

Inflation slows down from energy and food prices fall for the first time in 23 months

Mr. Poonpong Naiyanapakorn, the Director-General of TPSO revealed that the Consumer Price Index (CPI) of Thailand in September 2023 was 108.02, compared to September 2022, which was also 107.70. The headline inflation rate slowed down to 0.30% (YoY) from 0.88% in August 2023, following the slowdown in energy prices due to government's measures and a reduction in food prices, including meat, fresh vegetables, and seasonings. As for the core inflation, excluding fresh food and energy, it increased by only 0.63% (YoY), slowing down from 0.79% in August 2023.

When comparing Thailand's inflation rate to other countries (latest data as of August 2023). Thailand remains in the low inflation rate group and continues to have the lowest rate in ASEAN among the 7 countries that reported their inflations (Laos, the Philippines, Singapore, Indonesia, Vietnam, Malaysia). Moreover, the inflation rates in many countries around the world are trending lower, particularly in European countries such as the United Kingdom, Italy, and Germany.

The inflation rate in September 2023, which increased by 0.30% (YoY), was contributed by the prices of goods and services as follows:

Non - food and beverages category increased by 0.59% (YoY) due to the rise in prices of the transportation and communication category, including gasoline and gasohol (except for diesel, which decreased in price due to government's measures), the public transportation fares, such as airplane fares, and minibus/two-row seat bus fares and the medical and personal care such as fever medicine, body powder, toilet paper, and hairdressing services for both men and women. For the products with reduced prices, electricity costs decreased due to government measures. In addition, laundry detergent, fabric softener, air conditioning, and washing machine prices also experienced a decrease.

The food and non-alcoholic beverage category decreased for the first time in 23 months by 0.10 % (YoY). This came after a continuous slowdown in meat prices, particularly pork and fresh chicken. Fresh vegetables such as Chinese kale, spring onions, and fresh chili also saw a decrease due to good weather conditions that increased supply in the market. Additionally, vegetable oil and coconut (dried/grated) continued to decrease in price due to raw material cost. On the other hand, items that experienced price hikes included glutinous rice, rice, chicken eggs, soy milk, fresh fruits (watermelon, durian, grapes), instant coffee, prepared foods, and lunch.

The Consumer Price Index (CPI) for September 2023, when compared to August 2023, decreased by 0.36% (MoM). This reduction was primarily attributed to the non - food and beverages category, which decreased by 0.50% due to a decline in energy prices, including electricity and fuel. Additionally, airplane fares, laundry detergent, fabric softener, and personal care items (toothpaste, sanitary napkins, facial foam) saw a decrease in price. For items with a slight increase

in prices, were observed for men's and women's clothing, pet food, offerings, cigarettes, alcohol, and wine. In the food and non-alcoholic beverage category, there was an 0.16% decrease. The products that saw a reduction in price included pork, fresh chicken, white shrimp, fresh vegetables (spring onions, eggplant, Chinese kale), fresh fruits (rambutan, longan, mangosteen), food delivery, instant noodles, and ready-to-eat/pre-packaged meals. Products that experienced a slight increase in price included rice, glutinous rice, chicken eggs, yogurt, chili paste, and instant coffee.

For the 3rd quarter of 2023, the consumer price index rose by 0.52% compared to the 3rd quarter of 2022 and **the first 9 months of 2023 (January - September)**, compared to the same period of the previous year, **increased by 1.82% (AoA)**.

The headline inflation rate in the 4th quarter of 2023 is expected to slowdown from the previous quarter. This can be attributed to the continuous decline in prices of meats, poultry and fish as well as seasonings. Additionally, there was a decrease in energy prices (electricity and fuel prices) and other essential goods due to the government's measures. The increase in interest rates and the high base effect from the same period in 2022 also contributed to the slowing inflation rate. However, the higher domestic demand due to the tourism sector's recovery and export activities, higher average income of farmer and worker, the tighten supply in energy industries, the impact of El Niño on agricultural products in several countries, coupled with the depreciation of Thai Baht, may disrupt the expected inflation rate.

For these factors, the Ministry of Commerce has adjusted the headline inflation rate forecast for the year 2023 from between 1.0% to 2.0% (with a midpoint of 1.5%) in July 2023 to be **between 1.0% to 1.7% (with a midpoint of 1.35%)**. However, if there are some significant changes in the situation, a further review of the forecast will be conducted.

The overall consumer confidence index in September 2023 slightly increased to a level of 55.7 from the previous month's level of 53.4 and has been above the confidence level for 10 consecutive months (since December 2022). This can be attributed to the Thai economy recovery, particularly in the tourism sector, which has been supported by government's measures such as the visa-free entry for Chinese and Kazakhstani tourists, as well as the government's new set of policies aimed at stimulating the economy, reducing expenses, increasing income, and improving the quality of life for the citizens. This also includes the official appointment of a new cabinet, affecting investor and public confidence. However, the prices of goods and services and fuel remain high, negatively impacting public confidence.