

Inflation turned positive for the first time in 7 months.

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in April 2024 was 108.16**. Comparing to April 2023 (107.96), **the headline inflation increased by 0.19% (YoY), accelerating for the first time in 7 months**. This resulted from an increase in the prices of fuel, following the rising trend in the global energy market. In addition, the prices of fresh vegetables and fresh fruits also increased due to the extremely hot weather. As for other goods and services, their prices moved in a normal direction.

Thailand's inflation rate in March 2024 which decreased by 0.47% (YoY) compared to other countries showed that Thailand remained in the low inflation rate group, positioned at 5th out of 137 economies that reported figures, and the 2nd lowest rate in ASEAN among 8 countries (Laos, the Philippines, Singapore, Vietnam, Indonesia, Malaysia, Brunei).

The headline inflation rate in April 2024, which increased by 0.19% (YoY), was contributed by the prices of goods and services as follows:

Food and non-alcoholic beverages category increased by 0.28% (YoY), driven by the rising prices of fresh food such as fresh vegetables (cucumber, long bean, cilantro, Chinese broccoli, Chinese cabbage, green onion), fresh fruits (banana, grape, pineapple), rice, and glutinous rice, due to the extremely hot weather and drought in agricultural areas, resulting in a decrease in the market supply. Furthermore, the prices of food at home (prepared food, noodle, appetizer, rice and curry/rice box) also increased as the prices of ingredients increased. There were some items with price reduction such as pork, short mackerel, vegetable oil, and garlic.

Non - food and beverages category increased by 0.12% (YoY), primarily due to the rising prices of fuel (gasohol 91, 95, E20, benzene), following the rising trend in the global energy market. Moreover, the prices of personal items (body powder, toothpaste, toilet paper) increased because promotional discounts had expired. The prices of tobacco and alcoholic beverages (alcohol, cigarette, wine) also increased. However, there were some necessary items with a decrease in prices such as electricity, diesel fuel, men's and women's t-shirts, and men's and women's shirts.

For **the core inflation**, excluding fresh food and energy, it **increased by 0.37% (YoY)**, which was similar to March 2024.

The Consumer Price Index in April 2024, when compared to March 2024, increased by 0.85% (MoM) and for food and non-alcoholic beverages category increased by 1.19%, driven by rising prices of fresh vegetables (lime, long bean, cucumber, cilantro, Chinese broccoli, green onion), chicken egg, pork, fresh chicken, fresh fruits (rambutan, durian, mangosteen), and instant coffee powder. There were some items with price reduction such as rice, rice flour, short mackerel, and garlic. **For non - food and beverages category, there was a 0.61% increase**. This resulted from an increase in the prices of fuel (gasohol 91, 95, diesel) since the government measures terminated. Additionally, the prices of personal items (facial cleanser, toothpaste, sanitary napkin), cleaning products (laundry detergent, dish soap), and housing rent also increased. However, there were some items with price reduction such as toll fee, men's shirt, monk offering set, and perfume.

The average consumer price index over the 4 months (January – April) 2024 decreased by 0.55% (YoY) compared to the same period in 2023.

As for May 2024, the headline inflation is expected to increase, mainly due to the following major factors. First, the low base price of electricity resulted from the government measures in the previous year, particularly in May 2023, will contribute to an increase in the inflation rate. Second, the prices of agricultural products have been increased due to the extremely hot weather and drought in agricultural areas. Third, high price of crude oil in the global market and the terminated government measures will lead to an increase in the inflation rate. Fourth, the depreciated Thai Baht will result in higher costs of imports. Fifth, entrepreneurs are being pressured from high interest rates and increasing prices of fuel and electricity. Nonetheless, there are some other factors possibly maintaining low inflation rate. For instance, Thailand's economy has expanded very slowly. Furthermore, the intense competition among large-scale wholesale and retail traders, along with the growth of e-commerce, has led to the competition and adoption of trade promotion policies, particularly continuous price reductions.

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.

The overall consumer confidence index for April 2024 decreased from 54.1 in March 2024 to 51.9, but still above the confidence for 17 consecutive months (since December 2022). This marks a decrease in both the present index and the future (3-month outlook) index because of the slow economic recovery, although Songkran Festival has boosted Thailand's economy during the national holiday. More importantly, there are public concerns about rising cost of living such as increasing prices of fuel and electricity (especially in the summer). There is also a concern about tuition fees and other educational expenses as a new academic year is approaching. Nevertheless, the consumer confidence index still remained within the confidence range due to high prices of key agricultural products.

Trade Policy and Strategy Office

Ministry of Commerce

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