

Inflation has slightly increased due to oil prices, while food prices have remained stable.

Mr. Poonpong Naiyanapakorn, the Director-General of TPSO revealed that the Consumer Price Index (CPI) of Thailand in August 2023 was 108.41, compared to August 2022, which was also 107.46. This resulted in **the headline inflation rose by 0.88% (YoY)** increasing from 0.38% in July 2023, due to the rising prices of energy, while fresh food prices remained stable, meat and food component prices decreased. This led the overall prices of food and beverages decelerated continuously.

When comparing Thailand's inflation rate to other countries (latest data as of July 2023), it is found that the inflation rates of several countries are trending lower, except for some nations facing drought and volatile weather conditions. For example, India's inflation rate has accelerated significantly. Thailand's headline inflation rate remains within the group of countries with low inflation rates and continues to be the lowest in ASEAN for the 5th consecutive month among the 7 countries that have reported figures (Laos, Philippines, Singapore, Indonesia, Malaysia, Vietnam).

The inflation rate in August 2023, which increased by 0.88% (YoY), was contributed by the prices of goods and services as follows:

Non - food and beverages category experienced a slightly increase of 0.98% (YoY), primarily driven by the transportation and communication category in every type (except diesel) and public transportation fares (airplanes, hired motorcycles, and small buses/double-decker buses) were adjusted upwards due to cost factors. In addition to these changes, electricity bills, LPG, personal care items (body powder, toilet paper, toothpaste), hairdressing services for men and women, and medication costs (pain relievers and fever reducers, cough medicine) remained at higher levels compared to the previous year. Nonetheless, there were still some key products that experienced price reductions, such as men's and women's clothing, children's clothing, electrical appliances (refrigerators, irons, air conditioners, washing machines), cleaning-related items (laundry detergent, fabric softener, bleach, floor cleaner), and face masks.

The food and non-alcoholic beverage category rose by 0.74% (YoY), showing a slow down since the end of the previous year. However, there were price increases in some key products, such as eggs and dairy products (chicken eggs, fresh milk, soy milk), fresh vegetables and fruits (lime, ginger, garlic, rambutan, watermelon, tangerine) due to volatile weather conditions and lower market supply, non-alcoholic beverages (instant coffee, syrup), glutinous rice, and prepared food (ready-to-eat meals, rice with curry). On the other hand, some significant products experienced price reductions including pork, fresh chicken, vegetable oil, coconuts (dried/shredded), tamarind, and some fresh vegetables (green onions, fresh chili peppers, cilantro, Chinese kale).

The core inflation rate, which excludes fresh food and energy, increased by 0.79% (YoY), showing continuous decelerate for the 8th consecutive month (from January 2023). This trend reflects that the pressure from production costs, beyond energy prices, has decreased.

The Consumer Price Index (CPI) for August 2023, compared to July 2023, increased by 0.55% (MoM). The prices of items in categories non-food and beverages category rose by 0.76% (MoM), driven particularly by rising fuel prices across all types of fuels, including gasoline and diesel. Additionally, price in factors such as housing rent, dishwashing liquid, fabric starch spray and fabric softener increased due to promotional campaigns. For products with reduced prices, electrical appliances (televisions, washing machines, air conditioners), skin protection and skincare, toothpaste, laundry detergent, and body soap were included. In the food and non-alcoholic beverage category, there was a minor increase of 0.23% (MoM), driven by rice, glutinous rice, eggs, yogurt, breakfast foods, and rice with curry. On the other hand, the prices of pork, fresh chicken, white shrimp, mackerel, fresh vegetables and fruits (cabbage, celery, watermelon, mango), fresh milk, vegetable oil, and soy sauce decreased.

The consumer price index for the first 8 months of 2023 (January - August), compared to the same period of the previous year, increased by 2.01% (AoA), which is in the target range set by the Minister of Finance and the Monetary Policy Committee at 1.0% - 3.0%.

The headline inflation in September 2023 is expected to stabilize or slightly increase. There are several factors that contribute to the upward pressure on inflation rates including 1) the energy prices such as fuel, electricity, and cooking gas, which remain at elevated levels. 2) the government stimulus measures which can increase a domestic spending. 3) a severe drought conditions globally have led to reduced agricultural and livestock yields and affected prices of food and related products. However, the slowdown in economic conditions of Thailand's trading partners, the tightening monetary policies by the Bank of Thailand and a high-price base in September 2022 will moderate an inflation rate. Moreover, there are some government measures that could impact inflation such as the reduction in cost-of-living measures in public transportation, electricity, and cooking gas and geo-political conflicts that should be closely monitored.

With the above-mentioned factors, the headline inflation of 2023 is expected to range between 1.0 – 2.0 (1.5 percent mid-range) and would be revised again if there are any significant changes.

The Overall Consumer Confidence Index (CCI), as of August 2023, slightly increased from 53.3 in the previous month to 53.4. An increase is contributed from the Future Consumer Confidence Index (3 months ahead), while the Current Consumer Confidence Index slightly decreased. CCI has been above the confidence level for the 9th consecutive month (since December 2022). It is influenced by the continuous recovery of the Thai economy, particularly in the tourism and service sectors, as well as a certainty in a new government forming which has boosted investor and public confidence. However, a high energy and goods and services prices continue to be factors affecting people's confidence, leading to gradual adjustments in their perceptions.