

Consumer Price Indices for February 2020

The Census and Statistics Department (C&SD) released today (March 23) the Consumer Price Index (CPI) figures for February 2020. According to the Composite CPI, overall consumer prices rose by 2.2% in February 2020 over the same month a year earlier, larger than the corresponding increase (1.4%) in January 2020. The larger increase in the Composite CPI in February was related to fading out of the effect of the Government's payment of public housing rentals and waiver of two-thirds of rent for tenants of Group B estates by Hong Kong Housing Society in January 2020. Netting out the effects of all Government's one-off relief measures, the year-on-year rate of increase in the Composite CPI (i.e. the underlying inflation rate) in February 2020 was 2.5%, smaller than that in January 2020 (3.7%). The smaller increase was mainly due to the decreases in the charges for package tours and the smaller increases in the costs for meals bought away from home after the Lunar New Year.

It should be noted that consumer prices tend to show greater volatility in the first two months of a year due to the timing of the Lunar New Year. As the Lunar New Year fell in late January this year but in early February last year, the year-on-year comparison of the figures for January and February 2020 might have been affected by this factor to a certain extent. Taking the first two months of 2020 together to neutralise the effect of the Lunar New Year, the Composite CPI rose by 1.8% over a year earlier. Netting out the effect of all Government's one-off relief measures, the corresponding rate of increase was 3.1%.

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the three-month period ending February 2020 was 0.0%, and the corresponding rate of change for the three-month period ending January 2020 was -0.5%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were 0.1% and 0.3% respectively.

Analysed by sub-index, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 2.7%, 2.1% and 1.8% respectively in February 2020, as compared to -2.0%, 2.8% and 3.4% respectively in January 2020. Netting out the effects of all Government's one-off relief measures, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 3.3%, 2.3% and 1.8% respectively in February 2020, as compared to 4.3%, 3.5% and 3.4% respectively in January 2020.

Taking the first two months of 2020 together, the CPI(A), CPI(B) and CPI(C) rose by 0.4%, 2.4% and 2.5% respectively over a year earlier. Netting out the effects of all Government's one-off relief measures, the corresponding rates of increase were 3.7%, 2.9% and 2.6% respectively.

On a seasonally adjusted basis, for the three-month period ending

February 2020, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were -0.1%, 0.0% and 0.0% respectively. The corresponding rates of change for the three-month period ending January 2020 were -1.8%, 0.0% and 0.2% respectively. Netting out the effects of all Government's one-off relief measures, the average monthly rates of increase in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the three-month period ending February 2020 were 0.2%, 0.1% and 0.1% respectively, and the corresponding rates of increase for the three-month period ending January 2020 were all 0.3%.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in February 2020 for food (excluding meals bought away from home) (14.6%), miscellaneous goods (4.3%), housing (2.7%), meals bought away from home (1.5%), transport (1.0%) as well as alcoholic drinks and tobacco (0.9%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in February 2020 for electricity, gas and water (-15.9%); clothing and footwear (-3.1%); durable goods (-2.4%) and miscellaneous services (-1.3%).

For the three months ending February 2020, the Composite CPI rose by 2.2% over a year earlier, while the CPI(A), CPI(B) and CPI(C) rose by 1.3%, 2.6% and 2.5% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 3.0%, 3.6%, 2.8% and 2.5% respectively.

For the 12 months ending February 2020, the Composite CPI was on average 2.8% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 2.9%, 2.8% and 2.7% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 3.0%, 3.6%, 2.8% and 2.6% respectively.

Commentary

A Government spokesman said that taking the first two months of 2020 together to neutralise the distortions by the timing of the Lunar New Year, the underlying consumer price inflation rate went up slightly to 3.1% from 2.9% in December 2019, mainly due to larger increases in prices of pork and some other basic foodstuffs. Price pressures on most major CPI components remained modest or moderate.

Looking ahead, inflation should remain largely moderate in the near term. External price pressures have receded amid a weak global economy and the recent strengthening of the Hong Kong dollar along with the US dollar, while the subdued local economic conditions should keep domestic cost pressures at bay. The Government will continue to monitor the inflation situation closely, particularly the impact on the lower-income people.

Further information

The CPIs and year-on-year rates of change at section level for February 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 three 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 February 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) free of charge at the website of the C&SD.

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).