

## CHAPTER 6 : PRICES

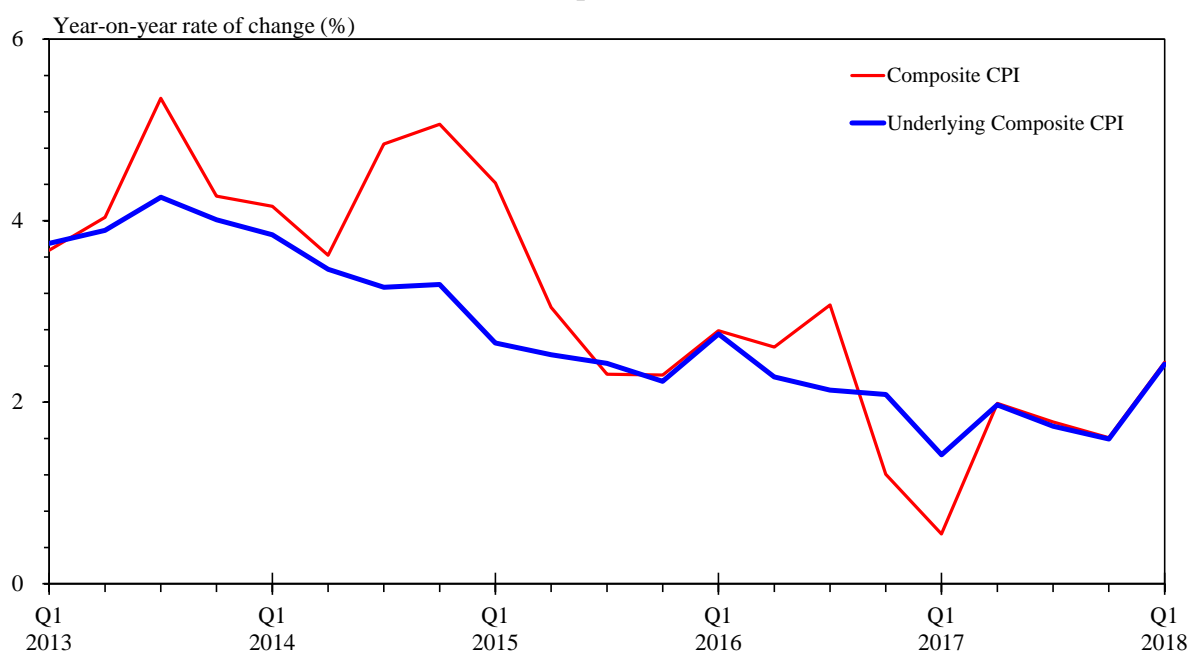
### *Summary*

- *Consumer price inflation remained generally moderate in the first quarter of 2018, though going up somewhat amid favourable global and local economic situations as well as some temporary factors. The year-on-year increase in the underlying Composite Consumer Price Index (Composite CPI)<sup>(1)</sup>, which nets out the effects of the Government's one-off relief measures, was 2.4% in the first quarter of 2018, as compared to 1.6% in the fourth quarter of 2017. Headline Composite CPI inflation was likewise higher, at 2.4% in the first quarter of 2018, as compared to 1.6% in the preceding quarter.*
- *Domestic cost pressures remained largely in check in the first quarter. The moderate growth in wages and earnings amid tight labour market conditions did not add much to labour costs on a unit output basis, given the accompanying solid improvement of labour productivity. Commercial rental cost pressures were contained in general. Meanwhile, the gradual feed-through of the increase in fresh-letting residential rentals over the past year or so has led to a slightly faster increase in the private housing rental component in consumer price inflation.*
- *Nonetheless, there were a number of temporary factors that pushed the inflation rate higher in the first quarter, including a low base of comparison for electricity charge resulting from the special fuel rebate in January and February last year, and higher fresh vegetable prices in February this year due to bad weather conditions. An early arrival of the Easter holidays which straddled March and April this year (as compared to mid-April last year) also led to a more notable year-on-year increase in prices of such items as package tours in the first quarter.*
- *External price pressures stayed moderate in general in the first quarter, only with some pick-up in import prices of foodstuffs and consumer goods amid the weakness of the US dollar over the past year and the mild acceleration of inflation in some of our major import sources<sup>(2)</sup>. Import prices of raw materials and semi-manufactures, and capital goods saw modest to moderate increases.*

## Consumer prices

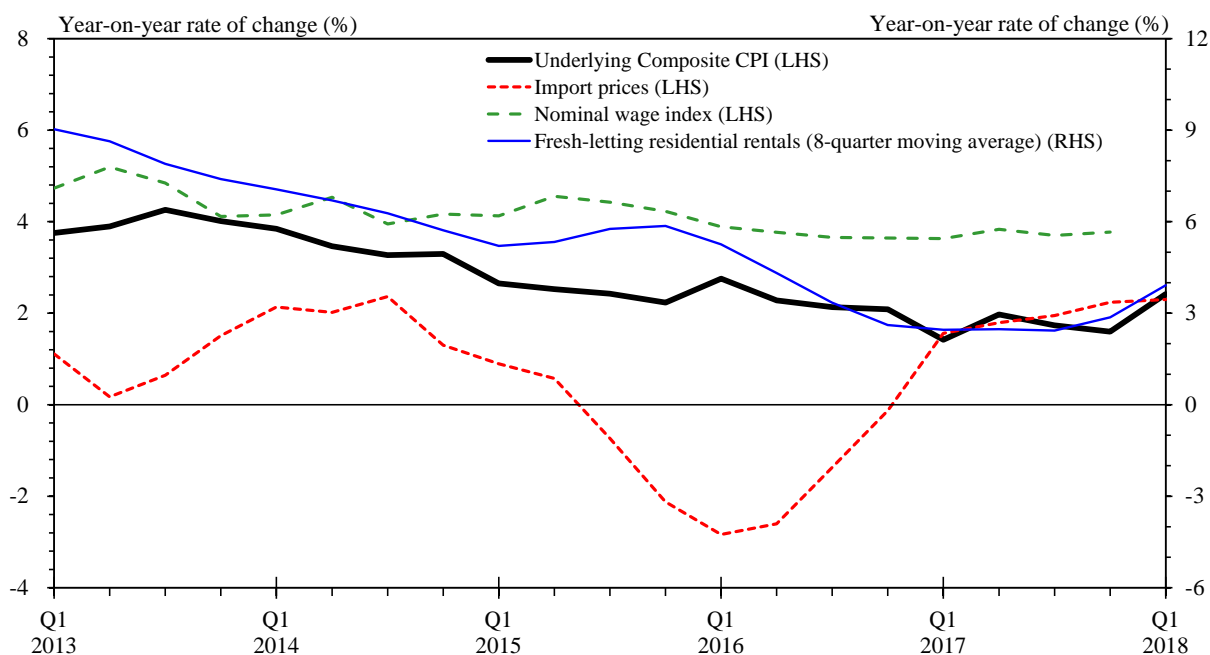
6.1 Consumer price inflation remained generally moderate in the first quarter of 2018, though going up somewhat amid favourable global and local economic situations as well as some temporary factors. Domestically, labour cost pressure remained largely in check, as the growth in wages and earnings was matched by a concurrent growth in productivity. Commercial rental cost pressure was contained in general, while the increase in fresh-letting residential rentals over the past year or so continued to feed through gradually to consumer price inflation. Meanwhile, external price pressures stayed largely moderate, only increasing somewhat in some consumption items in tandem with the sustained global economic upturn and depreciation of the US dollar against other major currencies over the past year.

**Diagram 6.1 : Underlying consumer price inflation remained generally moderate in the first quarter of 2018**



Note : The year-on-year rates of change of the CPIs from the fourth quarter of 2015 onwards are computed from the new 2014/15-based series, and those before are from the old 2009/10-based series.

**Diagram 6.2 : Domestic cost pressures were generally contained while external price pressures stayed largely moderate**



Note : The year-on-year rates of change of the CPI from the fourth quarter of 2015 onwards are computed from the new 2014/15-based series, and those before are from the old 2009/10-based series.

6.2 Underlying consumer price inflation, in terms of the year-on-year rate of change in the underlying Composite CPI, which nets out the effects of the Government’s one-off relief measures to more genuinely reflect the underlying inflation trend, averaged 2.4% in the first quarter of 2018, up from 1.6% in the preceding quarter. Headline consumer price inflation, as measured by the year-on-year rate of change in the Composite CPI, likewise went up to 2.4% from 1.6%. In addition to economic fundamentals, the pick-up in underlying and headline inflation rates were also attributable to a combination of temporary factors, including a spike in the increase in electricity charge due to a low base of comparison resulting from the special fuel rebate in early 2017, and higher fresh vegetable prices in February this year due to adverse weather conditions. Moreover, the early arrival of the Easter holidays which began in late March this year (whereas in mid-April last year) led to a notable increase in prices of such items as package tours in the first quarter on a year-on-year basis.

**Table 6.1 : Consumer Price Indices**  
(year-on-year rate of change (%))

|      |        | <u>Composite CPI</u>            |                 | <u>CPI(A)</u> | <u>CPI(B)</u> | <u>CPI(C)</u> |
|------|--------|---------------------------------|-----------------|---------------|---------------|---------------|
|      |        | <u>Underlying<sup>(a)</sup></u> | <u>Headline</u> |               |               |               |
| 2017 | Annual | 1.7                             | 1.5             | 1.5           | 1.4           | 1.5           |
|      | H1     | 1.7                             | 1.3             | 1.2           | 1.2           | 1.4           |
|      | H2     | 1.7                             | 1.7             | 1.9           | 1.5           | 1.7           |
|      | Q1     | 1.4                             | 0.5             | 0.1           | 0.6           | 0.9           |
|      | Q2     | 2.0                             | 2.0             | 2.3           | 1.8           | 1.9           |
|      | Q3     | 1.7                             | 1.8             | 2.1           | 1.6           | 1.6           |
|      | Q4     | 1.6                             | 1.6             | 1.6           | 1.5           | 1.7           |
| 2018 | Q1     | 2.4                             | 2.4             | 2.6           | 2.4           | 2.4           |

**(seasonally adjusted quarter-to-quarter rate of change (%))**

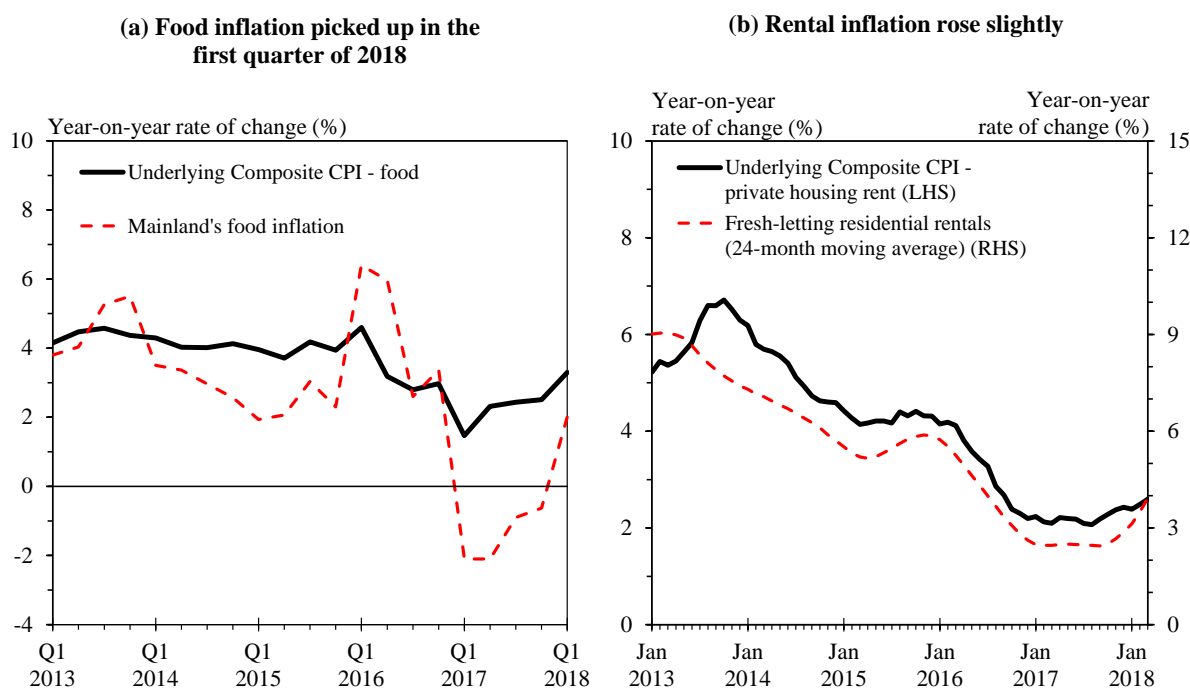
|      |    |     |     |     |     |     |
|------|----|-----|-----|-----|-----|-----|
| 2017 | Q1 | 0.1 | 0.1 | *   | 0.1 | 0.2 |
|      | Q2 | 0.6 | 0.6 | 0.7 | 0.6 | 0.6 |
|      | Q3 | 0.3 | 0.3 | 0.4 | 0.3 | 0.2 |
|      | Q4 | 0.6 | 0.6 | 0.5 | 0.6 | 0.7 |
| 2018 | Q1 | 0.8 | 0.9 | 0.9 | 0.9 | 0.8 |

Notes : (a) Underlying consumer price inflation is calculated by netting out the effects of all relevant one-off measures introduced since 2007, including the waiver and Government's payment of public housing rentals, rates concession, suspension and subsequent abolition of Employees Retraining Levy, and subsidies for household electricity charges.

(\*) Change within  $\pm 0.05\%$ .

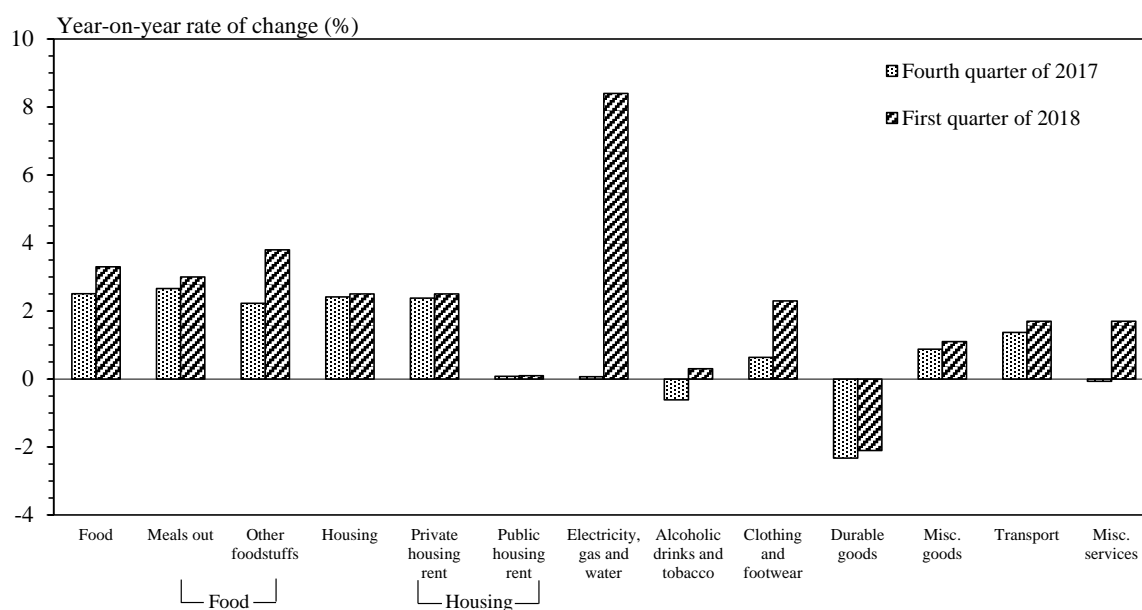
6.3 Many major components in the underlying Composite CPI showed faster rises in the first quarter, suggesting that overall inflationary pressure, while remaining generally moderate, increased somewhat amid the sustained above-trend economic expansion. Apart from the faster increase in prices of basic foodstuffs which was partly attributed to the spike in vegetable prices amid adverse weather conditions, prices of meals away from home also saw some pick-up. Prices of clothing and footwear, and other consumer goods saw slightly faster increases amid continued improvement in retail businesses. Prices of miscellaneous services reverted to an increase, mainly driven by a faster year-on-year increase in prices of package tours amid robust local demand for outbound tourism and the weak US dollar, though an earlier arrival of the Easter holidays this year also contributed. The private housing rental component also showed some slightly faster increase, as the rises in fresh-letting residential rentals over the past year or so gradually fed through to the consumer price indices. On the other hand, prices of durable goods continued their secular downtrend.

**Diagram 6.3 : Food and private housing rent components of the underlying Composite CPI**

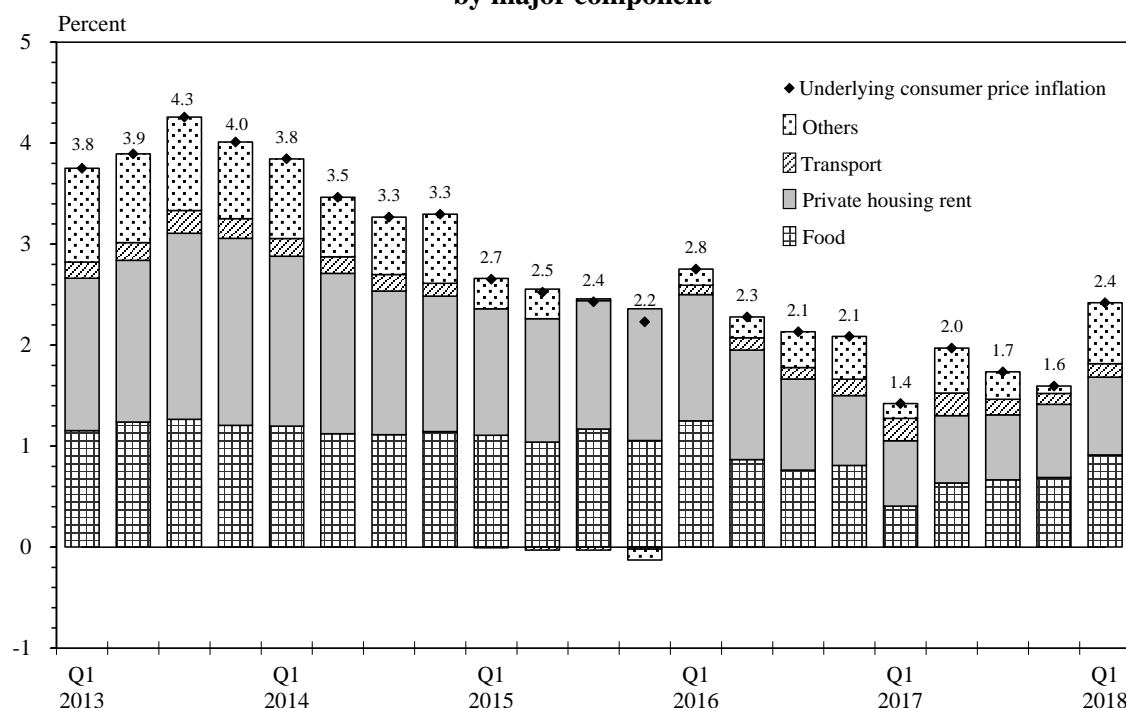


Note : The year-on-year rates of change of the CPIs from October 2015 onwards are computed from the new 2014/15-based series, and those before are from the old 2009/10-based series.

**Diagram 6.4 (a) : Prices of many underlying Composite CPI components showed faster rises**



**Diagram 6.4 (b) : Contribution to underlying consumer price inflation by major component**



Note : The year-on-year rates of change of the Composite CPIs from the fourth quarter of 2015 onwards are computed from the new 2014/15-based series, and those before are from the old 2009/10-based series.

**Table 6.2 : Underlying Composite Consumer Price Index by component  
(year-on-year rate of change (%))**

| <u>Expenditure component</u>       | <u>Weighting (%)</u> | <u>2016</u>  | <u>Annual</u>  | <u>2017</u>    |                |                |              | <u>2018</u>  |
|------------------------------------|----------------------|--------------|----------------|----------------|----------------|----------------|--------------|--------------|
|                                    |                      |              |                | <u>Q1</u>      | <u>Q2</u>      | <u>Q3</u>      | <u>Q4</u>    | <u>Q1</u>    |
| Food                               | 27.29                | 3.4          | 2.2            | 1.5            | 2.3            | 2.4            | 2.5          | 3.3          |
| <i>Meals bought away from home</i> | 17.74                | 3.3          | 2.7            | 2.8            | 2.7            | 2.7            | 2.7          | 3.0          |
| <i>Other foodstuffs</i>            | 9.55                 | 3.6          | 1.1            | -1.1           | 1.4            | 2.0            | 2.2          | 3.8          |
| Housing <sup>(a)</sup>             | 34.29                | 3.3<br>(3.7) | 2.6<br>(2.0)   | 2.7<br>(0.3)   | 2.7<br>(2.7)   | 2.6<br>(2.6)   | 2.4<br>(2.4) | 2.5<br>(2.5) |
| <i>Private housing rent</i>        | 29.92                | 3.2<br>(3.4) | 2.2<br>(1.8)   | 2.1<br>(0.5)   | 2.2<br>(2.2)   | 2.1<br>(2.1)   | 2.4<br>(2.4) | 2.5<br>(2.5) |
| <i>Public housing rent</i>         | 1.94                 | 3.5<br>(7.2) | 6.3<br>(3.0)   | 9.9<br>(-5.6)  | 9.6<br>(11.5)  | 6.3<br>(7.5)   | 0.1<br>(0.4) | 0.1<br>(0.4) |
| Electricity, gas and water         | 2.67                 | 0.6<br>(1.0) | -1.7<br>(-1.7) | -5.5<br>(-5.5) | -1.0<br>(-1.0) | -0.3<br>(-0.3) | 0.1<br>(*)   | 8.4<br>(8.3) |
| Alcoholic drinks and tobacco       | 0.54                 | 1.5          | 0.6            | 2.3            | 1.0            | -0.2           | -0.6         | 0.3          |
| Clothing and footwear              | 3.21                 | -3.4         | -0.4           | -1.9           | -1.4           | 1.0            | 0.6          | 2.3          |
| Durable goods                      | 4.65                 | -5.4         | -3.2           | -3.6           | -3.6           | -3.3           | -2.3         | -2.1         |
| Miscellaneous goods                | 3.56                 | 1.5          | 1.4            | 2.3            | 1.8            | 0.5            | 0.9          | 1.1          |
| Transport                          | 7.98                 | 1.6          | 2.3            | 2.9            | 2.9            | 2.0            | 1.4          | 1.7          |
| Miscellaneous services             | 15.81                | 2.3          | 0.9            | 0.6            | 2.2            | 0.9            | -0.1         | 1.7          |
| All items                          | 100.00               | 2.3<br>(2.4) | 1.7<br>(1.5)   | 1.4<br>(0.5)   | 2.0<br>(2.0)   | 1.7<br>(1.8)   | 1.6<br>(1.6) | 2.4<br>(2.4) |

Notes : (a) The housing component covers rents, rates, Government rent, maintenance costs and other housing charges. Its sub-components on private and public housing rents as presented here, however, cover rents, rates and Government rent only. Hence, the combined weighting of private and public housing rents is slightly less than the weighting of the entire housing component.

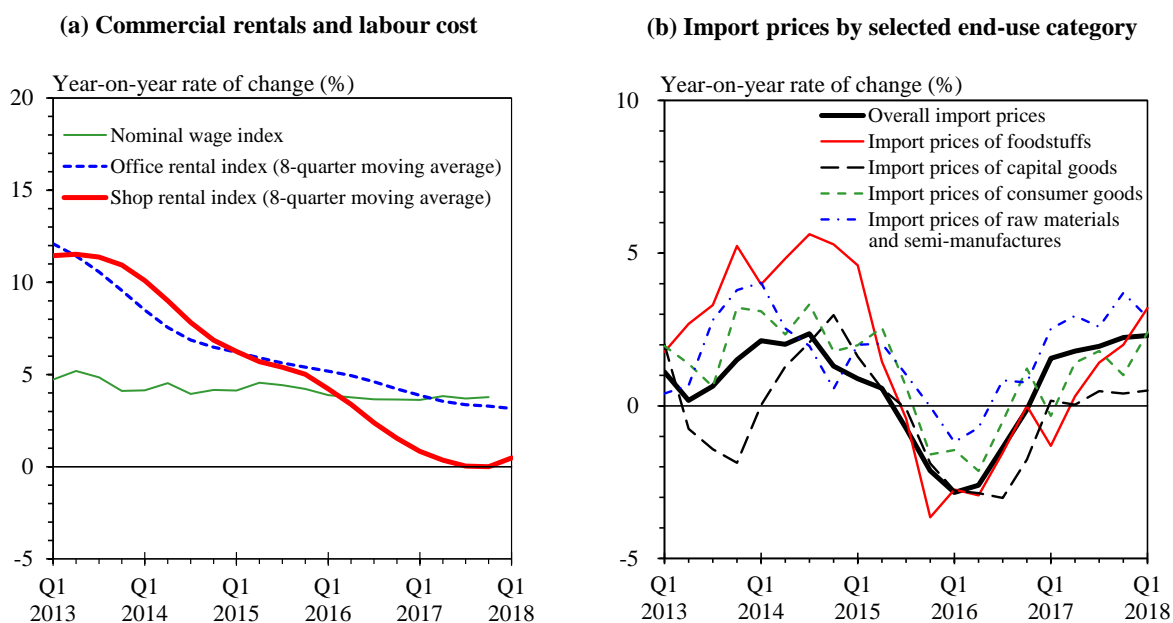
( ) Figures in brackets represent the headline rates of change before netting out the effects of Government's one-off relief measures.

(\*) Change within  $\pm 0.05\%$ .

## Costs of factor inputs and import prices

6.4 Domestic cost pressures remained largely in check in the first quarter of 2018. With the moderate growth in wages and earnings accompanied by robust output growth, labour cost pressure continued to be mild on a unit output basis. Meanwhile, in terms of the eight-quarter moving-average of year-on-year increase in commercial rental costs, the upward pressures on office and shop rentals faced by businesses remained modest.

**Diagram 6.5 : Labour and rental costs remained contained while external price pressures were still moderate**





6.5 External price pressures stayed moderate in general, only picking up somewhat in some consumption items amid the sustained weakness of the US dollar in the first quarter and the mild acceleration of inflation in some of our major import sources. Overall imports prices rose by 2.3% in the first quarter over a year earlier, compared to 2.2% in the preceding quarter. Analysed by end-use category, the increases in import prices of foodstuffs and consumer goods picked up somewhat to 3.2% and 2.4% respectively, while prices of raw materials and semi-manufactures, and capital goods rose further by 2.9% and 0.5% respectively. Meanwhile, import prices of fuels surged further by 16.0% as oil prices continued to rally.

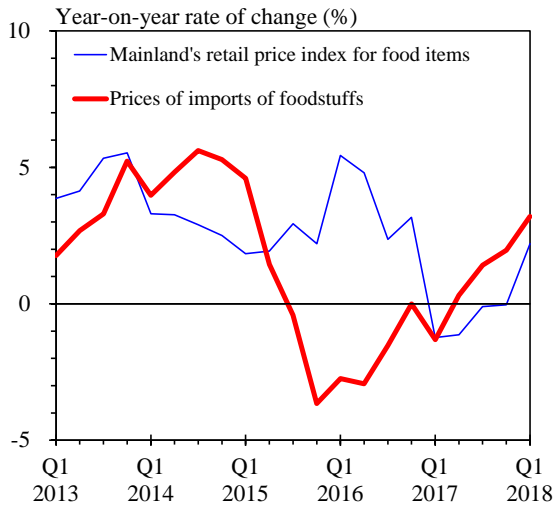
**Table 6.3 : Prices of imports by end-use category  
(year-on-year rate of change (%))**

|      |        | <u>Foodstuffs</u> | <u>Consumer goods</u> | <u>Raw materials<br/>And<br/>semi-manufactures</u> | <u>Fuels</u> | <u>Capital goods</u> | <u>All</u> |
|------|--------|-------------------|-----------------------|----------------------------------------------------|--------------|----------------------|------------|
| 2017 | Annual | 0.7               | 1.0                   | 2.9                                                | 24.8         | 0.3                  | 1.9        |
|      | H1     | -0.5              | 0.6                   | 2.7                                                | 31.5         | 0.1                  | 1.7        |
|      | H2     | 1.7               | 1.4                   | 3.1                                                | 19.1         | 0.4                  | 2.1        |
|      | Q1     | -1.3              | -0.3                  | 2.5                                                | 46.1         | 0.2                  | 1.6        |
|      | Q2     | 0.3               | 1.4                   | 2.9                                                | 19.8         | *                    | 1.8        |
|      | Q3     | 1.4               | 1.8                   | 2.6                                                | 17.6         | 0.5                  | 1.9        |
|      | Q4     | 2.0               | 1.0                   | 3.7                                                | 21.0         | 0.4                  | 2.2        |
| 2018 | Q1     | 3.2               | 2.4                   | 2.9                                                | 16.0         | 0.5                  | 2.3        |

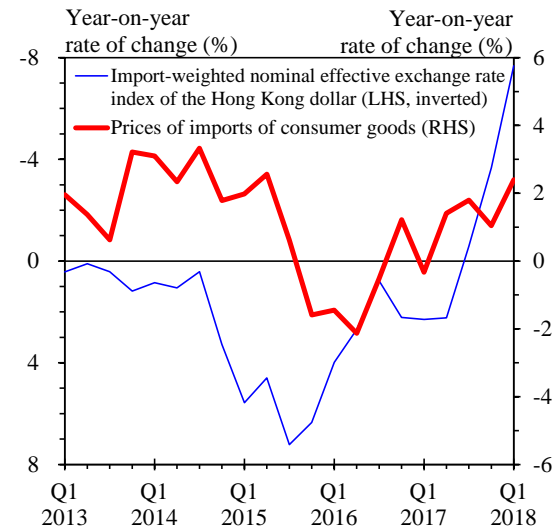
Note : (\*) Change within  $\pm 0.05\%$ .

**Diagram 6.6 : Import prices by end-use category**

**(a) Import prices of food picked up further**

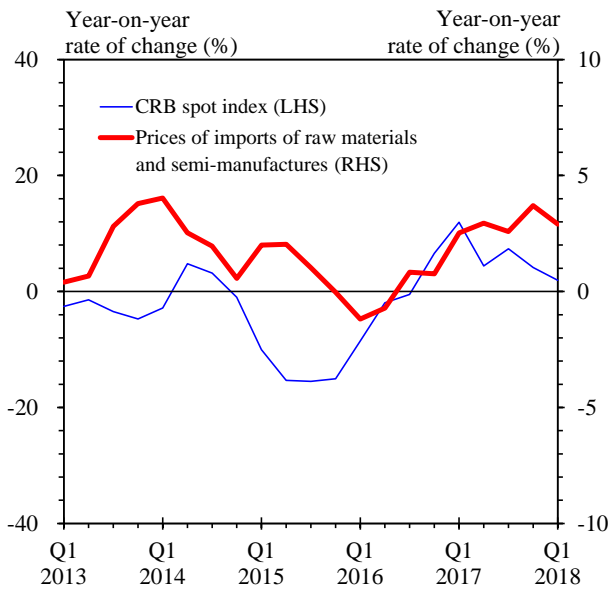


**(b) Import prices of consumer goods likewise saw faster growth**

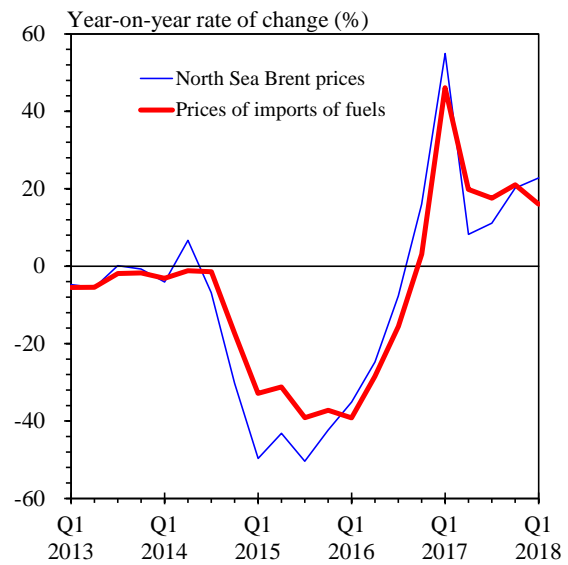


Note : An increase in the nominal EERI indicates strengthening of the Hong Kong dollar. The y-axis of nominal EERI in this graph is inverted for easier comprehension.

**(c) Import prices of raw materials and semi-manufactures rose further**



**(d) Import prices of fuels surged further**



## Output prices

6.6 Output prices, as measured by the *Producer Price Indices*<sup>(3)</sup>, picked up in general in 2017 amid the broad-based upturn of the Hong Kong economy. For the manufacturing sector, output prices saw an accelerated increase in 2017. Among the selected service sectors, output prices for water transport and air transport reverted to moderate increases amid a rebound in global and regional trade flows, while those for land transport and courier services sustained mild to moderate increases. Thanks to a revival in inbound tourism, output prices for accommodation services rose back, with the rate of increase picking up through the year. Meanwhile, output prices for telecommunications services continued their secular downtrend, reflecting the technological advancement and intense competition in the sector.

**Table 6.4 : Producer Price Indices for the manufacturing sector and selected service sectors (year-on-year rate of change (%))**

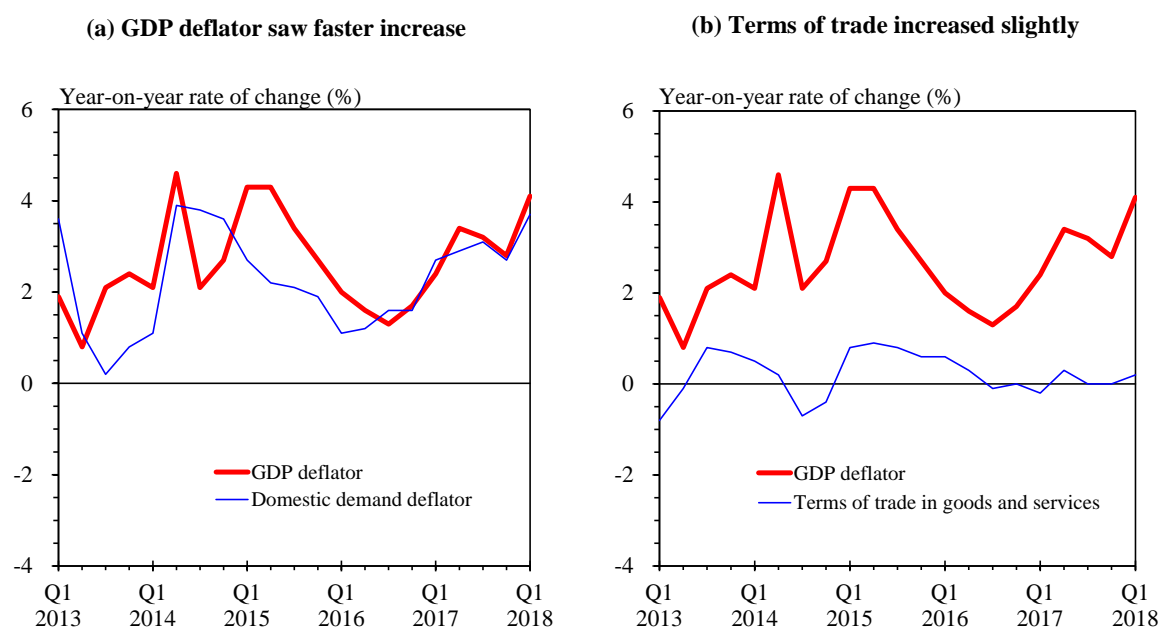
| <u>Industry group</u>                   | <u>Annual</u> | <u>2016</u> |           |           |           | <u>2017</u>   |           |           |           |           |
|-----------------------------------------|---------------|-------------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|-----------|
|                                         |               | <u>Q1</u>   | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Annual</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> |
| Manufacturing                           | 1.3           | -2.8        | 0.4       | 3.9       | 4.0       | 3.8           | 4.2       | 3.7       | 3.7       | 3.5       |
| Selected service sectors <sup>(a)</sup> |               |             |           |           |           |               |           |           |           |           |
| Accommodation services                  | -2.1          | -4.7        | -1.9      | -2.2      | 0.2       | 2.0           | 1.6       | 1.5       | 2.3       | 2.6       |
| Land transport                          | 1.6           | 2.6         | 2.1       | 0.9       | 1.0       | 1.0           | 1.8       | 1.2       | 0.5       | 0.4       |
| Water transport                         | -12.4         | -15.8       | -14.8     | -11.6     | -7.0      | 3.3           | -1.0      | 5.2       | 5.6       | 3.6       |
| Air transport                           | -9.9          | -12.1       | -10.9     | -10.9     | -5.7      | 2.4           | -3.5      | 3.4       | 4.2       | 5.6       |
| Telecommunications                      | -2.8          | -3.6        | -3.1      | -2.3      | -1.9      | -3.2          | -2.9      | -2.5      | -2.9      | -4.4      |
| Courier services                        | 2.1           | 1.8         | 2.3       | 2.8       | 1.5       | 3.8           | 3.6       | 2.2       | 2.0       | 7.4       |

Note : (a) Producer Price Indices for other service sectors are not available, due to the difficulties involved in defining and delineating the various types of services and hence in measuring their respective price changes. This is particularly so for such sectors as banking and insurance, where the producers often do not charge their customers explicitly.

## GDP deflator

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*<sup>(4)</sup> rose by 4.1% in the first quarter of 2018 over a year earlier, faster than the 2.8% increase in the fourth quarter of 2017. The acceleration was mainly driven by a faster increase in the domestic demand deflator, which went up to 3.7% from 2.7% in tandem with the modest pick-up in consumer price inflation. As for the external trade components, the *terms of trade*<sup>(5)</sup> increased slightly as export prices rose slightly faster than import prices.

Diagram 6.7 : GDP deflator



**Table 6.5 : GDP deflator and the main expenditure component deflators**  
(year-on-year rate of change (%))

|                                                       | 2016                |                     | 2017                |                     |                     |                     | 2018                |
|-------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                       | Annual <sup>#</sup> | Annual <sup>#</sup> | Q1 <sup>#</sup>     | Q2 <sup>#</sup>     | Q3 <sup>#</sup>     | Q4 <sup>#</sup>     | Q1 <sup>+</sup>     |
| Private consumption expenditure                       | 1.5                 | 2.4                 | 1.9                 | 2.1                 | 2.7                 | 2.8                 | 4.2                 |
| Government consumption expenditure                    | 3.7                 | 2.4                 | 3.8                 | 2.4                 | 1.8                 | 1.6                 | 1.7                 |
| Gross domestic fixed capital formation                | -0.1                | 4.8                 | 5.4                 | 6.1                 | 4.8                 | 3.2                 | 2.7                 |
| Total exports of goods <sup>&amp;</sup>               | -1.4                | 1.6                 | 1.5                 | 1.5                 | 1.6                 | 2.1                 | 2.7                 |
| Imports of goods <sup>&amp;</sup>                     | -1.8                | 1.8                 | 1.8                 | 1.5                 | 1.6                 | 2.1                 | 2.6                 |
| Exports of services <sup>&amp;</sup>                  | -2.0                | 2.8                 | 1.7                 | 2.4                 | 2.8                 | 4.2                 | 5.2                 |
| Imports of services <sup>&amp;</sup>                  | -1.3                | 1.9                 | 0.7                 | 0.1                 | 2.5                 | 4.0                 | 5.8                 |
| <b>Gross Domestic Product</b>                         | <b>1.7</b>          | <b>2.9</b>          | <b>2.4</b><br><0.9> | <b>3.4</b><br><1.1> | <b>3.2</b><br><0.3> | <b>2.8</b><br><0.5> | <b>4.1</b><br><2.1> |
| Total final demand <sup>&amp;</sup>                   | -0.6                | 2.2                 | 1.9                 | 2.0                 | 2.2                 | 2.5                 | 3.4                 |
| Domestic demand                                       | 1.4                 | 2.8                 | 2.7                 | 2.9                 | 3.1                 | 2.7                 | 3.7                 |
| Terms of trade in goods and services <sup>&amp;</sup> | 0.2                 | 0.1                 | -0.2                | 0.3                 | *                   | *                   | 0.2                 |

Notes : Figures are derived based on the series of chain volume measures of GDP. They are subject to revision later on as more data become available.

(&) Figures are compiled based on the change of ownership principle in recording goods sent abroad for processing and merchanting under the standards stipulated in the *System of National Accounts 2008*.

(#) Revised figures.

(+) Preliminary figures.

< > Seasonally adjusted quarter-to-quarter rate of change.

(\*) Change within  $\pm 0.05\%$ .

## Notes :

- (1) The Consumer Price Indices (A), (B) and (C) are compiled by reference to the average expenditure patterns for different groups of households as obtained from the Household Expenditure Survey. Then, by aggregating the expenditure patterns of all the households covered by the above three indices, a Composite CPI is compiled.

The expenditure ranges of the households covered in the 2014/15-based CPIs are shown below:

|        | <u>Approximate proportion of households covered</u><br>(%) | <u>Average monthly expenditure range during Oct 2014 to Sep 2015</u><br>(\$) |
|--------|------------------------------------------------------------|------------------------------------------------------------------------------|
| CPI(A) | 50                                                         | 5,500 to 24,499                                                              |
| CPI(B) | 30                                                         | 24,500 to 44,499                                                             |
| CPI(C) | 10                                                         | 44,500 to 89,999                                                             |

The weightings of the various components in the 2014/15-based CPIs are as follows:

| <u>Expenditure component</u>                       | <u>Composite CPI</u><br>(%) | <u>CPI(A)</u><br>(%) | <u>CPI(B)</u><br>(%) | <u>CPI(C)</u><br>(%) |
|----------------------------------------------------|-----------------------------|----------------------|----------------------|----------------------|
| Food                                               | 27.29                       | 34.37                | 26.26                | 20.85                |
| <i>Meals bought away from home</i>                 | 17.74                       | 20.99                | 17.88                | 13.98                |
| <i>Other foodstuffs</i>                            | 9.55                        | 13.38                | 8.38                 | 6.87                 |
| Housing                                            | 34.29                       | 33.77                | 35.24                | 33.60                |
| <i>Private housing rent</i>                        | 29.92                       | 26.51                | 32.15                | 30.72                |
| <i>Public housing rent</i>                         | 1.94                        | 5.44                 | 0.49                 | --                   |
| <i>Maintenance costs and other housing charges</i> | 2.43                        | 1.82                 | 2.60                 | 2.88                 |
| Electricity, gas and water                         | 2.67                        | 3.85                 | 2.38                 | 1.76                 |
| Alcoholic drinks and tobacco                       | 0.54                        | 0.75                 | 0.57                 | 0.26                 |
| Clothing and footwear                              | 3.21                        | 2.57                 | 3.26                 | 3.88                 |
| Durable goods                                      | 4.65                        | 3.41                 | 5.03                 | 5.53                 |
| Miscellaneous goods                                | 3.56                        | 3.28                 | 3.64                 | 3.77                 |
| Transport                                          | 7.98                        | 6.75                 | 7.60                 | 9.84                 |
| Miscellaneous services                             | 15.81                       | 11.25                | 16.02                | 20.51                |
| All items                                          | 100.00                      | 100.00               | 100.00               | 100.00               |

- (2) The table below presents the year-on-year rates (%) of consumer price inflation in selected economies.

|                                   | <u>2016</u>   |           |           |           |           | <u>2017</u>   |           |           |           |           | <u>2018</u> |
|-----------------------------------|---------------|-----------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|-----------|-------------|
|                                   | <u>Annual</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Annual</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Q1</u>   |
| Selected developed economies      |               |           |           |           |           |               |           |           |           |           |             |
| US                                | 1.3           | 1.1       | 1.0       | 1.1       | 1.8       | 2.1           | 2.5       | 1.9       | 2.0       | 2.1       | 2.2         |
| Canada                            | 1.4           | 1.5       | 1.6       | 1.2       | 1.4       | 1.6           | 1.9       | 1.3       | 1.4       | 1.8       | 2.1         |
| EU                                | 0.3           | *         | -0.1      | 0.3       | 0.8       | 1.7           | 1.8       | 1.7       | 1.7       | 1.7       | 1.5         |
| Japan                             | -0.1          | *         | -0.3      | -0.5      | 0.3       | 0.5           | 0.3       | 0.4       | 0.6       | 0.6       | 1.3         |
| Selected major emerging economies |               |           |           |           |           |               |           |           |           |           |             |
| Mainland China                    | 2.0           | 2.1       | 2.1       | 1.7       | 2.2       | 1.6           | 1.4       | 1.4       | 1.6       | 1.8       | 2.1         |
| Russia                            | 7.1           | 8.3       | 7.4       | 6.8       | 5.8       | 3.7           | 4.6       | 4.2       | 3.4       | 2.6       | 2.2         |
| India                             | 4.9           | 5.3       | 5.7       | 5.2       | 3.7       | 3.3           | 3.6       | 2.2       | 3.0       | 4.6       | 4.6         |
| Brazil                            | 8.7           | 10.1      | 9.1       | 8.7       | 7.0       | 3.4           | 4.9       | 3.6       | 2.6       | 2.8       | 2.8         |
| Selected Asian economies          |               |           |           |           |           |               |           |           |           |           |             |
| Hong Kong                         | 2.4           | 2.8       | 2.6       | 3.1       | 1.2       | 1.5           | 0.5       | 2.0       | 1.8       | 1.6       | 2.4         |
| Singapore                         | -0.5          | -0.8      | -0.9      | -0.4      | *         | 0.6           | 0.6       | 0.8       | 0.4       | 0.5       | 0.2         |
| Taiwan                            | 1.4           | 1.7       | 1.3       | 0.7       | 1.8       | 0.6           | 0.8       | 0.6       | 0.7       | 0.4       | 1.5         |
| Korea                             | 1.0           | 0.9       | 0.8       | 0.7       | 1.5       | 1.9           | 2.1       | 1.9       | 2.3       | 1.5       | 1.3         |
| Malaysia                          | 2.1           | 3.4       | 1.9       | 1.3       | 1.6       | 3.8           | 4.2       | 3.8       | 3.6       | 3.5       | 1.8         |
| Thailand                          | 0.2           | -0.5      | 0.3       | 0.3       | 0.7       | 0.7           | 1.3       | 0.1       | 0.4       | 0.9       | 0.6         |
| Indonesia                         | 3.5           | 4.3       | 3.5       | 3.0       | 3.3       | 3.8           | 3.6       | 4.3       | 3.8       | 3.5       | 3.3         |
| Philippines                       | 1.3           | 0.6       | 1.0       | 1.4       | 2.0       | 2.9           | 2.9       | 2.8       | 2.7       | 3.0       | 3.9         |
| Vietnam                           | 2.7           | 1.3       | 2.2       | 2.8       | 4.4       | 3.5           | 5.0       | 3.3       | 3.1       | 2.7       | 2.8         |
| Macao                             | 2.4           | 3.7       | 2.6       | 1.8       | 1.4       | 1.2           | 0.9       | 0.9       | 1.3       | 1.8       | 2.5         |

Note : (\*) Change within  $\pm 0.05\%$ .

- (3) The Producer Price Index is designed to reflect changes in the prices of goods and services received by local producers. Producer prices refer to the transacted prices, net of any discounts or rebates allowed to the buyers. Transportation and other incidental charges are not included.
- (4) The implicit price deflators of GDP and its main expenditure components are derived by dividing GDP at current prices by the corresponding chained-dollar figures. The rate of change in the GDP deflator may differ substantially from that in the Composite CPI over the same time span. The Composite CPI covers consumer price inflation in particular. Yet the GDP deflator is a much broader measure of inflation for the entire economy, and takes into account all the price changes related to consumption, investment, exports and imports. Also, the rate of change in the GDP deflator may differ appreciably from that in the total final demand deflator, depending on the movement in the prices of final demand and imports. Likewise, the rate of change in the GDP deflator may differ appreciably from that in the domestic demand deflator, depending on the movement in the prices of imports and exports.
- (5) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.