

Consumer Price Indices for December 2020

The Census and Statistics Department (C&SD) released today (January 21) the Consumer Price Index (CPI) figures for December 2020. According to the Composite CPI, overall consumer prices fell by 0.7% in December 2020 over the same month a year earlier. The decrease was larger than the corresponding decrease in November 2020 (-0.2%), mainly due to a larger amount of Government's provision of electricity charges subsidy in December 2020. Netting out the effects of all Government's one-off relief measures, the year-on-year rate of change in the Composite CPI (i.e. the underlying inflation rate) in December 2020 was 0.0%, smaller than that in November 2020 (0.3%). The smaller year-on-year rate of change in December was mainly due to the smaller increases in the costs for meals bought away from home and the enlarged decreases in private housing rentals.

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the 3-month period ending December 2020 was 0.6%, and that for the 3-month period ending November 2020 was 0.2%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were -0.1% and 0.2%.

Analysed by sub-index, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were -0.7%, -0.9% and -0.5% respectively in December 2020, as compared to 0.0%, -0.3% and -0.1% respectively in November 2020. Netting out the effects of all Government's one-off relief measures, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were 0.4%, -0.3% and -0.1% respectively in December 2020, as compared to 0.8%, 0.1% and 0.2% respectively in November 2020.

On a seasonally adjusted basis, for the 3-month period ending December 2020, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were 1.9%, 0.0% and -0.1% respectively. The corresponding rates of change for the 3-month period ending November 2020 were 0.3%, 0.2% and 0.2% respectively. Netting out the effects of all Government's one-off relief measures, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the 3-month period ending December 2020 were -0.1%, -0.1% and 0.0% respectively, and the corresponding rates of change for the 3-month period ending November 2020 were 0.4%, 0.2% and 0.2% respectively.

Amongst the various components of the Composite CPI, year-on-year decreases in prices were recorded in December 2020 for electricity, gas and water (-30.0%); clothing and footwear (-5.9%); durable goods (-2.6%); transport (-2.1%) and miscellaneous services (-0.1%).

On the other hand, year-on-year increases in the components of the Composite CPI were recorded in December 2020 for food (excluding meals bought away from home) (2.2%), alcoholic drinks and tobacco (1.7%), miscellaneous

goods (1.4%) and housing (0.3%).

As for meals bought away from home, the Composite CPI remained unchanged over a year earlier.

In the fourth quarter of 2020, the Composite CPI fell by 0.3% over a year earlier. The respective rates of change in the CPI(A), CPI(B) and CPI(C) were -0.3%, -0.5% and -0.2% respectively. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were 0.2%, 0.7%, -0.1% and 0.1%.

For 2020 as a whole, the Composite CPI was 0.3% higher than that in the preceding year. The corresponding rates of change in the CPI(A), CPI(B) and CPI(C) were -0.5%, 0.7% and 0.8% respectively. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were 1.3%, 1.7%, 1.1% and 1.0% respectively.

Commentary

A Government spokesman said that the underlying consumer price inflation rate eased to virtually zero in December 2020. Prices of meals bought away from home softened visibly in the month amid the fourth wave of local epidemic and the resultant social distancing measures. Meanwhile, the year-on-year decline in private housing rentals widened slightly, and price pressures on many other major CPI components receded further. For 2020 as a whole, the underlying consumer price inflation rate averaged 1.3%.

Looking ahead, overall price pressures should remain very mild in the near term as global and local economic conditions are still challenging amid the continued threat of COVID-19. The Government will continue to monitor the situation closely.

Further information

The CPIs and year-on-year rates of change at section level for December 2020 are shown in Table 1. The time series on the year-on-year rates of change in the CPIs before and after netting out the effects of all Government's one-off relief measures are shown in Table 2. For discerning the latest trend in consumer prices, it is also useful to look at the changes in the seasonally adjusted CPIs. The corresponding time series on the average monthly rates of change during the latest 3 months for the seasonally adjusted CPIs are shown in Table 3. The rates of change in the original and the seasonally adjusted Composite CPI and the underlying inflation rate are presented graphically in Chart 1.

More detailed CPI data (including year-on-year comparison, month-to-month comparison, seasonally adjusted data series and the CPIs by the Classification of Individual Consumption According to Purpose (COICOP)) are available in the monthly reports. Users can download the December 2020 issue of the "Monthly Report on the Consumer Price Index" (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=B1060001), the time series of CPIs at detailed level

(www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600001), the time series of CPIs at COICOP division level (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600002) and the time series of CPIs after netting out the effects of all Government's one-off relief measures (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600003) at the website of the C&SD.

The current CPI series are compiled based on the expenditure patterns obtained from the 2014/15 Household Expenditure Survey (HES). The 2019/20 HES is being conducted to collect information for updating the expenditure weights of the CPI series and the new 2019/20-based CPI series will be available around mid-2021. As a result of the rebasing exercise, the year-on-year changes of the new 2019/20-based CPI series will be compiled from October 2020 onwards. The year-on-year changes compiled from the new 2019/20-based CPI series may be different from those compiled from the current 2014/15-based CPI series. The 2014/15-based CPI series will continue to be compiled and published until the reference month of December 2021.

For enquiries about the CPIs, please contact the Consumer Price Index Section of the C&SD (Tel: 3903 7374 or email: cpi@censtatd.gov.hk).