CHAPTER 7 : PRICES

***Summary***

* *Underlying consumer price inflation stayed moderate in overall terms in 2023. Prices of meals out and takeaway food as well as clothing and footwear rose visibly. Prices of electricity soared for the year as a whole, but the rate of increase moderated successively and turned to a decline in the fourth quarter. Price pressures on other major components remained broadly in check. Private housing rentals continued to fall, though at a narrowed rate. The underlying Composite Consumer Price Index (Composite CPI)(1), which nets out the effects of the Government’s one-off relief measures, rose by 1.7% in 2023, the same as in 2022.*
* *The headline Composite CPI inflation rate averaged 2.1% in 2023, compared to 1.9% in 2022. The higher headline inflation rate than its underlying counterpart in 2023 was mainly due to the lower rates concession.*
* *Domestic business cost pressures remained contained in 2023. Nominal wage growth picked up during the year on the back of improved labour market conditions, but remained largely moderate. Commercial rentals stayed soft.*
* *External price pressures eased in 2023, though remaining visible. Alongside receding inflation in many major economies(2), import prices of most end‑use categories recorded moderated albeit still notable increases, while those of fuels turned to a sharp decline against a high base of comparison.*

**Consumer prices**

7.1 Underlying consumer price inflation stayed moderate in overall terms in 2023. Prices of meals out and takeaway food as well as clothing and footwear rose visibly. Prices of electricity soared for the year as a whole, but the rate of increase moderated successively and turned to a decline in the fourth quarter. Price pressures on other major components remained broadly in check. Private housing rentals continued to fall, though at a narrowed rate.Domestic business cost pressures remained contained. Nominal wage growth picked up during the year on the back of improved labour market conditions, but remained largely moderate. Commercial rentals stayed soft. External price pressures eased alongside receding inflation in many major economies, though remaining visible. Import prices of most end-use categories recorded moderated albeit still notable increases, while those of fuels turned to a sharp decline against a high base of comparison.



Note : The year-on-year rates of change of the CPIs from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15‑based series.

7.2 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, remained at 1.7% in 2023, the same as in 2022, with the quarterly figures moving within a narrow range of 1.6% to 1.9%. Meanwhile, the headline Composite CPI inflation picked up slightly to 2.1% in 2023 from 1.9% in 2022. The headline inflation rate was higher than its underlying counterpart in 2023 mainly due to the lower rates concession.

**Table 7.1 : Consumer Price Indices**

**(year-on-year rate of change (%))**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Composite CPI | | CPI(A) | CPI(B) | CPI(C) |
|  |  | Underlying(a) | Headline |  |  |  |
|  |  |  |  |  |  |  |
| 2022 | Annual | 1.7 | 1.9 | 2.2 | 1.7 | 1.8 |
|  | H1 | 1.6 | 1.5 | 1.4 | 1.5 | 1.7 |
|  | H2 | 1.8 | 2.3 | 3.0 | 1.9 | 1.9 |
|  |  |  |  |  |  |  |
|  | Q1 | 1.6 | 1.5 | 1.5 | 1.5 | 1.6 |
|  | Q2 | 1.7 | 1.5 | 1.2 | 1.4 | 1.8 |
|  | Q3 | 1.8 | 2.7 | 4.1 | 2.1 | 1.9 |
|  | Q4 | 1.8 | 1.8 | 1.9 | 1.7 | 1.9 |
|  |  |  |  |  |  |  |
| 2023 | Annual | 1.7 | 2.1 | 2.3 | 2.0 | 2.0 |
|  | H1 | 1.8 | 2.0 | 2.1 | 1.9 | 2.0 |
|  | H2 | 1.6 | 2.2 | 2.5 | 2.1 | 2.1 |
|  |  |  |  |  |  |  |
|  | Q1 | 1.9 | 1.9 | 2.0 | 1.8 | 2.0 |
|  | Q2 | 1.7 | 2.0 | 2.2 | 1.9 | 2.0 |
|  | Q3 | 1.6 | 1.9 | 1.9 | 1.8 | 1.9 |
|  | Q4 | 1.6 | 2.6 | 3.0 | 2.4 | 2.3 |
|  |  |  |  |  |  |  |
| **(seasonally adjusted quarter-to-quarter rate of change (%))** | | | | | | |
|  |  |  |  |  |  |  |
| 2022 | Q1 | 0.5 | 0.6 | 0.5 | 0.5 | 0.5 |
|  | Q2 | 0.4 | 0.1 | 0.1 | 0.2 | 0.5 |
|  | Q3 | 0.5 | 0.6 | 0.7 | 0.5 | 0.5 |
|  | Q4 | 0.3 | 0.6 | 0.6 | 0.6 | 0.6 |
|  |  |  |  |  |  |  |
| 2023 | Q1 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 |
|  | Q2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 |
|  | Q3 | 0.3 | 0.4 | 0.5 | 0.4 | 0.4 |
|  | Q4 | 0.3 | 1.3 | 1.6 | 1.1 | 1.0 |

Note : (a) Underlying consumer price inflation is calculated by netting out the effects of all Government’s one-off relief 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, subsidies for household electricity charges, and waiver of examination fees.

7.3 Analysed by major component of the underlying Composite CPI, food prices, the component with the largest weight other than housing, increased moderately by 2.7% in 2023. Within food prices, prices of meals out and takeaway food rose visibly by 4.0%, while prices of basic food edged up by 0.5%. Prices of clothing and footwear continued to increase notably. As led by prices of electricity, prices of electricity, gas and water surged in the first half of the year but recorded a sharply decelerated rate of increase in the third quarter and a decline in the fourth quarter. Prices of alcoholic drinks and tobacco surged alongside the duty rate hike on tobacco which took effect in late February 2023. Price increases of transport, miscellaneous goods and miscellaneous services remained moderate. Meanwhile, prices of durable goods turned to a decline. As for housing, the private housing rental component fell at a narrowed rate of 0.4% in 2023 as the effect of rising fresh‑letting residential rentals since early 2023 gradually fed through.



Note : The year-on-year rates of change of the CPI from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15‑based series.





Notes : Energy-related items include electricity, town gas, liquefied petroleum gas and other fuel, and motor fuel.

The year-on-year rates of change of the CPIs from the fourth quarter of 2020 onwards are computed from the new 2019/20-based series, and those before are from the old 2014/15‑based series.

Table 7.2 : Underlying Composite CPI by component

**(year‑on‑year rate of change (%))**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | 2023 | | | | |
| Expenditure component | Weighting (%) | 2022 | Annual | Q1 | Q2 | Q3 | Q4 |
|  |  |  |  |  |  |  |  |
| Food | 27.41 | 3.8 | 2.7 | 3.0 | 2.5 | 2.5 | 2.7 |
|  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | 17.05 | 3.4 | 4.0 | 4.4 | 4.0 | 3.8 | 3.7 |
| *Basic food* | 10.36 | 4.5 | 0.5 | 0.8 | 0.2 | 0.2 | 0.9 |
|  |  |  |  |  |  |  |  |
| Housing(a) | 40.25 | -0.5 | 0.1 | -0.1 | -0.1 | 0.2 | 0.4 |
|  |  | (0.2) | (1.0) | (-0.1) | (0.6) | (0.8) | (2.8) |
|  |  |  |  |  |  |  |  |
| *Private housing rent* | 35.46 | -0.8 | -0.4 | -0.5 | -0.5 | -0.4 | -0.1 |
|  |  | (-0.6) | (0.5) | (-0.5) | (0.2) | (0.4) | (1.8) |
|  |  |  |  |  |  |  |  |
| *Public housing rent* | 1.87 | 0.3 | 1.1 | 1.2 | 1.5 | 1.5 | 0.3 |
|  |  | (9.6) | (4.4) | (0.7) | (1.7) | (1.7) | (13.5) |
|  |  |  |  |  |  |  |  |
| Electricity, gas and water | 2.82 | 10.4 | 8.1 | 17.2 | 13.2 | 5.2 | -2.1 |
|  |  | (7.2) | (9.6) | (20.4) | (15.9) | (6.1) | (-2.3) |
|  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.49 | 1.3 | 17.0 | 11.2 | 18.8 | 19.0 | 18.8 |
|  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.42 | 5.3 | 5.8 | 5.9 | 5.9 | 6.5 | 5.0 |
|  |  |  |  |  |  |  |  |
| Durable goods | 4.00 | 0.6 | -2.4 | -2.3 | -3.6 | -2.5 | -1.2 |
|  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.32 | 0.4 | 1.7 | 0.9 | 1.5 | 2.2 | 2.2 |
|  |  |  |  |  |  |  |  |
| Transport | 6.17 | 2.9 | 1.9 | 1.4 | 1.7 | 2.0 | 2.5 |
|  |  |  |  |  |  |  |  |
| Miscellaneous services | 13.12 | 1.3 | 2.6 | 2.1 | 2.5 | 2.5 | 3.2 |
|  |  | (1.3) | (2.6) | (2.2) | (2.5) | (2.5) | (3.2) |
|  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.7 | 1.7 | 1.9 | 1.7 | 1.6 | 1.6 |
|  |  | (1.9) | (2.1) | (1.9) | (2.0) | (1.9) | (2.6) |

Notes : (a) The housing component covers rents, rates, Government rent, management fees 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 ±0.05%.

**Costs of factor inputs and import prices**

7.4 Domestic business cost pressures remained contained in 2023. As labour market conditions continued to improve, the year-on-year increase in nominal wages picked up during the year, but was still largely moderate. Commercial rentals faced by businesses stayed soft. As a proxy, the eight‑quarter moving averages of office rentals and shop rentals continued to register year-on-year declines throughout 2023, though at a narrowed pace as compared to 2022 amid the revival of business activities.



7.5 External price pressures eased in 2023, though remaining visible. Inflation in many major economies, while remained elevated, generally receded from earlier peaks. Against this backdrop, prices of overall merchandise imports rose by 3.9% in 2023, slowing from the 8.1% increase in the preceding year. Analysed by end-use category, import prices of capital goods, raw materials and semi-manufactures, consumer goods and foodstuffs all recorded slower albeit still visible increases of 4.9%, 4.4%, 4.0% and 3.6% respectively. Import prices of fuels turned to a sharp decline of 16.2% as international energy prices retreated from the high level caused by geopolitical events in the preceding year.

**Table 7.3 : Prices of imports by end-use category**

**(year-on-year rate of change (%))**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Foodstuffs | Consumer  goods | Raw materials  and  semi-manufactures | Fuels | Capital  goods | All |
|  |  |  |  |  |  |  |
| 2022 Annual | 5.6 | 5.6 | 7.9 | 49.8 | 7.8 | 8.1 |
|  |  |  |  |  |  |  |
| H1 | 5.9 | 6.3 | 10.2 | 61.9 | 8.3 | 9.7 |
| H2 | 5.2 | 5.0 | 5.9 | 41.1 | 7.7 | 6.9 |
|  |  |  |  |  |  |  |
| Q1 | 6.5 | 6.3 | 11.9 | 53.0 | 9.2 | 10.6 |
| Q2 | 5.3 | 6.3 | 8.7 | 71.3 | 7.5 | 8.8 |
| Q3 | 5.6 | 5.6 | 7.2 | 56.8 | 8.4 | 8.1 |
| Q4 | 4.9 | 4.6 | 4.5 | 26.8 | 7.1 | 5.8 |
|  |  |  |  |  |  |  |
| 2023 Annual | 3.6 | 4.0 | 4.4 | -16.2 | 4.9 | 3.9 |
|  |  |  |  |  |  |  |
| H1 | 4.0 | 4.1 | 3.6 | -12.4 | 5.3 | 3.8 |
| H2 | 3.1 | 3.9 | 4.9 | -19.5 | 4.1 | 3.9 |
|  |  |  |  |  |  |  |
| Q1 | 3.6 | 4.0 | 2.9 | 5.4 | 5.4 | 3.9 |
| Q2 | 4.3 | 4.2 | 4.1 | -26.7 | 5.3 | 3.7 |
| Q3 | 3.5 | 3.8 | 4.3 | -21.7 | 4.3 | 3.5 |
| Q4 | 2.7 | 4.1 | 5.4 | -16.7 | 3.9 | 4.1 |

 

**Output prices**

7.6 Output prices, as measured by the *Producer Price Indices*(3), saw mixed movements across different sectors in the first three quarters of 2023. Output prices for the manufacturing sector continued to rise mildly. Among the selected service sectors, output prices for accommodation services surged and surpassed the pre-pandemic level. Output prices for courier services turned to an increase. Output prices for land transport recorded an increase in the first quarter, and declines in the second and third quarters, resulting in a marginal increase for the three quarters combined. Meanwhile, output prices for water transport and air transport plunged from the high levels caused by the pandemic‑induced disruptions a year ago. Output prices for telecommunications services continued its secular downtrend.

**Table 7.4 : Producer Price Indices for the manufacturing sector**

and selected service sectors

(year-on-year rate of change (%))

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | | | | | 2023 | | | |
| Industry group | Annual | Q1 | Q2 | Q3 | Q4 | Q1-Q3 | Q1 | Q2 | Q3 |
| Manufacturing | 0.8 | 2.3 | 0.8 | 0.4 | -0.3 | 1.2 | 0.9 | -0.2 | 3.0 |
| Selected service sectors |  |  |  |  |  |  |  |  |  |
| Accommodation services | 13.0 | 8.9 | 12.2 | 17.2 | 13.6 | 24.4 | 21.1 | 29.7 | 22.5 |
| Land transport | 9.5 | 9.4 | 10.8 | 9.4 | 8.5 | 0.1 | 4.4 | -2.3 | -1.5 |
| Water transport | 18.1 | 57.0 | 40.0 | 10.2 | -17.0 | -40.5 | -38.7 | -42.2 | -40.7 |
| Air transport | 2.8 | 42.8 | 17.8 | -1.7 | -29.5 | -27.6 | -28.9 | -30.0 | -23.3 |
| Telecommunications | -1.3 | -0.6 | -0.8 | -1.8 | -2.2 | -1.2 | -1.1 | -1.3 | -1.2 |
| Courier services | -4.5 | -4.1 | -4.1 | -4.0 | -5.8 | 3.6 | 1.4 | 4.1 | 5.5 |

**GDP deflator**

7.7 As a broad measure of the overall change in prices in the economy, the increase in the *GDP deflator*(4) picked up to 3.2% in 2023 from 1.7% in 2022. The *terms of trade*(5) edged down by 0.3% for 2023 as a whole. Taking out the external trade components, the domestic demand deflator increased by 3.9% in 2023.



**Table 7.5 : GDP deflator and the main expenditure component deflators**

**(year-on-year rate of change (%))**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | | | | | 2023 | | | | |
|  | Annual# | Q1# | Q2# | Q3# | Q4# | Annual# | Q1# | Q2# | Q3# | Q4# |
| Private consumption expenditure | 2.2 | 0.9 | 2.0 | 2.8 | 3.1 | 5.1 | 4.6 | 4.7 | 5.8 | 5.3 |
| Government consumption expenditure | 2.6 | 1.6 | 3.9 | 3.2 | 1.9 | 2.6 | 2.6 | 3.3 | 2.6 | 2.2 |
| Gross domestic fixed  capital formation | 1.0 | 0.1 | 3.8 | 1.3 | -1.3 | -0.4 | -1.9 | 0.4 | 0.2 | -0.4 |
| Total exports of goods& | 6.8 | 9.3 | 7.1 | 7.1 | 4.6 | 4.2 | 3.7 | 3.7 | 3.7 | 5.2 |
| Imports of goods& | 7.3 | 10.2 | 8.3 | 6.8 | 4.8 | 4.3 | 3.6 | 4.3 | 4.1 | 5.0 |
| Exports of services& | 6.3 | 13.5 | 11.8 | 2.5 | -1.4 | -1.8 | -2.6 | -3.8 | -1.1 | 0.1 |
| Imports of services& | 4.4 | 9.2 | 7.7 | 1.1 | 0.5 | -0.7 | 0.3 | -2.6 | 0.8 | -1.2 |
| **Gross Domestic Product** | **1.7** | **1.1**  **<0.2>** | **0.8**  **<**\***>** | **3.2**  **<2.1>** | **1.5**  **<-0.7>** | **3.2** | **2.3**  **<0.9>** | **3.3**  **<1.1>** | **2.9**  **<1.6>** | **4.1**  **<0.5>** |
| Total final demand& | 5.2 | 6.9 | 5.7 | 5.2 | 3.2 | 3.3 | 2.6 | 3.1 | 3.2 | 4.2 |
| Domestic demand | 2.1 | 1.1 | 2.0 | 2.5 | 2.6 | 3.9 | 3.0 | 4.3 | 4.4 | 3.8 |
| Terms of trade in goods and services& | -0.3 | -0.3 | -0.6 | 0.3 | -0.4 | -0.3 | -0.3 | -0.7 | -0.6 | 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.

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

(\*) Change within ±0.05%.

**Notes :**

(1) The Consumer Price Indices (A), (B) and (C) are compiled with 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.

In May 2021, the Census and Statistics Department updated the base period and expenditure weights for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated.

The expenditure ranges of the households covered in the 2019/20-based CPIs are shown below:

|  |  |  |
| --- | --- | --- |
|  | Approximate proportion of  households covered | Average monthly expenditure range during Oct 2019 to Sep 2020 |
|  | (%) | ($) |
| CPI(A) | 50 | 6,500 to 27,999 |
| CPI(B) | 30 | 28,000 to 48,499 |
| CPI(C) | 10 | 48,500 to 91,999 |

The weightings of the various components in the 2019/20-based CPIs are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Expenditure  component | Composite CPI | CPI(A) | CPI(B) | CPI(C) |
|  | (%) | (%) | (%) | (%) |
| Food | 27.41 | 32.71 | 26.76 | 21.89 |
| *Meals out and takeaway food* | *17.05* | *18.87* | *17.27* | *14.55* |
| *Basic food* | *10.36* | *13.84* | *9.49* | *7.34* |
| Housing | 40.25 | 40.46 | 40.77 | 39.24 |
| *Private housing rent* | *35.46* | *33.43* | *37.22* | *35.44* |
| *Public housing rent* | *1.87* | *4.95* | *0.55* | *--* |
| *Management fees and other housing charges* | *2.92* | *2.08* | *3.00* | *3.80* |
| Electricity, gas and water | 2.82 | 3.85 | 2.57 | 1.92 |
| Alcoholic drinks and tobacco | 0.49 | 0.76 | 0.41 | 0.27 |
| Clothing and footwear | 2.42 | 1.78 | 2.51 | 3.08 |
| Durable goods | 4.00 | 3.29 | 3.94 | 4.97 |
| Miscellaneous goods | 3.32 | 3.31 | 3.48 | 3.10 |
| Transport | 6.17 | 4.52 | 6.38 | 7.89 |
| Miscellaneous services | 13.12 | 9.32 | 13.18 | 17.64 |
| 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.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | | | | | 2023 | | | | |
|  | Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 |
| Selected developed economies |  |  |  |  |  |  |  |  |  |  |
| US | 8.0 | 8.0 | 8.6 | 8.3 | 7.1 | 4.1 | 5.8 | 4.0 | 3.5 | 3.2 |
| Canada | 6.8 | 5.8 | 7.5 | 7.2 | 6.7 | 3.9 | 5.1 | 3.5 | 3.7 | 3.2 |
| EU | 9.2 | 6.5 | 8.8 | 10.3 | 11.0 | 6.4 | 9.4 | 7.2 | 5.7 | 3.4 |
| Japan | 2.5 | 0.9 | 2.4 | 2.9 | 3.9 | 3.2 | 3.6 | 3.4 | 3.1 | 2.9 |
|  |  |  |  |  |  |  |  |  |  |  |
| Selected major emerging economies |  |  |  |  |  |  |  |  |  |  |
| Mainland China | 2.0 | 1.1 | 2.2 | 2.7 | 1.8 | 0.2 | 1.3 | 0.1 | -0.1 | -0.3 |
| Russia | 13.8 | 11.6 | 17.0 | 14.3 | 12.2 | 5.9 | 8.6 | 2.7 | 5.2 | 7.2 |
| India | 6.7 | 6.3 | 7.3 | 7.0 | 6.1 | 5.7 | 6.2 | 4.6 | 6.4 | 5.4 |
| Brazil | 9.3 | 10.7 | 11.9 | 8.6 | 6.1 | 4.6 | 5.3 | 3.8 | 4.6 | 4.7 |
|  |  |  |  |  |  |  |  |  |  |  |
| Selected Asian economies |  |  |  |  |  |  |  |  |  |  |
| Hong Kong | 1.9 | 1.5 | 1.5 | 2.7 | 1.8 | 2.1 | 1.9 | 2.0 | 1.9 | 2.6 |
| Singapore | 6.1 | 4.6 | 5.9 | 7.3 | 6.6 | 4.8 | 6.1 | 5.1 | 4.1 | 4.0 |
| Taiwan | 2.9 | 2.8 | 3.5 | 2.9 | 2.6 | 2.5 | 2.6 | 2.0 | 2.4 | 2.9 |
| Korea | 5.1 | 3.9 | 5.4 | 5.8 | 5.2 | 3.6 | 4.6 | 3.3 | 3.1 | 3.4 |
| Malaysia | 3.3 | 2.2 | 2.8 | 4.5 | 3.9 | 2.5 | 3.6 | 2.8 | 2.0 | 1.6 |
| Thailand | 6.1 | 4.7 | 6.5 | 7.3 | 5.8 | 1.2 | 3.9 | 1.1 | 0.5 | -0.5 |
| Indonesia | 4.2 | 2.3 | 3.8 | 5.2 | 5.5 | 3.7 | 5.2 | 3.9 | 2.9 | 2.7 |
| Philippines | 5.8 | 3.4 | 5.5 | 6.5 | 7.9 | 6.0 | 8.3 | 6.0 | 5.4 | 4.3 |
| Vietnam | 3.2 | 1.9 | 3.0 | 3.3 | 4.4 | 3.3 | 4.2 | 2.4 | 2.9 | 3.5 |
| Macao | 1.0 | 1.0 | 1.2 | 1.2 | 0.8 | 0.9 | 0.8 | 0.8 | 0.9 | 1.2 |

(3) The Producer Price Indices are 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.

(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.