

**Inflation has decreased for 2 consecutive months,
falling to the lowest level in 33 months.**

Mr. Poonpong Naiyanapakorn, the Director of Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in November 2023 was 107.45**. Comparing to November 2022 (107.92), **the headline inflation decreased by 0.44% (YoY). It has decreased for 2 consecutive months, falling to the lowest level in 33 months.** This resulted from a decrease in the prices of energy, particularly the fuel prices of diesel and gasohol 91 due to the government measures. Moreover, the prices of pork, fresh chicken, and vegetable oil dropped from the previous year. The prices of other goods and services still move in a normal direction. For the core inflation, excluding fresh food and energy, it increased by 0.58% (YoY).

Thailand's inflation rate in October 2023 which decreased by 0.31% (YoY) compared to other countries showed that Thailand remained in the low inflation rate group, positioned at 8th 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 tended to decrease and moved accordingly with several countries worldwide.

The headline inflation rate in October 2023, which decreased by 0.44% (YoY), was contributed by the prices of goods and services as follows:

Non - food and beverages category decreased by 0.87% (YoY), driven by falling prices of energy that has decreased for 2 consecutive months, including electricity, diesel, gasohol 91, and electric train fare due to the government measures. Furthermore, the prices of laundry detergent, fabric softener, television, washing machine, and air conditioner has been continuously decreasing. There are some items with price rise when compared to the same month from the previous year such as gasohol 95, E85, E20, benzene 95, LPG, airfare, cost of student transportation, student uniform, body powder, toothpaste, pet food, alcohol, and beer.

Food and non-alcoholic beverages category increased by 0.20% (YoY), primarily due to an increase in prices of products such as rice, flour and flour products (rice flour, pastry), eggs (chicken egg, duck egg, salted egg), sweetened condensed milk, drinking yogurt, and soy milk. Additionally, prices of fresh vegetables (Chinese broccoli, ginger, lime, celery, tomato) were impacted by flood in some agricultural areas in the past month, as well as fresh fruits (durian, watermelon, tangerine), instant coffee, prepared foods, and breakfast. On the other hand, the price of fresh food has decreased for 3 consecutive months, especially pork and fresh chicken, because there was a large quantity of inventory. Furthermore, the prices of vegetable oil, seasonings, tamarind paste, some vegetables and fruits such as coriander, cucumber, long bean, longkong, rose apple, and mango has also decreased.

The Consumer Price Index in November 2023, when compared to October 2023, decreased by 0.25% (MoM) and for non - food and beverages category decreased by 0.58% due to a decrease in the prices of electricity, all types of fuel, electric train fare, as well as fabric softener, laundry detergent, body soap, body care products, and face wash. However, there are some items with price rise such as airfare, motorbike taxi fare, monk offering set, pet food, cigarette, and alcohol. **For food and non-alcoholic beverages category, there was a 0.23% increase in**

prices, such as rice, pastry, fresh chicken, fish and aquatic animals (mackerel, squid, clam, prawn) influenced by the monsoon season. In addition, fresh vegetables (Chinese broccoli, cucumber, green brinjal) were also affected because of flood in some agricultural areas as well as leaf curl disease in some vegetables. The prices of soy sauce, oyster sauce, and fish sauce, food delivery, noodle, and breakfast also slightly increased. There are some items with price reduction such as beef, chicken egg, and fresh fruits (tangerine, ripe papaya, grape) as it was the harvesting season for many fruits.

For the average consumer price index over 11 months (January - November 2023) compared to the same period in 2022, **it increased by 1.41% (AoA)**, moving within the inflation target set by the Minister of Finance and the Monetary Policy Committee at 1.0 - 3.0%.

The headline inflation in November 2023 is expected to continuously decrease from the previous month, mainly due to price changes in the food category (meat, seasonings) and the energy category (electricity, fuel). Additionally, other essential products for livelihood and production costs have seen a decrease due to government measures. Moreover, the high-price base in the same period in 2022 are relatively high, contributing to the downward trend in the headline inflation.

For the reasons above, The Ministry of Commerce **predicts that the headline inflation for 2023 will be between 1.0% and 1.7%, with a midpoint of 1.35%.**

As for 2024, the headline inflation is expected to continuously decrease from the previous year, mainly due to the ongoing government measures. The increase in prices of essential products is also strictly limited. Moreover, the world economy tends to decrease, including the United States, China, and Japan. High household debt also has a negative impact on consumption. However, other factors can potentially increase the headline inflation such as high production cost resulting from increasing wage, high interest rate, Thai economic recovery, as well as government measures that encourage household spending. Nonetheless, the headline inflation expectations could be disrupted by a few factors such as the ongoing geopolitical tensions, fluctuating Thai currency, and government measures that might not lead to expected results.

For the reasons above, 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%.**

The overall consumer confidence index for November 2023 slightly decreased from 55.8 in October 2023 to 55.0. It has been above the confidence level for the 12th consecutive month (since December 2022). However, this marks a decrease in both the present index and the future (3-month outlook) index because the economic recovery was not assuring as expected. In addition, the overall consumer confidence index was also affected and decreased by the increase in interest rate and low agricultural prices. Nevertheless, the year-end holiday season is anticipated to promote tourism. Exports will continue to gradually expand. The government measures about debt will presumably increase household consumption. For these reasons, consumer confidence index is expected to increase for the upcoming months.

Trade Policy and Strategy Office

Ministry of Commerce

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