

Inflation plunged to a record low in 21 months following 3 factors.

Mr. Poonpong Naiyanapakorn, the Director-General of TPSO reveals that Consumer Price Index (CPI) in May 2023 was at 107.19. When compared to 106.62 in May 2022, **the headline inflation rose only by 0.53 percent (YoY), decelerated for 5 consecutive months and was the lowest rate in 21 months.** This deceleration was contributed by a drop in fuel prices and electricity bills, as well as a high-price base in May 2022.

From the latest data in April 2023, Thailand was one of the low-inflation economies and had the lowest inflation rate among 7 ASEAN countries of which figures had already been announced including Lao PDR, the Philippines, Singapore, Indonesia, Malaysia, and Vietnam.

The current inflation was contributed by a 3.99-percent growth (YoY) in food and non-alcoholic beverages according to rising prices of particular items such as 1) vegetables and fruits (lime, spring onion, eggplant, watermelon, rambutan) and eggs, following bad weather and high demand from the new semester 2) non-alcoholic beverages ((hot/cold) coffee/tea, soft drink, instant coffee) and food at home (prepared food, meal box, noodle), following high costs. However, prices of pork, snakehead fish, vegetable oil, tamarind sauce, shredded/dried coconut, banana, durian, and rose apple dropped. **Another contribution was a 1.83-percent drop (YoY) in non-food and beverages,** according to decreasing prices of particular items such as fuel prices (diesel, gasohol, gasoline), electricity, mobile phone, TV, air conditioner, washing machine, facial powder, surgical masks, and cable TV membership. While there are several items with price increase such as LPG, public transportation fares (airplane, taxi, motorcycle taxi, minibus, boat), tuition fees, cleaning supplies (pesticide, toilet cleaner), and personal services (haircuts, manicures).

The core inflation rose by 1.55 percent (YoY), decelerating from a 1.66-percent growth in the previous month.

The CPI dropped by 0.71 percent (MoM), contributed by a 1.59-percent drop in non-food and beverages, following a decrease in energy prices such as diesel, gasohol, gasoline, electricity, and cleaning supplies (detergent, softener, toilet cleaner). While prices of particular items increased such as facial foam, body powder, and soap. Another contribution was a 0.51-percent growth in food and non-alcoholic beverages, following prices of vegetables and fruits (coriander, spring onion, Chinese kale, tangerine, durian, mangosteen) eggs, delivery food, and seasonings. While prices of particular items dropped such as pork, garlic, mango, vegetable oil, and instant noodle. **For a 5-month average, the CPI rose by 2.96 percent (AoA)**

The inflation in June 2023 is expected to continuously decrease or possibly shrink, following a drop in energy prices, especially fuel prices which tend to significantly drop and lower than the previous year, as well as electricity bills supported by the government's measure. Also, a high-price base of June 2022, the government's measures on lowering the cost of living and price control led to low inflation. However, weather fluctuations, demand recovery, and high production costs (LPG, wages, and interest rate) would be adverse factors to inflation expectation and these factors should be closely monitored.

Thailand's headline inflation in 2023 is expected to range between 1.7 – 2.7 (2.2 percent mid-range) and would be revised if there are any significant changes.

The overall Consumer Confidence Index (CCI) in May 2023 was 56.6 from 53.5 in the previous month. The figure has been above the confidence level for 6 consecutive months (since December 2022) and the highest in 53 months (since January 2019), following a rise in both current and future CCIs. The reasons for improvement were 1) economic recovery supported by tourism 2) the latest election results and 3) the government's measures on lowering the cost of living. These reasons indicate that the continuous growth of the Thai economy and political situation would improve people's confidence.