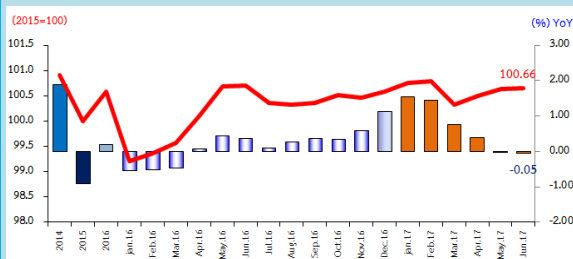


# Consumer Price Index June 2017

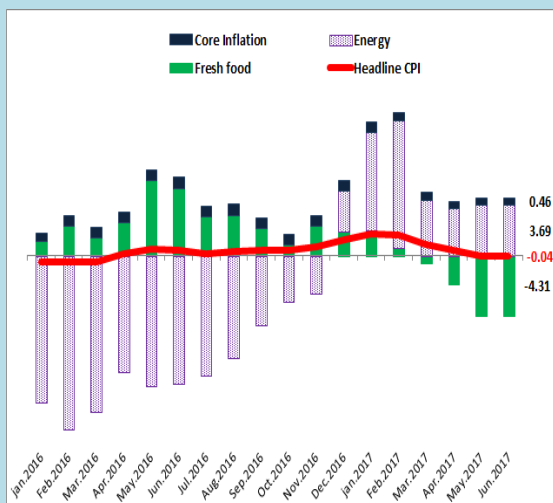
## News Release



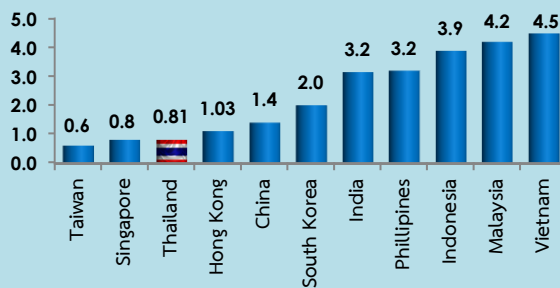
### Inflationary Trend (Headline CPI)



### Core Inflation



### Country Inflation rates(Ave. Jan-May, 17)



### Inflation Projection 2017 (as of Jul.)

Inflation rate 0.7 – 1.7 (YoY)

GDP <sup>f</sup>	3.0 – 4.0 (YoY)
Dubai Oil <sup>f</sup>	45 – 55 USD/Barrel
Exchange Rate <sup>f</sup>	34.0 – 36.0 Baht/USD

### Highlights

3 July 2017

Half year 2017 inflation rate was 0.67 percent comparing with 2016 (-0.09 percent) showing that Thai economy has more stability. While June 2017 inflation rate was -0.05 (YoY) from higher prices in fresh vegetables because of the weather. While gasoline prices increased at decreasing rate from uncertain supply of Libya and Nigeria oil production as well as political conflict in middle east which caused excess supply in the market.

Ministry of Commerce adjusted the former projection between 0.7-1.7 (1.5-2.2 before) in order to reflect the real picture at the latter half of the year.

Level of prices of goods and services In June 2017 increased 0.02 percent from the previous month (MoM) because of the fresh food (vegetables, meat, eggs), vehicle expenses and tuition fees. Prices movement are as the following:

- **Fresh vegetables** : prices went up 15.35 percent (MoM) such as kale, morning glory, bog choy, coriander. Raining season affected perishable goods
- **Eggs** : prices went up 1.94 percent. Decrease in supply as breeders were discharged of the farms
- **Fish and aquatic animal** : prices went up 0.08 percent such as mackerel, indian mackerel, squid, black pomfret, sea mussel, prawns as gulf of Thailand was closed during the monsoon.
- **Chaopraya express boat** : decreased 0.5-1.0 Baht from price decrease in diesel
- **Personal care items** : decreased -0.03 such as soap, deodorant, mouthwash
- **Gasoline** : decreased -3.20 (MoM) for gasoline retail prices (gasohol 91, 95, E20, Benzene 95, Diesel and LPG)

When comparing with June 2016, inflation rate was -0.05 percent (YoY) from increasing in prices of fresh food as well as gasoline retail prices according to oil price movement in the world market including adjustment in FT prices during May-August 2017

Inflation rate averaged Jan.-Jun. 2017 comparing with 2016 increased 0.67 percent (AoA) following the gasoline prices and household expenditure (mainly from farmers income and agriculture production which were higher as well as the measure supporting low income earners and expansion of cost-of-living measure)

Ministry of Commerce adjusted the 2017 projection (as of July 2017) between 0.7-1.7 percent under these assumption :

- 1) **GDP** grows 3.0-4.0 percent. There was economic expansion from 2016 relevant to supporting factors from farmers income and export revenue according to the recovery in the world market as well as agricultural prices increased following the higher demand such as in household expenditure and private consumption.
- 2) **Dubai oil price** is between 45-55 USD/barrel. Oil prices decreased continually from 2016 resulting from the expectation to reduce the production of OPEC group and others as well as higher production in USA, Libya and Nigeria
- 3) **Foreign Exchange** between 34.0-36.0 Baht/USD from FED interest rate adjustment, proportion of asset holding and easing policy of BOT foreign exchange regulation supporting selling and buying of foreign exchange

## Consumer Price Index June 2017

Consumer Price Index (CPI) is a measure of average change over time in the prices of consumer items—goods and services that people buy for day-to-day living.CPI comprises of Food and Non-alcoholic beverages, Apparel and Footwear, Housing and Furnishing, Medical and Personal care, Transportation and Communication, Recreation and Education, Tobacco and alcoholic beverages divisions covering 422 items

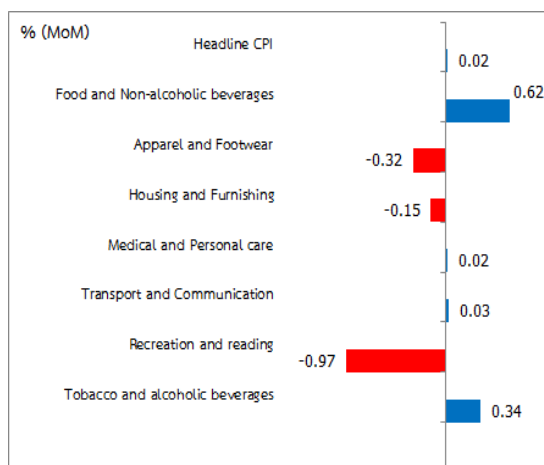
Consumer Price Index of June 2017 can be concluded as the following:

### 1.Consumer Price Index of June 2017(base year 2015) was 100.66 (May 2017=100.64)

### 2.The changes in CPI of June 2017 comparing with

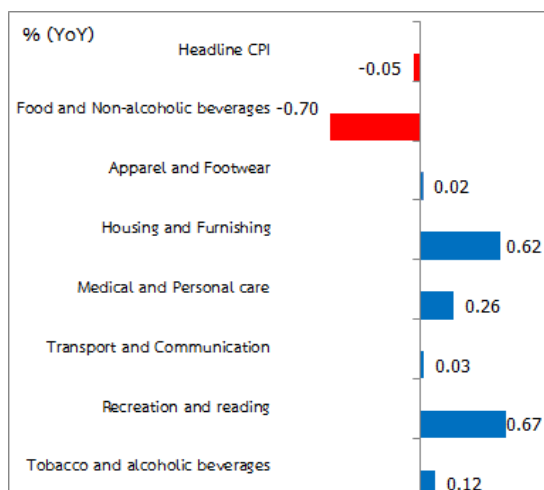
Period	Change	Percent
2.1 May 2017 (MoM)	INCREASE	+0.02
2.2 June 2016 (YoY)	DECREASE	-0.05
2.3 Average 6 months 2017(AoA) (Jan – June 2016)	INCREASE	+0.67

### 2.1 Comparing with May 2017 (MOM) INCREASE 0.02 percent.The percentage change in each category are shown in Chart 1



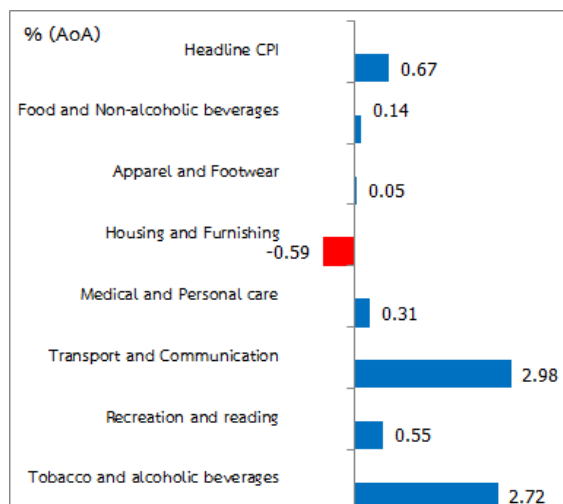
Inflation rate in June 2017 increased 0.02 percent from May 2017 (MoM) mainly due to Food and Non-alcoholic beverages category increased 0.62 percent from higher prices of fresh vegetables (Kale, morning glory, bog choy, coriander), eggs, fish and aquatic animal(squid, sea mussel, black pomfret, mackerel, indian mackerel, prawns). Recreation and Reading category increased 0.34 percent (tuition fees).Tobacco and Alcoholic beverages category increased 0.06 (cigarettes, beer) including house rent, cooking gas(LPG), and drugs.While Transportation and Communication category decreased -0.97 (Gasohol 91, 95, E20, E85, Benzene 95, Diesel, LPG and NGV).Apparel and Footwear category decreased -0.15 percent (women’s clothings, shoes) as well as decrease in prices of Chaopraya express boat, boats in Sansab canal, ferry boats decreased 0.50 – 1.00 Baht , result of decrease in prices of Diesel lower than 25 Baht per litre and decrease from promotion of personal care items such as mouthwash, soap, and deodorant etc.

### 2.2 Comparing with June 2016(YoY) DECREASE -0.05 percent.The percentage change in each category are shown in Chart 2



Inflation rate in June 2017 decreased -0.05 percent from June 2016 (YoY) .This was affected by Food and Non-alcoholic beverages category decreased -0.70 percent (rice, pork, egg, cabbage, tomato, lemon, chilli, rambutan) as well as mobile phone. While Apparel and Footwear category increased 0.02 percent(student uniform).Housing and Furnishing increased 0.62 percent (house rent, electricity, house maintenance charge). Medical and Personal care category increased 0.26 percent (drugs, dental fee, blood test fee, men and women hair cut). Transportation and Communication category increased 0.03 percent (gasoline such as gasohol 91,95,E20,E85,Benzene 95 and car).Recreation and Reading category increased 0.67 percent(tuition fees, hotel room, travelling domestically and internationally cinema fare). Tobacco and alcoholic beverages increased 0.12 (wine, liquor)

**2.3 January-June 2017 (AoA) comparing with January-June 2016 INCREASE 0.67 percent (AoA) The percentage change in each category are shown in Chart 3**



Inflation rate averaged Jan-June.2017 comparing with Jan-June 2016 increased 0.67 percent(AoA).This was influenced by Food and Non-alcoholic beverages category increased 0.14 percent(chicken, indian mackerel,vegetable oil, tamarinds)as well as Apparel and Footwear category increased 0.05 percent. Medical and Personal care category increased 0.31 percent. Transportation and Communication category increased 2.98 percent (gasoline such as diesel, gasohol 91,95,E20,E85 and Benzene 95).Recreation and reading category increased 0.55 percent (tuition fees).Tobacco and alcoholic beverages increased 2.72 (wine ,liquor) While Housing and Furnishing category decreased -0.59 (house rent, electricity, house maintenance)

	Projection	
1. Economic growth (%) 	3.50 (3.0 – 4.0)	<b>Household expenditure increased:</b> <ul style="list-style-type: none"> <li>Farmers income increased following commodity prices in the world market</li> <li>Measure supporting low income earners and expansion period for cost-of-living of travelling</li> <li>Export expansion from recovery in the world market</li> <li>Tourist figures increased continuously</li> </ul>
2. Dubai Prices (USD / Barrel) 	50.0 (45.0 - 55.0)	<b>OPEC uncertainty of supply of oil (supply increased in USA Libya and Nigeria)</b> <ul style="list-style-type: none"> <li>Winter as seasonal need</li> <li>Recovery of Economic</li> </ul>
3. Foreign exchange (Baht / USD) 	35.0 (34.0 – 36.0)	<b>Baht/dollar tends to appreciate</b> <ul style="list-style-type: none"> <li>Proportion of asset holding both in bonds and real estate</li> <li>FED interest rate adjustment</li> <li>Easing policy in Bank of Thailand foreign exchange regulation supporting selling and buying of foreign exchange</li> </ul>

Supporting factors	Risk factors
Household sector demand started to recover relevant to production and farmer income as well as household debt decreased	Uncertainty of major trading partners trade policies influenced on export.
Revenue from export increased apparently.	World oil prices showed the upward trend affecting retail gasoline prices in the country.
Government measures as well as 2017 tax reduction supported low income household.	Baht appreciated affecting competitiveness on export as well as cost of raw material import.

## 5. Table of CPI and percentage change

Items	Portion Weight Jun17	June 2017					May 2017			
		Index		%change			Index		%change	
		Jun17	Jun 16	M/M	Y/Y	A/A	May.16	M/M	Y/Y	A/A
<b>Headline CPI</b>	100.00	100.66	100.71	0.02	-0.05	0.67	100.64	0.15	-0.04	0.81
<b>Food and Non-alcoholic beverages</b>	36.59	102.05	102.77	0.62	-0.70	0.14	101.42	0.40	-1.38	0.31
Rice, flour and cereal products	2.93	97.69	99.54	-0.06	-1.86	-1.74	97.75	-0.45	-1.92	-1.72
Meat, poultry and fish	6.64	102.07	102.71	0.10	-0.62	0.39	101.97	0.58	0.19	0.59
Eggs and diary products	1.57	100.66	102.50	0.63	-1.80	-1.35	100.03	1.51	-1.46	-1.25
Vegetables and Fruits	4.74	106.40	113.64	4.16	-6.37	-3.16	102.15	2.04	-12.92	-2.46
- Fresh vegetables	2.01	111.75	123.77	15.35	-9.71	-10.37	96.88	3.31	-26.56	-10.52
- Fresh fruits	2.30	100.28	105.41	-3.27	-4.87	0.15	103.67	1.42	-2.55	1.19
Seasoning and Condiments	1.73	101.98	100.66	-0.09	1.31	1.92	102.07	-0.01	1.86	2.03
Non-alcoholic beverages	1.73	101.09	100.08	-0.18	1.01	1.09	101.27	0.08	1.08	1.12
Prepared food at home	8.70	101.85	101.03	0.12	0.81	1.11	101.73	0.01	1.04	1.17
Food away from home	8.55	102.09	100.97	0.23	1.11	1.24	101.86	0.00	1.14	1.28
<b>Non-food and beverages</b>	63.41	99.89	99.57	-0.32	0.32	0.98	100.21	0.01	0.74	1.11
Apparel and Footwear	2.87	100.27	100.25	-0.15	0.02	0.05	100.42	0.04	-0.01	0.06
Housing and Furnishing	22.92	99.17	98.56	0.02	0.62	-0.59	99.15	0.54	0.64	-0.83
Medical and Personal care	6.23	101.04	100.78	0.03	0.26	0.31	101.01	0.02	0.18	0.32
Transport and Communication	23.67	99.13	99.10	-0.97	0.03	2.98	100.10	-0.51	1.26	3.59
- Public transport services	2.05	99.95	99.80	-0.01	0.15	0.07	99.96	0.01	0.16	0.06
- Motor Fuel	7.25	96.77	96.16	-3.20	0.63	12.11	99.97	-1.67	4.99	14.60
- Communication	4.28	99.94	99.97	0.00	-0.03	-0.04	99.94	0.00	-0.04	-0.04
Recreation and reading	6.19	101.53	100.85	0.34	0.67	0.55	101.19	0.07	0.44	0.52
Tobacco and alcoholic beverages	1.53	113.64	113.50	0.06	0.12	2.72	113.57	0.03	0.08	3.26
<b>Core Inflation</b>	73.00	101.22	100.77	0.08	0.45	0.56	101.14	0.01	0.46	0.58
Fresh food and energy	27.00	99.13	100.56	-0.13	-1.42	0.97	99.26	0.52	-1.39	1.46
- Fresh food	15.89	102.24	104.97	1.30	-2.60	-1.22	100.93	0.90	-4.31	-0.94
- Energy	11.11	94.55	93.68	-2.10	0.93	4.65	96.58	-0.01	3.69	5.41

\*CPI deducting fresh food and energy

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## A Brief Explanation of Consumer Price Index (CPI) and Inflation

Division of Trade Information and Economic Indices, Trade Policy Strategy Office, Ministry of Commerce is the organisation compiling and disseminating Consumer Price Index (CPI) monthly. The objectives is to measure cost of living of people as well as movement of prices in the form of "Inflation". CPI has been developed continuously and has rebasing every 4-5 years.

Recently, Committee of Indices compiling and developing which comprises of the senior advisors and experts from both public and private sectors had consensus on rebasing CPI from 2011 to 2015 referring Economic and Social of Households Survey of National Statistics Office to re-structure the expenditure in the basket of goods so that index will be up to date relevant to consumption pattern as well as comply with the international standard.

Consumer Price Index base year 2015 covers 422 items(base year 2011 covered 450 items) including 7 categories of goods and services those are essential to the living of people : 1) Food and Non-alcoholic beverages category 2)Apparel and Footwear category 3) Housing and Furnishing category 5) Transportation and Communication category 6) Recreation and Reading category 7) Tobacco and alcoholic beverage.CPI is computed by comparing prices of goods over time to the base year which is set as 100.However, households under this calculation are represented by household in metropolitan area with 1-5 people and 12,000-62,000 Baht/month in Bangkok and suburban area and all 4 regions of Thailand in 43 provinces<sup>1</sup>

Headline Inflation is the measure of average change over time in the prices of consumer items-good and services that people buy for day-to-day living (base year: 2015)

Core Inflation is the headline CPI deducted fresh food prices(which are fluctuated and seasonal) and energy prices(which are not in control of Monetary Policy). The items left are subjected to market mechanism and can be provided the fundamental inflation picture of Thai Economy

Core Inflation rate is the percent change in Consumer Price Index which calculate from headline CPI deducted by fresh food and energy prices.

In conclusion, CPI is to measure inflation of the economy which is one of the economic indicators.To analyze,we will take all the factors those affect the prices into consideration such as the factors those has influence on cost of production i.e.gasoline cooking

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<sup>1</sup> 43 provinces in the index computation are

Bangkok and suburban 1.Bangkok 2.Nonhaburi 3.Pathumthani 4.Samutprakan

Central region 5.Ayutthaya 6. Lopburi 7.Singburi 8.Chonburi 9.Rayong 10.Chanburi 11.Prajeenburi

12.Ratchaburi 13.Supunburi 14.Petchburi 15.Prajuabkhirikun

Northern region 16.Nakhonsawan 17.Taak 18.Prae 19.Chiengmai 20.Chiengrai 21. Uttraladit 22.Pitsanulok

23.Petchaboon 24.Naan

North eastern region 25.Nakhonratchasima 26.Khonkaen 27.Surin 28.Ubonratchathani 29.Nongkai 30.Srisaket

31.Mookdahan 32.Udonthani 33.Roi-ed 34.Nakhonpanom

Southern region 35.Surathani 36.Nakhonsithannarat 37.Trang 38.Songkhla 39. Yala 40.Phuket 41.Krabi 42.Narathiwat

43.Ranong

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