

## Trade and Economic Indices for June 2024

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office, revealed that the **Consumer Price Index (CPI) in June 2024 was 108.50**. Comparing to June 2023 (107.83), **the headline inflation increased at a slower rate by 0.62% (YoY)** because the impact from the low base price of electricity has ended since last month. Moreover, the prices of fresh food decelerated as weather conditions became favorable for cultivation once the extremely hot season was over. Other goods and services did not have a significant impact on inflation.

**Thailand's inflation rate in May 2024 increased by 1.54% (YoY) compared to other countries**, accelerating from temporary factors but still remaining in the low inflation rate group. That is, Thailand positioned at 23<sup>rd</sup> out of 126 economies that reported figures, and the second lowest rate in ASEAN among 8 countries (Brunei, Lao PDR, the Philippines, Singapore, Vietnam, Indonesia, Malaysia).

**The headline inflation rate in June 2024, which increased by 0.62% (YoY)**, was contributed by the prices of goods and services as follows:

**Food and non-alcoholic beverages category increased by 0.48% (YoY)**, primarily driven by the rising prices of rice, flour, and flour products (rice, glutinous rice), fresh food such as chicken eggs, fresh fruits (mango, durian, sugar banana, watermelon, banana, grape, pineapple), and fresh vegetables (tomato, ginger, pumpkin, fresh chili, green onion, Chinese okra, water spinach, green brinjal, cilantro). Furthermore, the prices of food at home and food away from home (prepared food, rice and curry, noodle, cooked to order dish), non-alcoholic beverages (instant coffee powder, sweetened beverage, coffee (hot/cold)), and seasonings (granulated sugar, instant coconut milk, curry paste) also increased. On the other hand, there were many items with price reduction such as pork, lime, short mackerel, vegetable oil, grilled chicken, tangerine, shallot, and garlic.

**Non - food and beverages category increased by 0.71% (YoY)**, primarily due to the rising prices of fuel (gasohol, diesel, benzene), personal items (body powder, toothpaste, women's and men's hairdressing service, toilet paper), and alcoholic beverages (alcohol, beer). However, there were many necessary items with a decrease in prices such as electricity, powder detergent, fabric softener, bathroom cleaner, detergent (liquid laundry soap), men's and women's t-shirts, and men's and women's shirts.

For **the core inflation** (the headline inflation excluding fresh food and energy), it **increased by 0.36% (YoY)** with a slight decrease from 0.39% (YoY) in May 2024.

**The Consumer Price Index in June 2024, when compared to May 2024, decreased by 0.31% (MoM)**, largely due to a decrease of food and non-alcoholic beverages category by **0.67%**. This resulted from falling prices of fresh vegetables (green brinjal, long bean, lime, cucumber, Chinese broccoli, cilantro, water spinach, Chinese cabbage), pork, short mackerel, vegetable oil, and delivered food. Meanwhile, there were some items with price rise such as chicken eggs, durian, mango, and grilled chicken. **For non - food and beverages category, there was a 0.07% decrease**. The main contributor was a decrease in the prices of fuel (gasohol, benzene). However, there were some items with price rise such as diesel fuel, skincare, and women's and men's hairdressing service.

As for the third quarter 2024, the headline inflation is expected to be at a low level as the previous quarter, mainly due to the following reasons. First, the price of electricity is lower than the previous year due to government measures. Second, weather conditions became more favorable for cultivation once the extremely hot season was over, increasing yields and adjusting prices of agricultural products to normal levels. Third, the intense competition among large-scale wholesale and retail traders, along with the growth of e-commerce, has induced trade promotion activities, particularly continuous price reductions. Nonetheless, there are some other factors possibly contributing to a higher inflation rate. For instance, a newly adjusted price ceiling of diesel at 33.00 baht per liter is higher than the same period last year. Additionally, the exchange rate tends to depreciate, falling lower than the same period last year. Lastly, uncertainty from the impacts of geopolitical tensions may lead to higher oil and freight prices, consequently raising import costs.

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 July 2024 decreased from 52.4 in the previous month to 52.3. It has remained above the confidence level for 19 consecutive months (since December 2022). The present index increased from 44.1 to 44.5, while the future index (3-month outlook) decreased from 57.9. to 57.5. Overall, the reasons for the decrease are presumably due to the following factors. First, the external economic situation has slowed down the Thai economy. Second, the stringency of bank lending has intensified due to high household debt burdens. Third, there are still public concerns about the cost of living and energy prices. Nevertheless, government measures aimed at promoting tourism have positively impacted service-related businesses and related sectors, maintaining the consumer confidence index within the confidence range.

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Trade Policy and Strategy Office

Ministry of Commerce

July 2024