

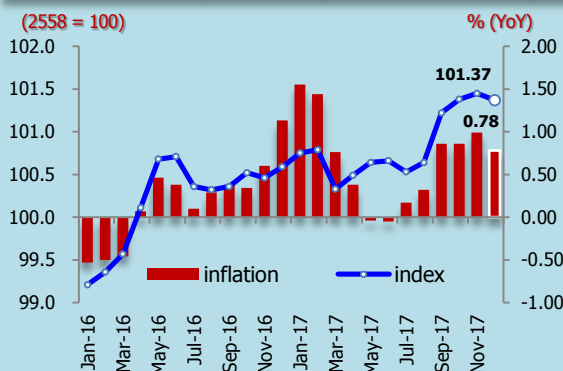


# Consumer Price Index December 2017 and year 2017 NEWS Release

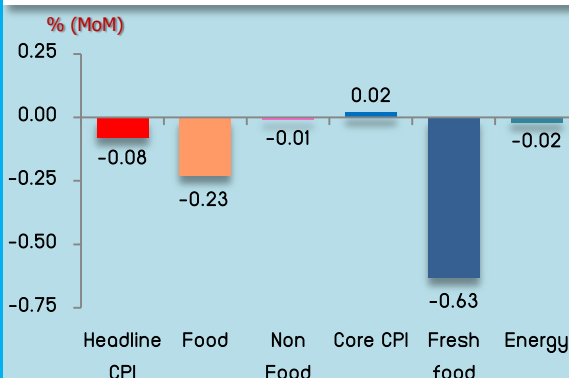


3 January 2018

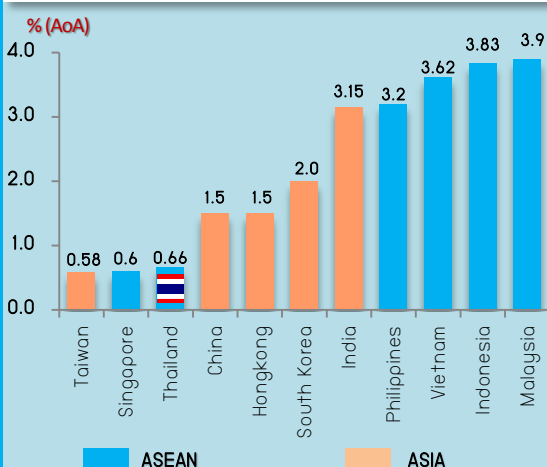
## Inflationary Trend (Headline CPI)



## December 2017 Inflation



## Countries Inflation rates (Ave. Jan-Nov. 17)



## Inflation Projection 2018 (as of Nov. 17)

Inflation rate 0.6 – 1.6 (YoY)

GDP<sup>f</sup> 3.5 – 4.0 (YoY)

Dubai Oil<sup>f</sup> 50 – 60 USD/Barrel

Exchange Rate<sup>f</sup> 33.0 – 35.0 Baht/USD

## The change in CPI of December 2017 comparing with

Period	Change	Percent
• November 2017 (MoM)	DECREASE	-0.08
• December 2016 (YoY)	INCREASE	0.78
• Average 2017 comparing with 2016 (AoA)	INCREASE	0.66

## Highlights

Inflation rate in December 2017 rose by 0.78 percent (YoY). This was increased from the higher in oil prices as OPEC group favors a nine-month extension to the OPEC/NOPEC production cut deal causing the energy products prices going up 4.06 percent (YoY). While the fresh foods decreased by -0.91 percent (YoY). Those resulted in average Inflation rate in 2017 going up by 0.66 percent (AoA).

➤ Price level of goods and services in December 2017 decreased by -0.08 percent (MoM). Price movements are as follow ;

❖ Fresh food decreased by -0.63 percent since there was oversupply during the season such as coriander, celery, scallion, lettuces, cauliflower, chinese kale, orange, pineapple, as well as the lower prices of lean pork, dressed chicken, eggs and rice. Those resulted in Food and Non-alcoholic beverages category going down by -0.23 percent.

❖ Energy decreased by -0.02 percent such as Liquefied Petroleum Gas (LPG) decreased by -1.30 following the global gas prices, while the gasoline retail prices increased by 0.02 percent. Those resulted in Non-Food and Beverages category going down -0.01 percent.

❖ Other such as non-alcoholic beverages increased by 0.33 percent according to the tax adjustments on sugar-sweetened beverages such as sweet drink, fruit juices, tea and coffee.

➤ Comparing with December 2016, index went up by 0.78 percent (YoY) from the increase in gasoline retail prices which followed the world crude oil market, electricity, non-alcoholic beverages, prepared food, cigarettes and liquor mainly.

➤ Average Inflation rate year 2017 compared with year 2016 increased by 0.66 percent (AoA).

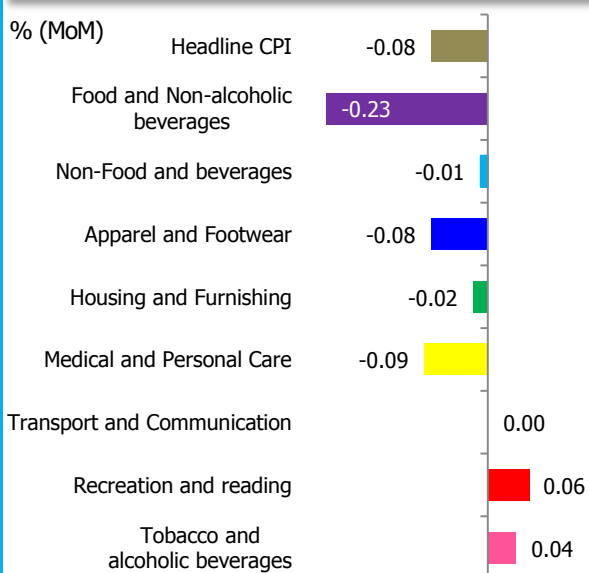
➤ Ministry of Commerce had forecasted the inflation 2018 will slightly increased 0.6 – 1.6 percent a year.

## Consumer Price Index December 2017

Consumer Price Index (CPI) is a measure of average changes 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, and Tobacco and alcoholic beverages divisions covering 422 items

Consumer Price Index of December 2017 (base year 2015) **was 101.37 (November 2017=101.45)**, which can be described as follows :

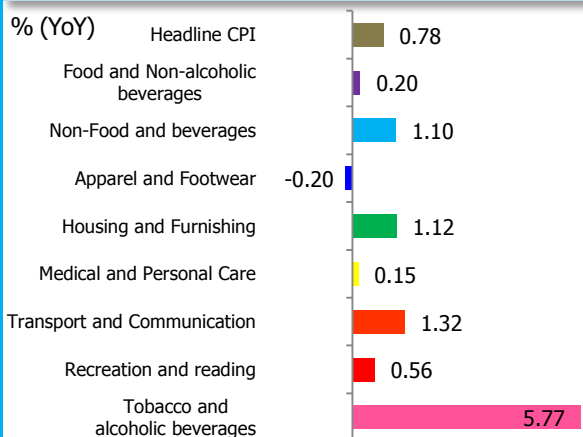
### Comparing with November 2017 (MoM) decreased by -0.08 percent



This was mainly due to **Food and Non-alcoholic beverages category** decreasing by -0.23 percent as the decrease in **vegetables and fruits** of -1.21 percent such as vegetables decreasing by -1.85 percent (coriander, celery, scallion, lettuces, cauliflower, chinese kale). Fresh fruits decreasing by -1.33 (banana, orange, pineapple, coconut, papaya) included the other fresh food such as dressed chicken, lean pork, eggs and rice. While some goods price went up such as sweet drink, fruit juice, tea and coffee following the tax adjustments on sugar-sweetened beverages.

**Non-Food and Beverages category** decreasing by -0.01 percent such as cleaning supplies decreasing by -0.13 percent (detergent, bathroom washing liquid, laundry liquid detergent, floor cleaner detergent), personal care items decreasing by -0.20 percent (perfume, moisturizer, sanitary napkin), express way fee has been free between December 28 - January 4 and LPG decreased following the global gas price as well as clothing was decreased as the result of New Year promotion while the **Motor fuel** increasing by 0.02 percent (Diesel) and travelling internationally increasing by 6.82 percent.

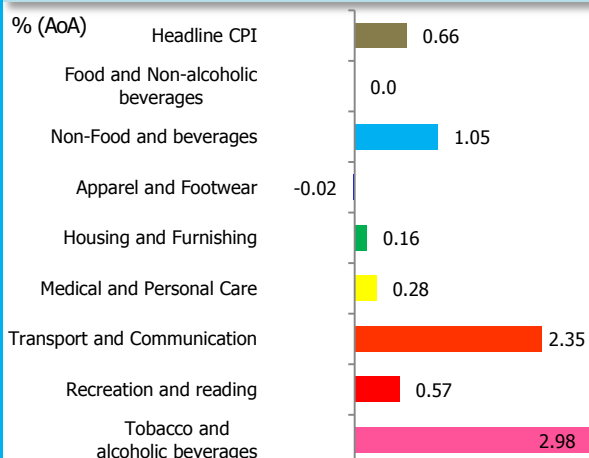
### Comparing with December 2016 (YoY) increased by 0.78 percent



This was mainly due to **Food and Non-alcoholic beverages category** increasing by 0.20 percent as the increase in **vegetables** of 3.01 percent (morning glory, cowpea, eggplant, choy) as well as fruit juice, sweet drink, instant coffee, ready to drink coffee, ready to drink tea and prepared food.




**Non-Food and Beverages category** increasing by 1.10 percent such as **Housing and Furnishing category** increasing by 1.12 percent (housing rental, electricity, LPG). **Medical and Personal care category** increasing by 0.15 percent (drugs, dental fees, X-Ray fees, blood test fees). **Transport and Communication category** increasing by 1.32 percent (motor fuel). **Recreation and Education category** increasing by 0.56 percent (travelling internationally). **Tobacco and alcoholic beverages category** increasing by 5.77 percent (cigarettes, beers, wine, liquor). While **Apparel and Footwear category** decreasing by -0.20 percent (men women and children clothes).

### Averaged 2017 Comparing with 2016 (AoA) increased by 0.66 percent



This was mainly due to **Non-Food and Beverages category** going up by 1.05 percent (AoA) such as **Transport and Communication category** went up by 2.35 percent (motor fuel). **Recreation and Education category** went up by 0.57 percent (travelling domestically and internationally, education). **Tobacco and alcoholic beverages category** went up by 2.98 percent (cigarettes, beers, wine, liquor). **Medical and Personal care category** went up by 0.28 percent (drugs, personal care items). **Housing and Furnishing category** went up by 0.16 percent (housing rental, construction materials, LPG). While **Apparel and Footwear category** went down by -0.02 percent (women and children clothes, men and women shoes). And **Food and Non-alcoholic beverages category** was steady although there are the decreasing of rice, lean pork, eggs, vegetables, fruits and increasing of seasonings and condiments, non-alcoholic beverages and prepared food.

**Inflation forecasting (2018) Trade Policy and Strategy Office (TPSO) projected that inflation will be between 0.6 – 1.6 under these assumptions :**

Assumptions	Projection	
1. Economic growth (%) 	3.75 (3.5 – 4.0)	Continuous increase from 2017 as the result of : <ul style="list-style-type: none"> <li>Export expansion by the quantity and price were rise up from recovery in the world market.</li> <li>Higher household expenditure from durable goods and semi-durable goods.</li> <li>Higher private investment from machinery and tools</li> </ul>
2. Dubai Oil Prices (USD / Barrel) 	55.0 (50.0 - 60.0)	Demand for oil is higher according to the economic recovery <ul style="list-style-type: none"> <li>OPEC agreed on the limitation of oil production</li> <li>U.S. commercial crude oil inventories was decreasing</li> <li>Seasonal needs in winter and economic recovery</li> </ul>
3. Foreign exchange (Baht / USD) 	34.0 (33.0 – 35.0)	Baht/USD tends to appreciate at the end of the year <ul style="list-style-type: none"> <li>US economy is expected to improve, which may cause the Thai currency to slightly weaken.</li> <li>FED interest adjustment</li> </ul>

### Impacting factors on inflation

Supporting factors	Risk factors
Demand from Household sector started to recover in line with production and farmers income as well as a measure to support low income earners through national welfare card reducing expenditure.	Uncertainty of major trading partners trade policies influenced on export
Export expansion from recovery in the world market and tourist figure increased continuously	World oil prices showed the upward trend affecting retail gasoline prices in the country as OPEC group favors a nine-month extension to the OPEC/NOPEC production cut deal
Government expenditure in the fiscal year 2018	Stability of US dollars and Asian currencies will benefit financial stability

**Concept** 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 4) Medical and Personal services category 5) Transportation and Communication category 6) Recreation and Reading category 7) Tobacco and alcoholic beverage category. 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 Bahts/month wages in Bangkok and suburban areas and all 4 regions of Thailand in 43 provinces<sup>1</sup>

<sup>1</sup> 43 provinces in the index computation are Bangkok and suburban 1.Bangkok 2.Nonthaburi 3.Pathumthani 4.Samutprakan Central region 5.Ayutthaya 6.Lopburi 7.Singhburi 8.Chonburi 9.Rayong 10.Chanburi 11.Praeeenburi 12.Ratchaburi 13.Supunburi 14.Petchburi 15.Prajabkhirikun 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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Table of CPI and Percentage change

(2015 = 100)

Items	Weight Dec.17	December 2017					November 2017			
		Index		% Change			Index		% Change	
		Dec.17	Dec.16	M/M	Y/Y	A/A	Nov.17	M/M	Y/Y	A/A
Headline CPI	100.00	101.37	100.59	-0.08	0.78	0.66	101.45	0.07	0.99	0.66
Food and Non-alcoholic beverages	36.21	101.70	101.50	-0.23	0.20	0.00	101.93	-0.42	0.03	-0.02
Rice, flour and cereal products	2.91	97.65	98.68	-0.35	-1.04	-1.90	97.99	0.79	-1.25	-1.98
Meat, poultry and fish	6.49	100.46	101.64	-0.40	-1.16	-0.19	100.86	-0.52	-0.87	-0.11
Eggs and dairy products	1.51	98.03	101.02	-0.43	-2.96	-2.22	98.45	-0.80	-3.47	-2.15
Vegetables and Fruits	4.62	104.41	104.18	-1.21	0.22	-2.50	105.69	-2.94	-0.99	-2.74
- Fresh vegetables	1.85	103.62	100.59	-1.85	3.01	-4.88	105.57	-5.50	-0.91	-5.55
- Fresh fruits	2.32	101.86	102.97	-1.33	-1.08	-2.10	103.23	-1.55	-0.75	-2.19
Seasoning and Condiments	1.70	101.12	101.54	-0.19	-0.41	1.09	101.31	0.10	0.20	1.23
Non-alcoholic beverages	1.73	101.87	100.96	0.33	0.90	0.88	101.53	0.30	0.72	0.88
Prepared food at home	8.71	102.70	101.45	0.03	1.23	1.13	102.67	0.00	1.22	1.13
Food away from home	8.53	102.56	101.34	0.17	1.20	1.18	102.39	0.05	1.03	1.17
Non-food and beverages	63.79	101.19	100.09	-0.01	1.10	1.05	101.20	0.36	1.55	1.04
Apparel and Footwear	2.85	100.30	100.50	-0.08	-0.20	-0.02	100.38	0.02	-0.11	-0.01
Housing and Furnishing	22.91	99.81	98.70	-0.02	1.12	0.16	99.83	0.10	1.13	0.08
Medical and Personal care	6.20	101.16	101.01	-0.09	0.15	0.28	101.25	0.14	0.27	0.29
Transport and Communication	24.08	101.56	100.24	0.00	1.32	2.35	101.56	0.82	2.54	2.45
- Public transport services	2.05	100.31	99.81	0.00	0.50	0.17	100.31	0.31	0.50	0.14
- Motor Fuel	7.74	104.09	100.63	0.02	3.44	9.01	104.07	2.42	8.42	9.55
- Communication	4.25	99.93	99.95	0.00	-0.02	-0.03	99.93	0.00	-0.02	-0.03
Recreation and reading	6.15	101.60	101.03	0.06	0.56	0.57	101.54	0.01	0.53	0.56
Tobacco and alcoholic beverages	1.61	120.11	113.56	0.04	5.77	2.98	120.06	0.18	5.76	2.73
Core Inflation *	72.77	101.61	100.98	0.02	0.62	0.56	101.59	0.06	0.61	0.55
Fresh food and energy	27.23	100.68	99.52	-0.37	1.17	0.96	101.05	0.11	1.99	0.95
- Fresh food	15.54	100.72	101.65	-0.63	-0.91	-1.39	101.36	-1.04	-1.21	-1.41
- Energy	11.69	100.14	96.23	-0.02	4.06	4.85	100.16	1.70	7.03	4.93

\* CPI deducting fresh food and energy

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