

Inflation is at a stable level and tends to decelerate.

Mr. Ronnarong Phoolpipat, the Director-General of TPSO reveals that **the Consumer Price Index (CPI) in August 2022 was at 107.46**, closed to last month's figure which was at 107.41, and **dropped by 0.05 percent compared with the previous month. The inflation in August 2022 was at 7.86 percent (YoY)**, partly from a low-base CPI of August 2021 at 99.63, and closed to the last month's figure which was at 7.61 percent (YoY). Thailand's inflation is probably at the highest level or stable as the rates are similar for 3 consecutive months. Moreover, other indices including Producer Price Index (PPI) and Construction Materials Price Index (CMI) continuously decreased when compared with the previous month.

The main contributions were 1) **energy prices with a 30.50-percent growth (YoY)**: Although prices of gasoline dropped from last month, prices of diesel, LPG, and electricity which are transportation and production costs rose. Also, prices of services such as public transport fares and tuition fees increased. For these reasons, the index of non-food and beverages rose by 6.83 percent (YoY). 2) **prices of food and non-alcoholic beverages increased by 9.35 percent (YoY)**, especially for fresh vegetables (chili, spring onion, Chinese kale) of which prices rose due to several crop areas were damaged by flood. Also, prices of pork, fresh chicken, eggs, seasonings and condiments, and prepared food increased following costs of production and transportation. 3) **rising demand**, and 4) **a low-price base of the previous year** used for inflation calculation.

However, prices of some particular items decreased such as rice, glutinous rice, men's clothes, ironing spray, floor cleaner, electrical appliance (iron, air conditioner, washing machine), and mobile phone. **Core inflation was at 3.15 percent (YoY)**.

Comparing with the previous month, **inflation rose only by 0.05 (MoM)** as most prices gradually increased for a while. Items with rising prices were fresh vegetables (Chinese kale, morning glory, Chinese cabbage), tangerine, guava, and eggs. While prices of rice, vegetable oil, surgical mask, and gasoline dropped. **For an 8-month average, CPI rose by 6.14 (AoA)**.

A gradual growth of prices by controlling all not to increase at once could help consumers, and give balance to both producers and consumers. Also, a steady price level is expected from now. These are part of Ministry of Commerce's measures on lowering the cost of livings in collaboration with private sectors to manage prices under the "Win-Win Model" campaign. In July 2022, Thailand's inflation was at 7.61 percent (YoY), the 85th rank from 127 countries (referred to TradingEconomics on 29 August 2022), and was better than many countries such as the United Kingdom (10.1 percent), Brazil (10.07 percent), and Spain (10.4 percent).

However, there are some external factors such as soaring energy prices, especially for diesel, natural gas, and electricity which affect production and transportation costs, severe flood, and higher prices from foreign company's policy.

The **Producer Price Index (PPI)** in August 2022 rose by **10.7 percent (YoY)** following high production costs including costs of raw materials, energy, and packaging, as well as high import costs from Thai Baht depreciation. **The PPI dropped by 0.9 percent (MoM)**, decelerating for 2 consecutive months from decreasing prices of diesel, gasoline, rubber, and iron and steel products. **The Construction Materials Price Index (CMI)** rose by **5.2 percent (YoY)** following high costs of raw materials, energy, and Thai Baht depreciation when compared with the previous year, as well as public construction projects which are on schedule. **The CMI dropped 0.4 percent (MoM)**, decelerating for 4 consecutive months from decreasing prices of iron and steel products, electrical and plumbing, and asphalt.

The overall Consumer Confidence Index (CCI) rose to **46.3** from 45.5 in the previous month, accelerating for 2 consecutive months. **The future CCI rose to 52.6 from 51.9 last month, above the confidence level for 10 consecutive months and the record high of 2022.** The main reasons were confidence on Thai economic situation that economic and social activities return to normal, a continuous growth of exports and tourism, and a reduction of fuel prices. However, concerns over fluctuating energy prices and government's measures with budget constraints, were adverse factors to the CCI.

Trade Policy and Strategy Office
Ministry of Commerce
5 September 2022