

Inflation Report Summary – April 2022

Mr. Ronnarong Phoolpipat, the director-general of TPSO indicated that **the CPI in April 2022 was at 105.15 and the headline inflation was 4.65 percent (YoY)**. The main contributions were prices of energy and fresh food, as well as rising costs in production. These contributions were part of the Russia-Ukraine conflict and sanctions which affected the global supply chain, trade, and logistics. As a result, increasing prices of goods and services finally led to an increase in inflation and many countries are facing the same situation. However, a significant jump in producer prices reflecting from **a 12.8-percent growth of the Producer Price Index (PPI)** slightly affected retail prices due to the government's measures and the slow recovery of demand from the COVID-19 situation.

The headline inflation of April 2022 was 4.65 percent (YoY), decelerating from 5.73 percent (YoY) in the previous month following slow down growth of energy prices (fuel, electricity, cooking gas), food prices (eggs, pork, chicken), and other items (cleaning supplies, personal care products) However, prices of several items decreased such as rice, some fresh fruits (tangerine, mango, banana), clothes, and tuition fee.

The current CPI rose 0.34 percent (MoM), the lowest growth in 2022 resulting from slightly increasing prices of fresh vegetables, fresh fruits, pork, and eggs. While energy prices decreased and some food items had slow down growth. The price drop was part of diesel price cap and several measures from the Ministry of Commerce and other related organizations, especially for price control and price cap on essential goods. **A 4-month average of CPI (Jan - April 2022) rose 4.71 percent (AoA)**.

The Producer Price Index (PPI) in April 2022 rose 12.8 percent (YoY) following costs in production, raw materials, and logistics, as well as Thai Baht depreciation. The main contributions were petroleum, gas, and other related products. Also, food and agricultural products affected the PPI from their tight supply while demand tended to increase. **The Construction Materials Price Index (CMI) rose 8.8 percent (YoY)** from increases in all product groups. The main contributions were high costs in production and raw materials (oil, steel, coal, and aluminum) following the world market price. The price was a consequence of supply shortage from lower production of manufacturing countries. **The Consumer Confidence Index (CCI) increased from 43.8 in the previous month to 45.7**. The main contributions were a significant expansion of exports and recovery of tourism which supported the country's economy.

Inflation in May 2022 tends to expand following energy prices which remain at a high level compared to last year. The main contributions were the end of price cap in April, the end excise tax cut on diesel in May, and a gradual increase in cooking gas (LPG) from April to May 2022. Also, prices of commodities tend to rise, especially for fresh food and food items, following high costs in production and ingredients. Moreover, the world market prices of energy and commodity, the US and allies' sanctions, the COVID-19 situation, as well as climate change were factors that would affect inflation in the future and should be closely monitored.

The projection of 2022 inflation is between 4.0 - 5.0 percent (median at 4.5) which is in line with the current situation. If there are any significant changes, the figure would be revised again.