

Inflation Report Summary – March and Q1 of 2022

Mr. Ronnarong Phoolpipat, the director-general of TPSO indicated that **the CPI in March 2022 was at 104.79 and the headline inflation was 5.73 percent (YoY). The main contributions were prices of goods and services** following higher costs in production, energy prices, imported materials, and logistics. These rising costs are part of US and allies' sanctions which affect several economies, especially for developing countries. Prices of raw food had a slight increase. While prices of rice, fresh fruits, house rent, apparel and footwear continuously decreased. **The CPI rose only 0.66 (MoM)**, decelerating from last month as the price drops mentioned earlier.

The 5.73-percent rate of current inflation was mainly from energy prices which rose 32.43 percent (YoY), especially for fuel and electricity prices which rose 31.43 and 39.95 percent respectively following the world market price. **Prices of food** including meats (pork and chicken), eggs, some fresh vegetables, seasonings and condiments, and prepared food increased resulting from higher costs in production and ingredients. The low-price base last year also led to high inflation. **While prices of particular items (such as rice, fresh fruits, house rent, apparel and footwear) continuously dropped.**

The CPI rose 0.66 (MoM), decelerating for 2 consecutive months from a 1.06-percent growth last month following high fuel prices. While prices of pork, fish and seafood, rice, milk and dairy products, and personal care dropped. **The CPI of Q1/2022 rose 4.75 (YoY) and rose 1.91 (QoQ).**

The Producer Price Index (PPI) in March 2022 rose 11.4 percent (YoY) following high costs in production and materials, especially for petroleum, natural gas, and related products (chemicals and chemical products), as well as prices of food and agricultural products following higher demand. **The Construction Materials Price Index (CMI) rose 8.6 percent (YoY)** and increased in all product groups following higher costs in production and raw materials (oil, steel, coal, and aluminum). **While the overall Consumer Confidence Index (CCI) decreased to 43.8** from 44.6 in the previous month. The main factors were high prices of energy and consumer goods, as well as a rising number of new COVID-19 cases. However, the government's measures which were subsequently launched and increasing prices of agricultural products would support consumers' confidence in the future.

The projection of 2022 inflation was revised to be between 4.0 – 5.0 percent (a 4.5-percent median) from the previous projection in December 2021 which was between 0.7 – 2.4 percent (a 1.5-percent median). If there are any significant changes, the figure would be revised again. However, the government's measures including price controls on essential consumer goods, price cap on fuel, subsidies on utility bills, together with the COVID-19 situation would be factors that offset the growth of inflation.

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