

Inflation still decreased as expected.

Mr. Poonpong Naiyanapakorn, the Director of Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in March 2024 was 107.25**. Comparing to March 2023 (107.76), **the headline inflation decreased by 0.47% (YoY)**. This resulted from a decrease in the prices of fresh food, especially meat and fresh vegetables, caused by an increase in the market supply. Moreover, the high base price in March 2023 has contributed to the decrease in the inflation rate. Due to the government measures, the prices of electricity and diesel fuel were also lower compared to the same period in 2023. In addition, the prices of electrical appliances and cleaning products continuously decreased. As for other goods and services, their prices moved in a normal direction.

Thailand's inflation rate in February 2024 which decreased by 0.77% (YoY) compared to other countries showed that Thailand remained in the low inflation rate group, positioned at 4th out of 136 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 decreased and moved accordingly with several countries worldwide.

The headline inflation rate in March 2024, which decreased by 0.47% (YoY), was contributed by the prices of goods and services as follows:

Food and non-alcoholic beverages category decreased by 0.57% (YoY), driven by falling prices driven by falling prices of meat, fish, and aquatic animal category (pork, short mackerel, sea bass), and fresh vegetables (lime, cucumber, cabbage, tomato) due a large amount of supply in the market as well as the high base price in March 2023. Furthermore, the prices of necessary products, such as vegetable oil, and delivered food (pizza) also decreased. There are some items with price rise such as rice, chicken egg, fresh milk, grape, tangerine, granulated sugar, instant coffee powder, prepared food, and lunch.

Non - food and beverages category decreased by 0.40% (YoY), primarily due to the ongoing government measures that lowered the prices of electricity and diesel fuel compared to March 2023. Moreover, the prices of men's, women's, and children's clothes, cleaning products (laundry detergent, bathroom cleaner, fabric softener), electrical appliances (television, washing machine, refrigerator), personal items (skincare, body soap, face powder) also decreased. There are some items with a slight increase in prices such as men's and women's hairdressing service, cold and flu medicine, antacid, medical examination fee at private medical clinics, domestic and international travel budget, cigarette, alcohol, and wine.

For **the core inflation**, excluding fresh food and energy, it **increased by 0.37% (YoY)** with a slight decrease from 0.43% (YoY) in February 2024.

The Consumer Price Index in March 2024, when compared to February 2024, increased by 0.03% (MoM) and for non - food and beverages category increased by 0.15% due to an increase in the prices of fuel, airfare, alcohol, beer, wine, fabric softener, and fabric detergent. However, there are some item with price reduction such as personal items (deodorant, facial cleanser, skincare). **For food and non-alcoholic beverages category, there was a 0.13% decrease**, driven by falling prices of pork, grilled chicken, chicken egg, duck egg, non-dairy creamer,

bread, cereal, and pastry. There are some items with price rise such as fresh vegetables (lime, cucumber, long bean), fruits (tangerine, pineapple, guava), sweetened beverage, and breakfast.

The average consumer price index over the first quarter (January – March) 2024 decreased by 0.79% (YoY) compared to the same period in 2023, and by 0.21% (QoQ) compared to the fourth quarter (October – December) 2023.

As for the second quarter 2024, the headline inflation is expected to increase, mainly due to the following major factors. First, the price of crude oil in the global market tends to increase. Second, the exchange rate tends to depreciate, falling lower than the first quarter 2024 and the same period in 2023. Third, the lower base price of electricity resulted from the government measures in previous year, particularly in May 2023, will contribute to an increase in the inflation rate. Fourth, the continuous expansion of tourism will result in higher prices of related goods and services. Nonetheless, there are some other factors possibly maintaining low inflation rate. For instance, the high base prices of pork and fresh vegetables, combined with the gradual trend in price rise this year due a large amount of supply in the market, will result in a low inflation rate. In addition, Thailand's economy has expanded very slowly, and tend to expand at a slower rate than the prediction forecasted earlier this year. Lastly, the intense competition among large-scale wholesale and retail traders, along with the growth of e-commerce, has led to the adoption of extensive trade promotion policies, particularly continuous price reductions.

Thus, the Ministry of Commerce has adjusted the prediction of the headline inflation for 2024, from between (-0.3) % and 1.7% (midpoint of 0.7%), to 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 made by Trade Policy and Strategy Office.

The overall consumer confidence index for March 2024 slightly decreased from 54.2 in February 2024 to 54.1, but still above the confidence for 16 consecutive months (since December 2022). The present index decreased from 46.4 in February to 46.1, while the future (3-month outlook) was 59.5, which was the same as the previous month. The consumer confidence index still remained within the confidence range presumably due to the recovery of Thailand's economy, especially the continuous expansion of the tourism and export sectors. The increasing prices of key agricultural products, such as rice and natural rubber, also play an important role in remaining the consumer confidence. Nevertheless, there are some risks from external factors that may impact Thailand's economy. Additionally, there are concerns of the public regarding debt burdens and decreased purchasing power. This may lead to a gradual change in the consumer confidence index.

Trade Policy and Strategy Office

Ministry of Commerce

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