

Inflation continuously decelerated and forecast is revised following current situation.

Mr. Wichanun Niwatjinda, the Deputy Director-General of TPSO reveals that Consumer Price Index (CPI) in June 2023 was at 107.83. When compared to 107.58 in June 2022, **the headline inflation was a record low in 22 months at 0.23 percent (YoY) and decelerated for 6 consecutive months.** The main contributions were a deceleration of food prices, especially meats and seasonings, a drop in fuel prices, and a high-price base in June 2022. Also, TPSO revised the headline inflation forecast in 2023 to range between 1.0 – 2.0 (1.5 percent mid-range) and in line with the economic situation.

From the latest data in May 2023, inflation rates in most economies tend to decelerate. Thailand is considered as a low-inflation economy for both headline and core inflation. Also, Thailand had the lowest inflation rate among 7 ASEAN countries, of which figures had already been announced (Lao PDR, the Philippines, Singapore, Indonesia, Malaysia, and Vietnam)

The current inflation was contributed by a 3.37-percent growth (YoY) in food and non-alcoholic beverages owing to rising prices of particular items such as 1) fresh vegetables and fruits (lime, Chinese kale, cabbage, rambutan, watermelon, durian) and eggs, following low yield from turbulence and high demand from the back-to-school period and tourism 2) prepared food (breakfast, cooked-to-order food), following high costs, 3) dairy products (condensed milk, creamer, yogurt drinks) and rice, following promotional activities. However, there is a price drop in particular items such as 1) pork following high supply, high stock from large manufacturers, 2) sausage, 3) seasonings (vegetable oil, dried/shredded coconut, tamarind sauce), 4) some vegetables (morning glory, chili), and 5) delivery food.

Another contribution was a 1.88-percent drop (YoY) in non-food and beverages, following a significant drop in fuel prices (diesel, gasohol, gasoline). Moreover, there is a price drop in electrical appliances (TV, air conditioner, washing machine), mobile phones, personal care and cleaning supplies (skin care and protection, deodorant, detergent, ironing liquid), surgical masks, and cable TV membership. While prices of particular items rose, including electricity bills from the end of government's support measures, LPG, house rent, public transportation fares (airplane, motorcycle, minibus), tuition fees, and haircuts.

The core inflation rose by 1.32 percent (YoY), decelerating from a 1.55-percent growth in the previous month.

The CPI dropped by 0.60 percent (MoM), contributed by a 1.05-percent growth in non-food and beverages such as electricity bills, following the end of 150-THB discount for households using electricity less than 500 units, house rent, school uniforms, laundry services, internet, and cleaning supplies (softener, toilet cleaner, pesticide). While prices of some items decreased such as diesel, personal care (skin care and protection, body soap, facial foam). Another contribution was a 0.02-percent drop in food and non-alcoholic beverages, following a price drop in pork, mackerel, rice, fresh vegetables (eggplant, lime, morning glory) delivery food, and prepared food. While prices

of eggs, yogurt drinks, fresh vegetables and fruits (cabbage, Chinese cabbage, Chinese kale, durian, tangerine, mango), instant coffee, drinking water, and syrup slightly rose.

For the 2nd quarter of 2023, the CPI rose by 1.14 percent (YoY) compared with the 2nd quarter of 2022 and dropped 0.31 (QoQ) compared with the previous quarter. For a 6-month average, the CPI increased by 2.49 percent (AoA).

The headline inflation in the 3rd quarter of 2023 is expected to expand at a low rate, owing to fuel prices that would remain stable or slightly change, and are relatively low compared with the previous year. Also, some food prices, especially fresh meats tend to decrease following high supply, and a high-price base last year. While prices of some items, especially vegetables and fruits, eggs and dairy products, and prepared food tend to rise due to drought and Thailand's economic recovery. However, geo-political conflicts, global economic recession, and several government's measures, and drought would make inflation become not as expected.

With the above-mentioned factors, the headline inflation was revised from between 1.7 – 2.7 (2.2 percent mid-range) to range between 1.0 – 2.0 (1.5 percent mid-range) which would be revised again if there are any significant changes.

The overall Consumer Confidence Index (CCI) in June 2023 slightly dropped to 56.1 from 56.6 in the previous month, but the figure has been above the confidence level for 7 consecutive months. The factors were domestic economic recovery reflected by rising numbers of both Thai and Foreign tourists, the government's measures on lowering the costs of livings by reducing electricity bills and diesel tax cut. However, high prices of goods and services, a political transition which affects investment and operational decisions of private sectors, deceleration of government investment, as well as high household debt and interest rates would be adverse factors that limit the overall CCI.

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