

Inflation Report Summary – May 2022

Mr. Ronnarong Phoolpipat, the director-general of TPSO indicated that **the CPI in May 2022 was at 106.62, and the headline inflation was 7.10 percent (YoY)** which was in line with the rise of inflation in other countries, especially for advanced economies such as the US and the EU countries. The rise was contributed by 1) increasing demand following economic recovery 2) tight supply 3) sanctions, and all led to a supply-demand imbalance. For Thailand and other ASEAN countries, average inflation rates were relatively low compared to those above-mentioned economies following slow economic recovery while prices of goods and services were driven by rising energy and food prices.

The headline inflation of May 2022 was 7.10 percent (YoY) largely contributed by the rise in energy and food prices. Energy prices increased owing to 1) the rise of global oil price 2) the end of subsidy cooking gas, and 3) the rise of F_t value. The low price base last year also contributed to current inflation. However, prices of particular items (such as rice, clothes, house rent, and tuition fees) continuously dropped. **The core inflation was 2.28 percent (YoY).**

The current CPI rose 1.40 percent (MoM) following an increase in almost all product groups, especially for energy, fresh fruits, meats, seasoning and condiments, and personal care. **A 5-month average of CPI (Jan - May 2022) rose 5.19 percent (AoA).**

The Producer Price Index (PPI) in May 2022 rose 13.3 percent (YoY) increasing in all product groups, especially for manufacturing and mining product including petroleum, natural gas, and other related products. The contributions were high costs of energy, logistics, imported materials, production, as well as Thai Baht depreciation. Meanwhile, demand was still high both in domestic and world markets. **The Construction Materials Price Index (CMI) rose 6.5 percent (YoY)** following a slower growth of several product groups such as iron products, concrete, and electrical and plumbing. Meanwhile, production costs were still high resulting from raw material prices (oil, steel, coal, and aluminum). **The Consumer Confidence Index (CCI) decreased was 44.7** decreasing from 45.7 in the previous month. The main factor was the country's economy affected by external factors, high commodity prices, the end of some government's measures, and the COVID-19 situation. However, an expansion of tourism and exports would support confidence in the future.

Inflation in June 2022 tends to continuously expand following energy prices which remain at a high level compared to last year. This was owing to 1) a higher price cap on diesel 2) a gradual increase of cooking gas (LPG) prices until June 2022, and 3) the rise of F_t value. Moreover, consumer goods, especially for fresh food and prepared food rose following high production costs. Also, logistics costs, export restrictions in several countries, and improving demand from tourism and exports would significantly contribute to inflation. **The projection of 2022 inflation is between 4.0 - 5.0 percent (median at 4.5)** which is in line with the current situation. If there are any significant changes, the figure would be revised again.