benzene). However, there were some items with price reduction such as personal items (body soap, hair conditioner, face wash), and men's and women's t-shirts.

**The average consumer price index over the 7 months (January – July) 2024 increased by 0.11% (AoA) compared to the same period in 2023**

As for August 2024, the headline inflation is expected to be similar to the rate in July 2024. There are four key factors decelerating the inflation. First, the price of electricity is lower than the previous year due to government measures. Second, the price of pork remains lower than last year because a large supply in the market has increased the price very slowly. Third, the price of fresh vegetables tends to decrease as the rainy season has already begun. Fourth, the base price of Dubai crude oil at 86.61 USD per Barrel in August 2023 was higher than the current price (as of 30<sup>th</sup> July 2024) at 79.69 USD per Barrel. Nonetheless, there are some other factors possibly contributing to a higher inflation rate. For instance, a price ceiling of diesel at 33.00 baht per liter is higher than the same period last year. Furthermore, prices of goods and services related to tourism have risen, especially airfares, due to the continuous recovery of the tourism sector. Additionally, fruit prices are higher than the previous year due to an ongoing demand, particularly for durian and rambutan.

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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Trade Policy and Strategy Office

Ministry of Commerce

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