

Inflation Report Summary – January 2022

The headline inflation in January 2022 rose 3.23 percent (YoY), accelerating from a 2.17-percent growth in the previous month. This mild-to-moderate inflation was relatively low compared to main trading partners (December 2021) such as the United States rose 7.0 percent (YoY), the United Kingdom rose 5.4 percent (YoY), Singapore rose 4.0 percent (YoY), and the Philippines rose 3.6 percent (YoY). When considering these figures with the current situation, Thailand's inflation is still not high.

There were several factors accelerating inflation. Firstly, energy prices which affected inflation directly and indirectly, increased 19.22 percent (YoY) and had 2.25-percent contribution to inflation. Secondly, fresh food had a minor contribution to inflation; e.g., pork had 0.67-percent contribution, chicken had 0.03-percent contribution, and eggs had 0.05-percent contribution. Thirdly, prices of other items (such as vegetable oil, food items at home and away from home, and personal care expenditures) slightly rose following production costs (raw materials, logistics costs, wages) and slightly affected inflation. Also, the price base last year was quite low.

In conclusion, energy prices significantly contribute to rising inflation and food prices has a minor impact on the rise. Inflation expanded within a range as it was offset by decreasing prices of particular items such as glutinous rice, rice, fresh vegetables, fresh fruits, clothes, house rent, and tuition fees.

The direction of current inflation was in accordance with the improvement of relevant key economic indicators. The demand side included an expansion of VAT revenue on domestic purchases and imports, imports of consumer goods, new motorcycle registration, and imports. The supply side was reflected from an increase in Capacity Utilization (Cap-U) and Manufacturing Production Index (MPI). Moreover, the Producer Price Index (PPI) and the Construction Materials Price Index (CMI) rose 8.7 and 6.1 percent (YoY), respectively. But the overall Consumer Confidence Index (CCI) decelerated from 47.0 to 44.6 this month.

The headline inflation in February 2022 is projected to slightly increase and be in line with the economic situation especially for retail gasoline prices which continuously increased following the world market price and low price base. Rising production costs including raw materials, logistics, wages, and the end of land and building tax reduction in 2022 would affect the manufacturing sector, and finally the prices of goods and services. Moreover, external factors such as increasing transport and logistics costs resulted in rising food prices globally.

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