

Trade and Economic Indices for September 2024

Mr. Poonpong Naiyanapakorn, the Director General of the Trade Policy and Strategy Office, revealed that **the Consumer Price Index (CPI) in September 2024 was 108.68**. Comparing to September 2023 (108.02), **the headline inflation increased by 0.61% (YoY)**. The main factor came from the rise in the diesel fuel price, which was higher than the same period last year. Moreover, some fresh vegetables were damaged due to flooding in the agricultural areas. However, prices of gasohol and gasoline have decreased in accordance with global oil market prices. Other goods and services did not have a significant impact on inflation.

Thailand's inflation rate in August 2024 increased by 0.35% (YoY) compared to other countries, still remaining in the low inflation rate group. That is, Thailand positioned at the 5th out of 130 economies that reported figures, and the second lowest rate in ASEAN among 8 countries (Brunei, Malaysia, Indonesia, Singapore, the Philippines, Vietnam, and Lao PDR).

The headline inflation rate in September 2024, which increased by 0.61% (YoY), was contributed by prices of goods and services as follows:

Food and non-alcoholic beverages category increased by 2.25% (YoY), primarily driven by rising prices of fresh food such as fresh vegetables (green onion, Chinese cabbage, Chinese broccoli, fresh chili, cilantro, green brinjal, cabbage), fresh fruits (rambutan, sugar banana, mango, watermelon, durian, guava, banana), rice, glutinous rice, fresh milk, and chicken egg. Furthermore, prices of ready-to-eat meals (lunch (rice and curry), cooked to order dish, prepared food), non-alcoholic beverages (instant coffee powder, sweetened beverage), and food components (granulated sugar, coconut (dried/shredded), instant coconut milk) also increased. On the other hand, there were many items with price reduction such as tangerine, short mackerel, vegetable oil, shallot, garlic, and grilled chicken.

Non - food and beverages category decreased by 0.55% (YoY), primarily due to the falling prices of fuel (gasohol, benzene), clothes (men's and women's t-shirts, men's and women's shirts, men's trousers), and personal items (shampoo, body soap, skincare products, lipstick, face powder, mouthwash). However, there were many necessary items with price rise such as diesel fuel, electricity, housing rent, student's transportation fee, airfare, and men's and women's hairdressing service.

For **the core inflation** (the headline inflation excluding fresh food and energy), it **increased by 0.77% (YoY)**, slightly accelerating from 0.62% (YoY) in August 2024.

The Consumer Price Index in September 2024, when compared to August 2024, decreased by 0.10% (MoM), following a decrease of non - food and beverages category by **0.36%**. This resulted from falling prices of gasohol, benzene fuel, cleaning products (powder detergent, fabric softener, bathroom cleaner, dish soap), and personal items (toothpaste, skincare products, face powder, shampoo). Meanwhile, items with price rise includes deodorant, body soap, face wash, and perfume. **For food and non-alcoholic beverages category, there was a 0.25% increase**, mainly due to rising prices of some fresh vegetables (green onion, cilantro, Chinese cabbage, lime, shallot), some fresh fruits (watermelon, mango, rose apple), rice, and glutinous rice. Meanwhile, there were some items with price reduction such as green brinjal, cucumber, long bean, water spinach, rambutan, longkong, mangosteen, durian, grapes, grilled chicken, and vegetable oil.

The consumer price index for the third quarter of 2024, compared to the same quarter of 2023, increased by 0.60% (YoY), and compared to the previous quarter, it increased by 0.21% (QoQ). As for the 9-month average (January – September) 2024, it increased by 0.20% (AoA) compared to the same period in 2023.

As for the third quarter of 2024, the headline inflation is expected to increase from the rate in the third quarter of 2024. There are three key factors accelerating the inflation. First, the price ceiling of diesel at 33.00 baht per liter is higher than the same period last year. Second, the impact of heavy rainfall and flooding may cause damage to agricultural areas, leading to an increase in prices of agricultural products, particularly fresh vegetables. However, this is expected to be a short-term effect. Third, prices of products and services related to the tourism sector are likely to increase, particularly airfares, which align with the tourism season. Nonetheless, there are some other factors possibly decelerate the inflation. For instance, the global crude oil price is relatively lower than the previous year. That is, the current average price is approximately \$70 per barrel, whereas the average price last year was over \$80 per barrel. This results in a decrease in gasohol prices. Furthermore, the appreciation of Thai baht has lowered the import cost, particularly fuel, which has a significant share in the inflation basket. Lastly, the major wholesalers and retailers are likely to continue organizing marketing promotions after the government has implemented the first round of economic stimulus measures.

Thus, the Ministry of Commerce has adjusted the prediction of the headline inflation for 2024, from between 0.0% and 1.0% (midpoint of 0.5%), to between 0.2% and 0.8% (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 September 2024 increased from 49.5 in the previous month to 51.6, bringing it back to the confidence level for the first time in three months. The present index increased from 41.1 to 43.1, while the future index (3-month outlook) increased from 55.1 to 57.2. Overall, the reasons for the increase are presumably due to the following factors. First, the overall Thai economic performance is showing positive signs, driven by the expansion of exports as well as the high season at the end of the year. Moreover, the government's implementation of policies aimed at addressing economic and social issues, particularly the digital wallet project, has provided direct benefits to the public. This initiative has already been successfully carried out for vulnerable groups. Lastly, prices of key agricultural products, particularly rice, palm oil and natural rubber also increased. Nevertheless, the overall global economy has been slowing down, as reflected by the reduction in the U.S. policy interest rates. Additionally, domestic flooding has caused damage to households and agricultural areas, which remains a pressing factor that requires close monitoring.

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