

Inflation started decelerating as expected

Mr. Poonpong Naiyanapakorn, the Deputy Permanent Secretary of Commerce reveals that the Consumer Price Index (CPI) in September 2022 was at 107.70. **The headline inflation in September 2022 decelerated from a 7.86-percent expansion in August 2022 to 6.41 percent (YoY)** owing to the fall in energy prices and the deceleration of housing and seasonings, as well as a high-price base of the previous year. High cost of production, flood, and growing demands for goods and services were significant factors that keep the inflation expanding, but at a decelerating rate.

Energy decelerated by 16.10-percent (YoY) following rising prices of fuel and electricity. However, the fuel prices were still high compared with last year, although the prices continued to drop for months. **Prices of non-food and beverages rose by 4.10 percent (YoY)** as prices of LPG, personal care, public transportation, education, and tobacco and alcoholic beverages were higher than last year. Meanwhile, prices of some particular items decreased such as face powder, ironing spray, shipping fees, television, air conditioner, and washing machine.

Fresh food had a 10.97-percent growth (YoY) following rising prices of meats, eggs, as well as fresh vegetables and fruits. Moreover, prices of prepared food slightly increased and seasonings started to decline following high costs of production, ingredients, and logistics. Also, agricultural areas were damaged by floods, and domestic demand recovered. Hence, **prices of food and non-alcoholic beverages rose by 9.82 percent (YoY)**. However, prices of several items dropped such as glutinous rice, shredded coconut, tamarind juice, banana, and delivered food.

Core inflation was at 3.12 percent (YoY), merely decelerating from a 3.15-percent growth of the previous month. On a month-on-month basis, **CPI slightly rose by 0.22 percent (MoM)** following the rising prices of prepared food, non-alcoholic beverages, and fresh food. While prices of fuel (except LPG for vehicles), seasonings, and cleaning supplies dropped. **For a 9-month average, CPI rose by 6.17 (AoA).**

The Producer Price Index (PPI) in September 2022 continued to decelerate for 3 consecutive months by 10.5 percent (YoY). However, high production costs including raw materials, energy, and logistics together with Thai Baht depreciation contributed to an expansion of PPI. **The Construction Materials Price Index (CMI) remained in an expansion of 5.2 percent (YoY) for 2 months.** All groups increased, especially iron and steel products, cement, and concrete following rising costs in production and raw materials.

The overall Consumer Confidence Index (CCI) has improved for 3 consecutive months to **46.4** compared with 46.3 in the previous month. The current CCI increased while the future CCI slightly dropped but stayed above the confidence level for 11 consecutive months. The main reasons for the improvement were recovered economic activities especially tourism with its incoming high season, decreasing oil prices, and the government's measures on lowering costs of living. However, the global political conflicts, fears of global economic recession, and Thai Baht depreciation were adverse factors to the CCI.

Inflation in the 4th quarter of 2022 tends to decelerate from the previous quarter owing to the easing prices of crude oil and food products, together with a high-price base in the 4th quarter last year. In addition, further government's measures on costs of living reduction are highly expected. However, promising demands for tourism and exports, side effects of recent floods on prices, and fears for Thai Baht depreciation are adverse factors that could limit the deceleration of inflation.

The headline inflation in 2022 is 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.

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