

Headline inflation continuously decelerated and was the lowest rate in 16 months

Mr. Poonpong Naiyanapakorn, the Director-General of TPSO reveals that Consumer Price Index (CPI) in April 2023 was at 107.96. When compared to 105.15 in April 2022, **the headline inflation rose by 2.67 percent (YoY), decelerated for 4 consecutive months and was the lowest rate in 16 months.** The main contribution was a deceleration of energy and food prices, as well as a high-price base in April 2022.

From the latest data of March 2023, Thailand's inflation rate was the 14th lowest rank out of 133 economies and was relatively low compared with others including the United States, Italy, the United Kingdom, Mexico, India, Japan, and South Korea. The figure was the lowest among 7 ASEAN countries of which figures had already been announced including Lao PDR, the Philippines, Singapore, Indonesia, Malaysia, and Vietnam.

The current inflation was contributed by a 4.53-percent growth (YoY) of food and non-alcoholic beverages according to rising prices of particular items such as 1) vegetables and fruits (long bean, lime, garlic, watermelon, rambutan, mango), following bad weather and high costs 2) rice and glutinous rice, following low supply from rising exports and the end of promotional activities 3) eggs, following production costs and low supply, 4) non-alcoholic beverage (instant coffee, soft drink, (hot/cold) coffee/tea) 4) food at home (prepared food, meal box, noodle) following high costs and 5) seasonings and condiments (soy sauce, chili paste, oyster sauce) of which prices slightly increased. However, prices of pork, celery, Chinese cabbage, morning glory, banana, vegetable oil, shredded/dried coconut, and tamarind sauce dropped. **Another contribution was a 1.39-percent growth (YoY) of non-food and beverages,** according to rising prices of particular items such as electricity, LPG, transportation fares (taxi, boat, minibus, airplane), some fuels (diesel, LPG, and gasohol E85), tuition fee, personal care, cleaning supplies (soap, toothpaste, body powder, softener, washing liquid) following the end of promotional activities, and prices for personal services (haircut, manicure). However, there are several items with price reduction such as gasoline, TV, air conditioner, washing machine men's clothes, deodorant, facial powder, eyebrow pencil, cable TV membership, and mobile phone.

The core inflation rose by 1.66 percent (YoY), decelerating from a 1.75-percent growth in the previous month.

The CPI rose by 0.19 percent (MoM) contributed by a 0.34-percent growth in food and non-alcoholic beverages, following rising prices in fresh vegetables (coriander, spring onion, Chinese kale), fresh fruits (rambutan, mangosteen, tangerine), and eggs. While prices of pork, snake-head fish,

morning glory, tomato, vegetable oil, and non-dairy cream dropped. Another contribution was a 0.08-percent growth in non-food and beverages, following prices of gasoline, personal goods and care which slightly increased such as body powder, skin protection and skincare, and haircut. While prices of particular items dropped such as diesel, expressway toll, air conditioner, washing machine, rice cooker, and refrigerator, as well as some cleaning supplies and personal goods (detergent, softener, dishwashing liquid, facial powder, deodorant, tissue paper).

The inflation in May 2023 is expected to significantly decelerate, following a high-price base of May 2022, and lower fuel prices when compared with the previous year. While prices of some goods and services decelerated and some started to remain stable. Although the inflation rate is expected to decelerate and stay within the target range, there are adverse factors that could accelerate the inflation rate such as a high LPG price compared with the previous year which is one of the main production costs, severe drought that affected agricultural products and prices, rising demand from tourism, and government's stimulus measures. These factors may significantly affect the inflation rate and should be closely monitored.

The headline is expected to range between 1.7 – 2.7 (2.2 percent mid-range) and would be revised if there are any significant changes.

The overall Consumer Confidence Index (CCI) in April 2023 was at 53.5 from 52.3 in the previous month. The figure has been above the confidence level for 5 consecutive months (since December 2022) and the highest in 52 months (since January 2019), following a rise in both current and future CCIs. The reasons for improvement were 1) recovery of domestic demand supported by tourism during Songkran holidays 2) the upcoming election on 14 May 2023, and 3) lower diesel prices. However, higher electricity bills during summer raised concerns about high costs of living and led to a gradual increase of overall CCI.