CHAPTER 6 : PRICES

***Summary***

* *Underlying consumer price inflation was modest in the first quarter of 2024. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check. The underlying Composite Consumer Price Index (Composite CPI)(1), which nets out the effects of the Government’s one-off relief measures, rose by 1.0% year-on-year in the first quarter, after increasing by 1.6% in the preceding quarter.*
* *The headline Composite CPI rose by 1.9% year-on-year in the first quarter, following a 2.6% increase in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter as the provision of rates concession by the Government in the same quarter last year resulted in a low base of comparison.*
* *Domestic business cost pressures stayed generally contained. Nominal wages continued to record moderate growth, while commercial rentals remained soft.*
* *External price pressures on consumption-related items moderated.*

**Consumer prices**

6.1 Underlying consumer price inflation was modest in the first quarter of 2024. While prices of meals out and takeaway food continued to rise relatively fast over a year earlier, prices of electricity dropped notably against a high base of comparison. Private housing rentals were largely steady. Price pressures on other major components were broadly in check. Domestic business cost pressures stayed generally contained. Nominal wages continued to record moderate growth, while commercial rentals remained soft. External price pressures on consumption-related items moderated.



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.

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, was 1.0% in the first quarter of 2024, compared with 1.6% in the preceding quarter. The headline Composite CPI inflation rate was 1.9% in the first quarter, compared with 2.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter as the provision of rates concession by the Government in the same quarter last year resulted in a low base of comparison.

**Table 6.1 : Consumer Price Indices**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Composite CPI | | CPI(A) | CPI(B) | CPI(C) |
|  |  | Underlying(a) | Headline |  |  |  |
|  |  |  |  |  |  |  |
| 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 |
|  |  |  |  |  |  |  |
| 2024 | Q1 | 1.0 | 1.9 | 2.2 | 1.8 | 1.8 |
|  |  |  |  |  |  |  |
| **(seasonally adjusted quarter-to-quarter rate of change (%))** | | | | | | |
|  |  |  |  |  |  |  |
| 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 |
|  |  |  |  |  |  |  |
| 2024 | Q1 | \* | 0.1 | -0.1 | 0.1 | -0.1 |

Notes : (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.

(\*) Change within ±0.05%.

6.3 Analysed by major component of the underlying Composite CPI, prices of meals out and takeaway food continued to record a relatively fast increase of 3.4% over a year earlier, while prices of basic food declined by 1.0%. Prices of clothing and footwear rose at a moderated rate. Prices of alcoholic drinks and tobacco rose further visibly along with the tobacco duty rate hikes. Price increases of transport and miscellaneous goods remained moderate. Private housing rentals held largely steady with a marginal increase of 0.2%. Meanwhile, prices of electricity, gas and water declined further, as prices of electricity dropped notably from a high base of comparison. Prices of durable goods also continued to fall.



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 6.2 : Underlying Composite CPI by component

**(year‑on‑year rate of change (%))**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2022 | 2023 | | | | | 2024 |
| Expenditure component | Weighting (%) | Annual | Annual | Q1 | Q2 | Q3 | Q4 | Q1 |
|  |  |  |  |  |  |  |  |  |
| Food | 27.41 | 3.8 | 2.7 | 3.0 | 2.5 | 2.5 | 2.7 | 1.7 |
|  |  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | 17.05 | 3.4 | 4.0 | 4.4 | 4.0 | 3.8 | 3.7 | 3.4 |
| *Basic food* | 10.36 | 4.5 | 0.5 | 0.8 | 0.2 | 0.2 | 0.9 | -1.0 |
|  |  |  |  |  |  |  |  |  |
| Housing(a) | 40.25 | -0.5 | 0.1 | -0.1 | -0.1 | 0.2 | 0.4 | 0.5 |
|  |  | (0.2) | (1.0) | (-0.1) | (0.6) | (0.8) | (2.8) | (3.0) |
|  |  |  |  |  |  |  |  |  |
| *Private housing rent* | 35.46 | -0.8 | -0.4 | -0.5 | -0.5 | -0.4 | -0.1 | 0.2 |
|  |  | (-0.6) | (0.5) | (-0.5) | (0.2) | (0.4) | (1.8) | (2.0) |
|  |  |  |  |  |  |  |  |  |
| *Public housing rent* | 1.87 | 0.3 | 1.1 | 1.2 | 1.5 | 1.5 | 0.3 | 0.3 |
|  |  | (9.6) | (4.4) | (0.7) | (1.7) | (1.7) | (13.5) | (13.5) |
|  |  |  |  |  |  |  |  |  |
| Electricity, gas and water | 2.82 | 10.4 | 8.1 | 17.2 | 13.2 | 5.2 | -2.1 | -6.9 |
|  |  | (7.2) | (9.6) | (20.4) | (15.9) | (6.1) | (-2.3) | (-8.0) |
|  |  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.49 | 1.3 | 17.0 | 11.2 | 18.8 | 19.0 | 18.8 | 14.3 |
|  |  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.42 | 5.3 | 5.8 | 5.9 | 5.9 | 6.5 | 5.0 | 1.6 |
|  |  |  |  |  |  |  |  |  |
| Durable goods | 4.00 | 0.6 | -2.4 | -2.3 | -3.6 | -2.5 | -1.2 | -1.4 |
|  |  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.32 | 0.4 | 1.7 | 0.9 | 1.5 | 2.2 | 2.2 | 1.3 |
|  |  |  |  |  |  |  |  |  |
| Transport | 6.17 | 2.9 | 1.9 | 1.4 | 1.7 | 2.0 | 2.5 | 2.1 |
|  |  |  |  |  |  |  |  |  |
| Miscellaneous services | 13.12 | 1.3 | 2.6 | 2.1 | 2.5 | 2.5 | 3.2 | 2.9 |
|  |  | (1.3) | (2.6) | (2.2) | (2.5) | (2.5) | (3.2) | (2.9) |
|  |  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.7 | 1.7 | 1.9 | 1.7 | 1.6 | 1.6 | 1.0 |
|  |  | (1.9) | (2.1) | (1.9) | (2.0) | (1.9) | (2.6) | (1.9) |

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.

**Costs of factor inputs and import prices**

6.4 Domestic business cost pressures stayed generally contained in the first quarter of 2024. Nominal wages continued to record moderate growth. Commercial rentals faced by businesses remained soft. As a proxy, the eight‑quarter moving average of office rentals declined further by 1.3% in the first quarter, while that of shop rentals was virtually unchanged.

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6.5 External price pressures on consumption-related items moderated in the first quarter of 2024. Along with the general downtrend of inflation in many major economies(2), the year-on-year increases in import prices of foodstuffs and consumer goods moderated to 1.6% and 3.4% respectively. Import prices of fuels continued to plunge by 12.0% against a high base of comparison. Yet, import prices of capital goods and raw materials and semi-manufactures rose at relatively fast rates of 4.5% and 6.1% respectively.

**Table 6.3 : 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 |
|  |  |  |  |  |  |  |
| 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 |
|  |  |  |  |  |  |  |
| 2024 Q1 | 1.6 | 3.4 | 6.1 | -12.0 | 4.5 | 4.6 |





**Output prices**

6.6 Output prices, as measured by the *Producer Price Indices*(3), saw mixed movements across different sectors in 2023. Output prices for the manufacturing sector continued to register a mild increase. Among the selected service sectors, output prices for accommodation services surged and those for courier services turned to increases, while those for land transport were virtually unchanged. On the other hand, output prices for water transport and air transport recorded visible falls from their high levels caused by pandemic-induced disruptions in 2022. Output prices for telecommunications services continued the secular downtrend.

**Table 6.4 : 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 | Annual | Q1 | Q2 | Q3 | Q4 |
| Manufacturing | 0.8 | 2.3 | 0.8 | 0.4 | -0.3 | 1.6 | 0.9 | -0.2 | 3.0 | 2.7 |
| Selected service sectors |  |  |  |  |  |  |  |  |  |  |
| Accommodation services | 13.0 | 8.9 | 12.2 | 17.2 | 13.6 | 26.2 | 21.1 | 29.7 | 22.5 | 31.5 |
| Land transport | 9.5 | 9.4 | 10.8 | 9.4 | 8.5 | \* | 4.4 | -2.3 | -1.5 | -0.2 |
| Water transport | 18.1 | 57.0 | 40.0 | 10.2 | -17.0 | -40.0 | -38.7 | -42.2 | -40.7 | -38.2 |
| Air transport | 2.8 | 42.8 | 17.8 | -1.7 | -29.5 | -23.4 | -28.9 | -30.0 | -23.3 | -8.6 |
| Telecommunications | -1.3 | -0.6 | -0.8 | -1.8 | -2.2 | -1.0 | -1.1 | -1.3 | -1.2 | -0.5 |
| Courier services | -4.5 | -4.1 | -4.1 | -4.0 | -5.8 | 4.2 | 1.4 | 4.1 | 5.5 | 6.1 |

Note : (\*) Change within ±0.05%.

**GDP deflator**

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*(4) rose further by 4.3% year-on-year in the first quarter of 2024, after increasing by 3.8% in the preceding quarter. The *terms of trade*(5) increased further by 0.7%. Taking out the external trade components, the domestic demand deflator increased by 3.0% over a year earlier in the first quarter, after rising by 3.7% in the preceding quarter.



**Table 6.5 : GDP deflator and the main expenditure component deflators**

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | 2023 | | | | | 2024 |
|  | Annual# | Annual# | Q1# | Q2# | Q3# | Q4# | Q1# |
| Private consumption expenditure | 2.3 | 4.8 | 4.5 | 4.3 | 5.4 | 5.2 | 3.7 |
| Government consumption expenditure | 2.6 | 2.5 | 2.6 | 3.1 | 2.4 | 2.1 | 2.0 |
| Gross domestic fixed  capital formation | 1.0 | -0.3 | -1.9 | 0.6 | 0.3 | -0.4 | 0.3 |
| Total exports of goods& | 6.8 | 4.2 | 3.8 | 3.7 | 3.7 | 5.1 | 4.6 |
| Imports of goods& | 7.3 | 4.3 | 3.6 | 4.3 | 4.1 | 4.9 | 4.8 |
| Exports of services& | 6.3 | -1.8 | -2.1 | -4.4 | -1.6 | 0.6 | 9.5 |
| Imports of services& | 4.4 | -0.4 | 0.2 | -2.4 | 1.2 | -0.6 | 3.9 |
| **Gross Domestic Product** | **1.7** | **2.8** | **2.1**  **<0.8>** | **2.7**  **<0.8>** | **2.4**  **<1.6>** | **3.8**  **<0.6>** | **4.3**  **<1.3>** |
| Total final demand& | 5.2 | 3.4 | 2.7 | 3.1 | 3.2 | 4.3 | 4.5 |
| Domestic demand | 2.1 | 3.6 | 2.7 | 3.9 | 4.1 | 3.7 | 3.0 |
| Terms of trade in goods and services& | -0.3 | -0.4 | -0.2 | -0.9 | -0.8 | 0.1 | 0.7 |

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.

**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 | | | | | 2024 |
|  | Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | Q1 |
| Selected developed economies |  |  |  |  |  |  |  |  |  |  |  |
| US | 8.0 | 8.0 | 8.6 | 8.3 | 7.1 | 4.1 | 5.8 | 4.0 | 3.5 | 3.2 | 3.2 |
| Canada | 6.8 | 5.8 | 7.5 | 7.2 | 6.7 | 3.9 | 5.1 | 3.5 | 3.7 | 3.2 | 2.8 |
| EU | 9.2 | 6.5 | 8.8 | 10.3 | 11.0 | 6.4 | 9.4 | 7.2 | 5.7 | 3.4 | 2.8 |
| Japan | 2.5 | 0.9 | 2.4 | 2.9 | 3.9 | 3.2 | 3.6 | 3.4 | 3.1 | 2.9 | 2.5 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| 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 | 0.0 |
| Russia | 13.8 | 11.6 | 17.0 | 14.3 | 12.2 | 5.9 | 8.6 | 2.7 | 5.2 | 7.2 | 7.6 |
| India | 6.7 | 6.3 | 7.3 | 7.0 | 6.1 | 5.7 | 6.2 | 4.6 | 6.4 | 5.4 | 5.0 |
| Brazil | 9.3 | 10.7 | 11.9 | 8.6 | 6.1 | 4.6 | 5.3 | 3.8 | 4.6 | 4.7 | 4.3 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| 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 | 1.9 |
| Singapore | 6.1 | 4.6 | 5.9 | 7.3 | 6.6 | 4.8 | 6.1 | 5.1 | 4.1 | 4.0 | 3.0 |
| Taiwan | 2.9 | 2.8 | 3.5 | 2.9 | 2.6 | 2.5 | 2.6 | 2.0 | 2.4 | 2.9 | 2.3 |
| Korea | 5.1 | 3.9 | 5.4 | 5.8 | 5.2 | 3.6 | 4.6 | 3.3 | 3.1 | 3.4 | 3.0 |
| Malaysia | 3.3 | 2.2 | 2.8 | 4.5 | 3.9 | 2.5 | 3.6 | 2.8 | 2.0 | 1.6 | 1.7 |
| Thailand | 6.1 | 4.7 | 6.5 | 7.3 | 5.8 | 1.2 | 3.9 | 1.1 | 0.5 | -0.5 | -0.8 |
| Indonesia | 4.2 | 2.3 | 3.8 | 5.2 | 5.5 | 3.7 | 5.2 | 3.9 | 2.9 | 2.7 | 2.8 |
| Philippines | 5.8 | 3.4 | 5.5 | 6.5 | 7.9 | 6.0 | 8.3 | 6.0 | 5.4 | 4.3 | 3.3 |
| Vietnam | 3.2 | 1.9 | 3.0 | 3.3 | 4.4 | 3.3 | 4.2 | 2.4 | 2.9 | 3.5 | 3.8 |
| Macao | 1.0 | 1.0 | 1.2 | 1.2 | 0.8 | 0.9 | 0.8 | 0.8 | 0.9 | 1.2 | 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.