

## Inflation Report Summary – February 2022

Mr. Ronnarong Phoolpipat, the director-general of TPSO indicated that **the CPI in February was at 104.10 and the headline inflation rose 5.28 percent (YoY), the main contributions were prices of energy as well as food and non-alcoholic beverages** following higher costs in production and materials. **Also, the lowest price base of 2021 in February led to high inflation. The core inflation rose 1.80 (YoY),** accelerating from a 0.52-percent increase in the previous month. However, **the CPI rose only 1.06 (MoM)** from a drop in prices of pork, fresh vegetables, and fruits.

**The 5.28-percent increase of current inflation was affected directly and indirectly by energy prices. The energy prices** (especially for electricity and fuel prices) rose 29.22 percent (YoY) from 19.22 percent (YoY) last month. **Also, prices of food and non-alcoholic beverages** (such as meats, eggs, fresh vegetables, food items at home and away from home, and seasonings and condiments) rose 4.51 percent (YoY) from 2.39 percent (YoY) last month. This high inflation resulted from the lowest price base of 2021 in February. **While prices of particular items (such as glutinous rice, rice, fruits, clothes, house rent, and tuition fees) were dropped** by the government's measures for easing these high prices.

**The CPI rose 1.06 (MoM),** decelerating from a 1.13-percent increase in the previous month following a decrease in prices of pork, fresh vegetables, and fruits together with an increase at a lower rate of chicken, eggs, and fuel prices following measures of the Ministry of Commerce and the excise tax cut on diesel. **An average 2-month inflation** (January – February 2022) **rose 4.25 (AoA).**

**The Producer Price Index (PPI) in February 2022 rose 9.4 percent (YoY)** from 8.7 percent (YoY) last month. An increase was mainly from petroleum, natural gas, and related products following high costs in production and materials, and the relatively low-price base in 2021. **The Construction Materials Price Index (CMI) rose 6.7 percent (YoY)** from 6.1 percent (YoY) last month following production and materials costs, especially for steel, aluminum, and fuel. **While the overall Consumer Confidence Index (CCI) remained at 44.6 this month.**

This high inflation was still in accordance with relevant key economic indicators in January 2022. **The demand side** included an expansion of VAT revenue, new motorcycle registration, commercial car sales volume, farmer income, tax revenue on real estate transactions, and private investment. **The supply side** was reflected from an increase in Capacity Utilization (Cap-U) and Manufacturing Production Index (MPI). It can be implied that the Thai economy is growing leading to higher income and purchasing power for both businesses and households.

Mr. Ronnarong said that **the headline inflation in March 2022 would remain at a high level** following a rise in energy prices (fuel and electricity prices) when compared to the previous year. This would increase prices of consumer goods including prepared food, and seasonings and condiments. **Another factor is that the low-price base of inflation at the beginning of 2021 could affect the calculation of inflation this year.** Meanwhile, decreasing prices of particular items such as pork, fresh vegetables, fruits, as well as the government's measures on lowering the cost of living would offset the inflation to be within an appropriate range. However, the projection of 2022 inflation is still fluctuated and will be revised in March 2022.

Trade Policy and Strategy Office  
Ministry of Commerce  
4 March 2022