

Inflation for the first month of 2024 decreased as expected.

Mr. Poonpong Naiyanapakorn, the Director of Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in January 2024 was 106.98**. Comparing to January 2023 (108.18), **the headline inflation decreased by 1.11% (YoY)**. It has decreased for 4 consecutive months falling to the lowest level in 35 months. This resulted from a decrease in the prices of energy due to the government measures. In addition, the prices of fresh food, especially fresh vegetables and meat, have been continuously decreasing since last month. This is caused by the increase in the market supply and the relatively high baseline price in January 2023, contributing to the decrease in the inflation rate. As for other goods and services, their prices moved in a normal direction.

Thailand's inflation rate in December 2023 which decreased by 0.83% (YoY) compared to other countries showed that Thailand remained in the low inflation rate group, positioned at 3rd out of 139 economies that reported figures, and continued to have the lowest rate in ASEAN among 7 countries (Laos, the Philippines, Singapore, Vietnam, Indonesia, Malaysia). As for the average of 2023, Thailand's inflation rate increased slightly by 1.23% (AoA), positioned at 9th out of 139 economies that reported figures. Thailand's inflation rate in 2023 tended to decrease from the previous year, and moved accordingly with several countries worldwide.

The headline inflation rate in January 2024, which decreased by 1.11% (YoY), was contributed by the prices of goods and services as follows:

Non - food and beverages category decreased by 1.13% (YoY), driven by falling prices of energy (diesel, gasohol 91 E20 E85, electricity), men's and women's clothes, and cleaning products (laundry detergent, fabric softener, dish soap). Moreover, the prices of electrical appliances continue to decrease consistently due to promotional activities to stimulate sales (television, washing machine, refrigerator). Furthermore, the prices of personal care items (body soap, skincare, shampoo) also decreased. There are some items with price rise such as body powder, toilet paper, women's hairdressing service, monk offering set, international travel budget, as well as cigarette, alcohol, and wine, whose prices changed accordingly to promotional activities.

Food and non-alcoholic beverages category decreased by 1.06% (YoY), primarily due to a decrease in prices of products in the meat, duck, chicken, and aquatic animal category (pork, fresh chicken, short mackerel, white shrimp, sea bass), fresh vegetables (Thai eggplant, lime, cucumber) and fresh fruits (tangerine, longkong, mango) due a large amount of supply in the market. There are some items with price rise such as rice, glutinous rice, pastry, soy milk, drinking yogurt, instant coconut milk, curry paste, instant coffee powder, coffee/tea (hot/cold), noodle, meal box, and lunch (rice and curry).

The Consumer Price Index in January 2024, when compared to December 2023, increased by 0.02% (MoM) and for non - food and beverages category increased by 0.28% because the fuel prices have increased for the first time in four consecutive months, including benzene and gasohol. In addition, the prices of electricity, motorcycle taxi fare, airfare, and personal care items (face wash, perfume, skincare) also increased. However, there are some item with price reduction, such as women's shirt and pants, pet food, and mobile phone. **For food and**

non-alcoholic beverages category, there was a 0.31% decrease, driven by falling prices of glutinous rice, bread, chicken egg, drinking yogurt, fresh vegetables and fruits (tomato, Chinese broccoli, fresh chili, tangerine, ripe papaya, sugar banana). There are some items with price rise such as pork, fresh chicken, Nile tilapia, instant coconut milk, dietary supplement, sweetened beverage, coffee/tea (hot/cold), meal box, noodle, and lunch (rice and curry).

As for February 2024, the headline inflation is expected to continuously decrease, mainly due to the government measures such as the decreased prices of electricity below 3.99 Baht per unit for households consuming less than 300 units per month. This benefited approximately 17.77 million people. Additionally, there was a measure to fix the diesel price at no more than 30 baht per liter until April 19, 2024. Furthermore, the impact of the El Niño phenomenon decreased. Moreover, colder temperatures were favorable weather conditions for vegetable growth, leading to a higher supply of fresh vegetables in the market compared to the previous year, and thus lowering their prices. Nevertheless, there were 4 major factors contributing to an increase in inflation. First, ongoing conflicts in the Middle East resulted in an increase in freight charges and the prices of necessary consumer products. Second, the Thai Baht tended to depreciate, causing an increase in import prices. Third, increased prices of agricultural product due to rising demand contributed to an increase in inflation. Fourth, continuous expansion of the tourism sector, following the government's facilitative travel policies for tourists and business people from various countries, increased profits and prices of products related to the tourism sector.

Thus, 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 January 2024 is still above the confidence level with a slight decrease from 54.8 in December 2023 to 54.5. This marks a decrease in both the present index and the future (3-month outlook) index. The consumer confidence index still remained within the confidence range (with an index value above 50) presumably due to the increasing prices of key agricultural products, particularly palm oil and natural rubber, as well as continuous government measures to reduce the prices of electricity and diesel fuel. Furthermore, Thailand's export and tourism are slightly expanding. On the other hand, there are some factors exerting downward pressure on the consumer confidence index such as household debt and low income that has not yet caught up with the cost of living.

Trade Policy and Strategy Office

Ministry of Commerce

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