

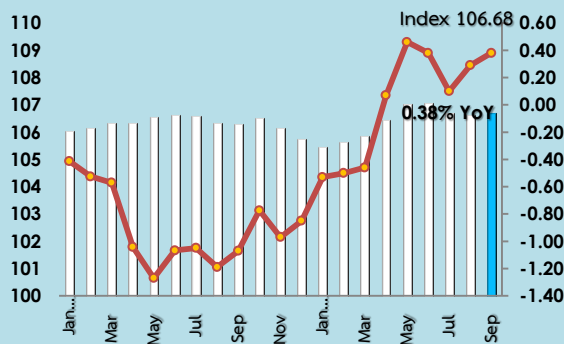


Consumer Price Index September 2016

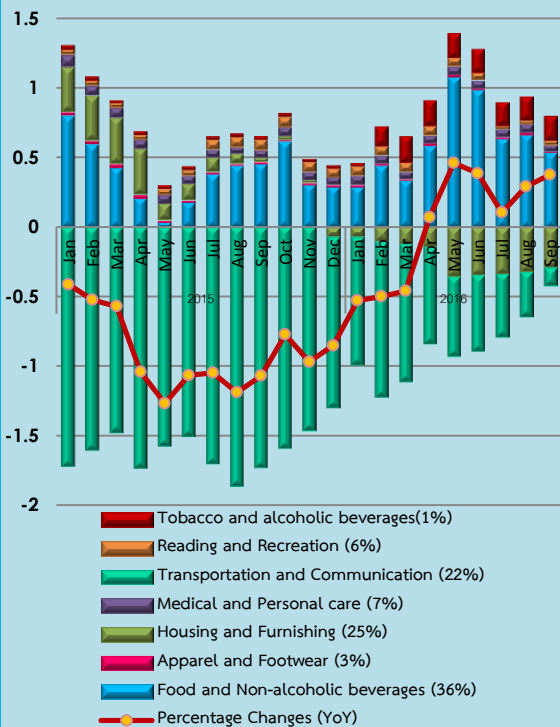
News Release



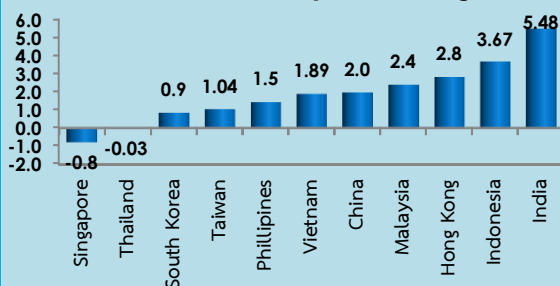
Inflationary Trend (Headline CPI)



Contribution of Inflation (Percentage Points)



Annual Inflation Rates (Ave. Jan-Aug. 16)



Inflation Forecasting (as of September 2016)

Inflation rate 0.0 – 1.0 (YoY)

GDP ^f	2.8 – 3.8 (YoY)
Exchange Rate ^f	35 – 37 Baht/USD
Dubai Oil ^f	35 – 45 USD/Barrel

Highlights

3 October 2016

Inflation rate in September 2016 was increased 0.38 percent (YoY) growing for 6 months consecutively and showing that households expenditure was in line with the economic growth. While movement in prices of goods and services were influenced mainly by fresh food such as vegetables and fruits, eggs, fish and aquatic animals and meats. Besides, it also affected by the adjustment of the cigarettes excise tax in February 2016. When comparing with August 2016, prices of goods and services were slightly increased 0.04 percent especially gasoline retail prices, seasonings and condiments, and prepared foods.

Overall, prices of consumer goods under the supervision of Ministry of Commerce such as eggs, sugar, vegetable oil, prepared food were slightly increased relevant to the market condition.

Consumer Price Index of September 2016 (base year=2011) was 106.68 higher 0.38 percent (YoY) mainly resulted from 1) Food and Non-alcoholic beverages category affected 0.53 percent on Inflation majoring from 1) vegetables and fruits (kales, corianders, bananas (nam-wa), mangoes, durians) 2) fish and aquatic animal (shrimps, squids, cockles) 3) eggs 4) meat (pork, spare ribs) (causing 0.23, 0.06, 0.04 and 0.02 percent contribution to inflation) 2) Tobacco and Alcoholic beverages category from the adjustment of cigarettes excise tax in February caused 0.17 percent on inflation. While Transportation and Communication category still retarded inflation growth (effect -0.13) as gasoline retail price base was still lower than the last year as well as Housing and Furnishing category resulted from the adjustment in Ft rate during May-August -33.29 Satang/unit caused -0.29 percent on Inflation.

When comparing with August 2016 inflation was higher 0.04 percent (MoM) influenced by gasoline retail prices (Benzene 95, Gasohol 91,95) higher 2.37 percent. Transportation and Communication category worked on 0.13 percent on inflation. However, prices of goods in Food and Non-alcoholic beverages category such as rice, glutinous rice, pork, chicken, fresh vegetables and fruits (shallot plants, cucumbers, corianders, durians, rambutans, oranges, grapes) were slightly decreased and had -0.10 percent effect on inflation.

CPI movement in September 2016 was consistent with the prediction by Trade Policy Strategy Office (TPSO) which stated that inflation will gradually higher in the fourth quarter of 2016 and remain in the targeting frame at 0.0-1.0 (YoY) under the assumption of 1) GDP growth between 2.8-3.8 percent 2) Dubai prices between 35-45 USD/barrel 3) Foreign exchange rate between 35-37 baht/USD respectively.

Consumer Price Index September 2016

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 450 items

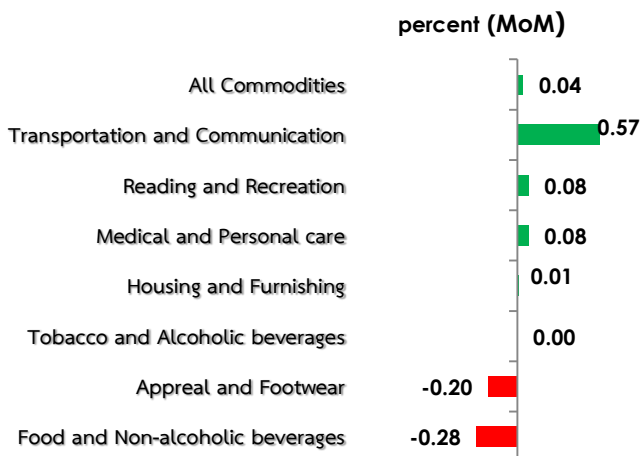
Consumer Price Index of September 2016 can be concluded as the following:

1. Consumer Price Index of September 2016 (base year 2011) was 106.68 (August 2016=106.64)

2. The changes in CPI of September 2016 comparing with

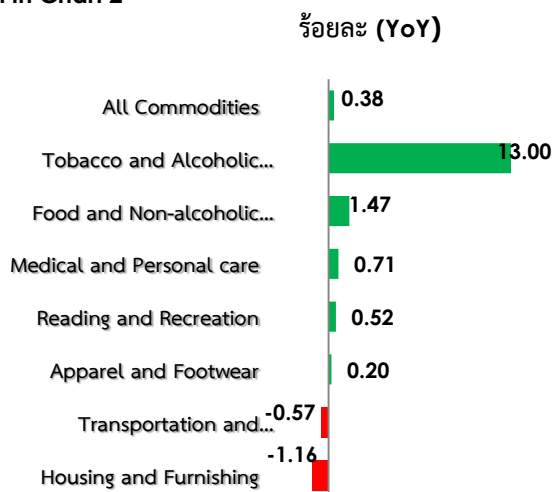
Period	Change	Percent
2.1 August 2016 (MoM)	Increase	0.04
2.2 September 2015 (YoY)	Increase	0.38
2.3 Average 9 months (AoA) (January – September 2015)	Increase	0.02

2.1 Comparing with August 2016 (MoM) was increased by 0.04 percent. The percent changes in each category are shown in Chart 1.



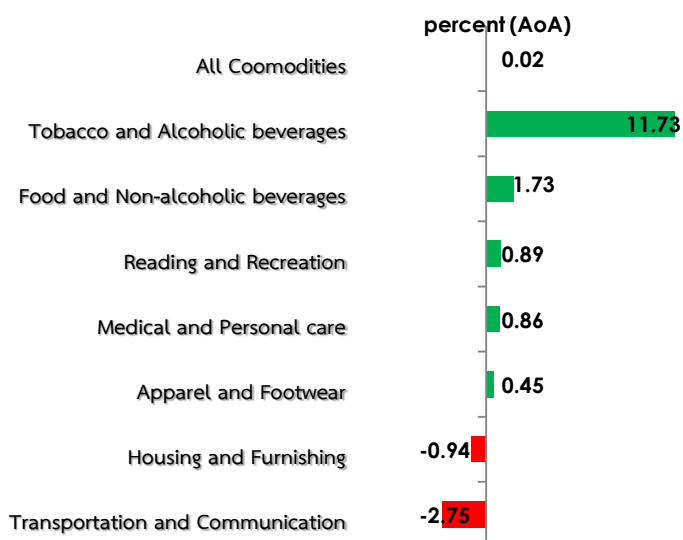
Inflation rate of September 2016 was 0.04 percent increased from August 2016 (MoM). This was mainly due to 0.57 percent from Transportation and Communication category (gasoline retail prices was increased 2.37 percent). Reading and recreation category up 0.08 percent (university tuition fees). Medical and personal care up 0.08 percent (personal care items such as soap, talcum). Housing and furnishing category up 0.01 percent (House rent). While prices of goods and services in Food and Non-alcoholic beverages and Apparel and Footwear category were decreased by -0.28 and -0.20 respectively. Prices of Tobacco and Alcoholic beverages remained constant.

2.2 Comparing with September 2015 (YoY) was increased 0.38 percent. The percent changes in each category are shown in Chart 2






Inflation rate of September 2016 was 0.38 percent increased from September 2015 (YoY). This was mainly due to 13.00 from Tobacco and Alcoholic beverages category (cigarettes up 28.16 percent). Food and Alcoholic beverages category up 1.47 percent. Medical and Personal care category up 0.71 percent (personal care items and medicine). Reading and Recreation category up 0.52 percent (tuition fees-private elementary schools and universities). Apparel and Footwear category up 0.20 percent. While prices and goods and services in Transportation and Communication Category was decreased by -0.57 (gasoline such as Benzene 95, Gasohol 91,95 and LPG). Housing and Furnishing was decreased by -1.16 percent (electricity, cooking gas and hose reparation equipment expenses)

2.3 Comparing with January-September 2015 (AoA) was increased 0.02 percent. It was the first increase in 21 months. The percentage changes in each group are shown in Chart 3.



Inflation in these 9 months (Jan.-Sep.16/Jan.-Sep.15) was increased by 0.02 percent (AoA). It was influenced by changes in prices of goods and services mainly in Tobacco and alcoholic beverages category 11.73 percent. Food and Non-alcoholic beverages category up 1.73 percent. Reading and recreation up 0.89 percent. Medical and Personal care category up 0.86 percent. Apparel and Footwear up 0.45 percent. While prices of goods and services in Transportation and Communication category (gasoline such as benzene 95, diesel, gasoline 91, 95, E20, E85) and Housing and Furnishing (electricity and cooking gas expenses) were slightly decreased -2.75 and -0.94 respectively.

3. Inflation forecasting 2016 TPSO maintained the forecasting rate of 2016 between 0.0-1.0 under these consumption:

	Projection	
	March and June 2016	September 2016
1. Economic growth (%) 	3.3 (2.8-3.8)	3.3 (2.8-3.8)
2. Dubai price (USD/Barrel) 	35.0 (30.0-40.0)	40.0 (35.0-45.0)
3. Exchange rate (Baht/ USD) 	37 (36.0-38.0)	36 (35.0-37.0)

Foreign exchange rate and Dubai Price in September 2016 were 34.74 Baht/dollar and 43.25 dollar/barrel respectively (As of 29 September 2016)

4. Factors affecting Inflation

Supporting factors	Risk factors
Gasoline prices in the world market show the upward trend reaching the equilibrium and demand will gradually increase in the latter half of the year	World economic recovery is still lower than expectation.
Government measures support the purchasing power of the households	The fluctuation in exchange rate according to FED interest rate adjustment affects the revenue from Export as well as household income.

5. Table of CPI Structure and Inflation

(2554 = 100)

Items	Portion Weight Sep.16	September 2016					August 2016			
		Index		%Change			Index		%Change	
		Sep.16	Sep.15	M/M	Y/Y	A/A	Aug.16	M/M	Y/Y	A/A
	100.00	106.68	106.28	0.04	0.38	0.02	106.64	-0.04	0.29	-0.03
Headline CPI	36.22	116.33	114.64	-0.28	1.47	1.73	116.66	0.14	1.88	1.76
Food and Non-alcoholic beverages	3.38	104.49	105.10	-0.09	-0.58	-0.27	104.58	0.06	-0.52	-0.23
Rice, flour and cereal products	7.00	117.71	116.14	-0.15	1.35	1.86	117.89	-0.08	1.88	1.92
Meat, poultry and fish	1.79	108.07	106.11	0.38	1.85	2.07	107.66	0.29	2.16	2.10
Eggs and dairy products	4.67	131.98	125.61	-2.29	5.07	6.90	135.07	0.54	7.41	7.13
Vegetables and Fruits	1.84	122.23	120.29	-3.51	1.61	7.14	126.68	-2.92	4.30	7.83
- Fresh vegetables	2.39	145.59	136.34	-1.92	6.78	5.51	148.44	3.18	9.04	5.34
- Fresh fruits	1.85	113.60	112.01	0.41	1.42	0.27	113.14	0.12	0.87	0.12
Seasoning and Condiments	1.76	106.16	105.71	0.00	0.43	0.29	106.16	0.09	0.62	0.27
Non-alcoholic beverages	9.86	116.80	115.64	0.00	1.00	0.99	116.80	0.05	1.09	1.00
Prepared food at home	5.91	114.76	113.54	0.06	1.07	0.90	114.69	0.24	1.02	0.88
Food away from home	63.78	101.56	101.80	0.22	-0.24	-0.92	101.34	-0.14	-0.59	-1.01
Non-food and beverages	3.00	103.57	103.36	-0.20	0.20	0.45	103.78	0.11	0.53	0.48
Apparel and Footwear	24.17	105.31	106.55	0.01	-1.16	-0.94	105.30	0.06	-1.32	-0.92
Housing and Furnishing	6.47	104.92	104.18	0.08	0.71	0.86	104.84	0.08	0.92	0.88
Medical and Personal care	22.74	94.81	95.35	0.57	-0.57	-2.75	94.27	-0.50	-1.44	-3.01
Transport and Communication	2.12	103.44	103.63	0.00	-0.18	-0.17	103.44	0.00	-0.27	-0.17
- Public transport services	5.60	79.20	81.30	2.37	-2.58	-10.76	77.37	-2.00	-6.02	-11.71
- Motor Fuel	3.85	99.72	99.75	0.00	-0.03	-0.03	99.72	0.00	-0.03	-0.03
- Communication	5.89	103.58	103.04	0.08	0.52	0.89	103.50	0.08	0.47	0.94
Recreation and reading	1.51	132.29	117.07	0.00	13.00	11.73	132.29	0.02	13.09	11.57
Tobacco and alcoholic beverages	73.50	106.82	106.03	0.02	0.75	0.74	106.80	0.07	0.79	0.74
Core Inflation	26.50	105.85	106.55	0.06	-0.66	-1.93	105.79	-0.32	-1.05	-2.08
Fresh food and energy	16.84	118.28	115.94	-0.68	2.02	2.79	119.09	0.16	2.91	2.89
- Fresh food	9.65	90.03	94.76	1.36	-4.99	-9.15	88.82	-1.16	-7.36	-9.64

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

Consumer Price Index is a measure of the average change in prices of goods and services or “basket of goods” consisting of 1) Food and Non-alcoholic beverage 2) Apparel and Footwear 3) Housing and Furnishing 4) Medical and Personal care 5) Transportation and Communication 6) Recreation and Education 7) Tobacco and alcoholic beverages divisions covering 450 items. CPI is computed by comparing prices of goods over time to the base year (current base year : 2011) which are set as 100. However, households under this calculation are represented by household in metropolitan area with 1-5 people and 10,000-60,000 Baht/month revenue, in Bangkok and suburban area and all 4 regions of Thailand covering 43 provinces.¹

Headline Inflation is a measure of the average change over time in the prices of consumer items-good and services that people buy for day-to-day living (base year : 2011)

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 the market mechanism and can be provided the fundamental inflation picture of Thai economy.

In conclusion, CPI is to measure inflation of the economy which is of the economic indicators. To analyze, we will take all the factors those affect to the prices of goods into consideration such as the factors those has influence on cost of production ie. gasoline cooking gas (LPG), public utility expenses, excise tax and so on. If those factors affect on the changes in prices of goods and services, the inflation will move higher (and vice versa) which finally will cause higher cost-of-living and affect the growth of the economy

¹ 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.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