

Thailand's inflation rate decelerated for 3 consecutive months

Mr. Poonpong Naiyanapakorn, the Director-General of TPSO reveals that Consumer Price Index (CPI) in November 2022 was at 107.92 and at 102.25 in November 2021. **The headline inflation in November 2022 rose by 5.55 percent (YoY)**, decelerated for 3 consecutive months from 6.41 and 5.98 percent in September and October 2022 respectively. The main contribution was a fall in food prices, especially fresh vegetables, fresh fruits, meats, and seasonings following high yield when compared with the previous year. Also, Thailand's inflation rate was relatively low compared with others (latest data in October 2022) including the United States, the United Kingdom, Italy, Mexico, India, and some ASEAN countries such as Laos, the Philippines, and Singapore. Details are as follows.

Food and non-alcoholic beverages had an 8.40-percent growth (YoY), decelerated from a 9.58-percent growth in October 2022. The main contribution was a significant drop in fresh vegetable prices (Chinese cabbage, Chinese kale, celery, pumpkin), following high yield when compared with the previous year. Moreover, decreasing prices of fruits, pork, fresh chicken, and seasonings were according to high supply when compared with the previous year while domestic demand slightly increased, as well as the Ministry of Commerce's measures on price control that balance between producers, sellers, and consumers.

Non-food and alcoholic beverages had a 3.59-percent growth (YoY), following a rise in energy prices including fuel, electricity, LPG, as well as public transport fares. Also, prices of cleaning supplies such as detergent, softener, toothpaste, and shampoo slightly increased.

The core inflation rose by 3.22 percent (YoY) which slightly increased from a 3.17-percent growth in the previous month following high production costs from energy prices that lead to a rise in prices of goods and services.

The CPI dropped by 0.13 percent (MoM), following decreased prices of fresh fruits and vegetables (morning glory, Chinese kale, tangerine, guava), pork, eggs, rice, and seasonings (vegetable oil, dried/shredded coconut). **For an 11-month average, the CPI rose by 6.10 percent (AoA)** which was close to the latest projection (between 5.5 – 6.5 percent, with a 6.0-percent mid-range).

The overall Consumer Confidence Index (CCI) has improved for 5 consecutive months to 49.9 compared with 47.7 in the previous month and was close to the confidence level. The current CCI improved from 38.7 to 40.4 while the future CCI improved from 53.7 to 56.3 and stayed above the confidence level for 13 consecutive months. The main reasons for the improvement were recovered economic activities, the government's measures, and a slow increase in fuel prices. However, global economic recession, geopolitical conflicts, together with high prices of goods and services may be adverse factors to CCIs in the future.

Inflation in December 2022 tends to remain at the same rate as the previous month. The main contributions were prices of energy (fuel, electricity, LPG), food (meats, eggs and dairy products, prepared food), and public transportation fares that were still at higher level when compared with the previous year. Furthermore, recovery of domestic demand, and low-price base were part of an expansion. However, prices of fresh vegetables that may continuously drop following high yield, together with the government's measures on costs of living, Thai Baht appreciation, and new variants of COVID-19 are adverse factors to the inflation that should be closely monitored.

The headline inflation in 2022 is still projected to range between 5.5 – 6.5 percent (6.0 percent mid-range) which is in line with the current economic situation and projections released by other government agencies.

Trade Policy and Strategy Office

Ministry of Commerce

7 December 2022