

## Inflation in January 2023 decelerated and was the lowest rate in 9 months

Mr. Wichanun Niwatjinda, the Deputy Director-General of TPSO reveals that Consumer Price Index (CPI) in January 2023 was at 108.18 and at 103.01 in January 2022. **The headline inflation in January 2023 rose by 5.02 percent (YoY)**, decreasing from a 5.89-percent growth (YoY) in December 2022 and was the lowest rate in 9 months, following a deceleration of energy and food prices. While increasing domestic demand from tourism, New Year and Chinese New Year festival boosted spending.

In December 2022, Thailand's inflation rate was at the 32<sup>nd</sup> lowest rank from 129 economies and was relatively low compared with others including the United States, the United Kingdom, Italy, Mexico, and some ASEAN countries such as Lao PDR, the Philippines, and Singapore. **In 2022, the annual average of CPI rose by 6.08 (AoA)** and was the 33<sup>rd</sup> lowest rank from 129 economies.

**The current inflation was contributed by a 3.18-percent growth (YoY) of non-food and alcoholic beverages** (December 2022 rose by 3.87 percent) following energy prices, especially prices of fuel, electricity, LPG, and public transportation fare (minibus, taxi, airfare). Moreover, prices of construction materials, wages, personal expenses (soap, toothpaste, haircut) cleaning supplies (dishwashing liquid, softener, detergent) increased. However, prices of some particular items decreased such as electric appliances (TV, air conditioner, washing machine) clothes, skin protection products, face powder, diapers, and cable TV membership. **Another contribution was a 7.70-percent growth (YoY) of food and non-alcoholic beverages** (December 2022 rose by 8.87 percent), especially rising prices of prepared food (cooked food, noodles, curry and rice, breakfast) fresh vegetables and fruits (spring onion, eggplant, morning glory, watermelon, tangerine, mango), rice, and eggs. The reasons were still high production costs, as well as high demand during the festival and long holidays. While prices of pork and some fresh vegetables and fruits (ginger, long bean, chili, carrot, durian) decreased from the sufficient supply.

**The core inflation rose by 3.04 percent (YoY)**, slightly dropping from a 3.23-percent growth in the previous month owing to high production costs.

**The CPI dropped by 0.30 percent (MoM)** following a 0.41-percent increase in non-food and alcoholic beverages, especially high fuel prices causing high public transportation fares. However, prices of some particular items dropped such as cleaning supplies (toilet cleaner, dishwashing liquid, detergent), clothes, refrigerator, rice cooker. Another contribution was a 0.13-percent growth of food and non-alcoholic beverages including fresh fruits (tangerine, grape, mango) according to rising demand during the festival, as well as eggs from the low supply. While prices of some items decreased such as fresh vegetables (morning glory, coriander, spring onion) owing to good weather that led to higher yield, rice and glutinous rice as well as oyster sauce due to sale promotion, and palm oil from a price reduction of fresh palm.

The inflation in February 2023 is expected to slowly expand following high energy prices including fuel, electricity, and LPG. Also, rising food prices according to high production costs including ingredients, transportation, and wages, together with growing demand from tourism and the government's stimulus measures. In contrast, the global economic recession leading to a deceleration of demand and fuel prices, as well as Thai Baht's appreciation would decrease import costs and limit an expansion of inflation.

The Ministry of Commerce expected the headline inflation to range between 2.0 – 3.0 percent in 2023 which is in line with the current economic situation and would be revised if there are any significant changes.

The overall Consumer Confidence Index (CCI) in January 2023 improved to 51.3 from 50.4 in the previous month. The figure was above the confidence level for 2 consecutive months and the record high in 44 months following a rise in both current and future CCIs. The future CCI was above the confidence level for 15 consecutive months following Thailand's economic recovery supported by tourism with China's reopening. The government's measures and good prices of agricultural products led to higher confidence in Thai economy. Also, a fall in prices of consumer goods and fuel would be a significant factor for a gradual increase in CCI.

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