CHAPTER 6 : PRICES

***Summary***

* *Underlying consumer price inflation remained modest in overall terms in the third quarter of 2024. Prices of meals out and takeaway food increased at a moderated pace over a year earlier. Increases in private housing rentals remained small. Prices of electricity continued to record visible decline. Price pressures on other major components were generally 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 1.1% year-on-year in the third quarter, compared with 1.0% in the preceding quarter.*
* *The headline Composite CPI rose by 2.4% year-on-year in the third quarter, compared with 1.2% in the preceding quarter. The headline inflation was higher than its underlying counterpart in the third quarter, as no rates concession was provided by the Government during the quarter and the electricity charges subsidy was smaller than the same period last year.*
* *Domestic business cost pressures remained largely contained. While nominal wages continued to record growth, commercial rentals declined. External price pressures softened in overall terms.*

**Consumer prices**

6.1 Underlying consumer price inflation remained modest in overall terms in the third quarter of 2024. Prices of meals out and takeaway food increased at a moderated pace over a year earlier. Increases in private housing rentals remained small. Prices of electricity continued to record visible decline. Price pressures on other major components were generally in check. Domestic business cost pressures remained largely contained. While nominal wages continued to record growth, commercial rentals declined. External price pressures softened in overall terms.



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 The 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 1.1% in the third quarter of 2024, compared with 1.0% in the preceding quarter. The headline Composite CPI inflation was 2.4% in the third quarter, compared with 1.2% in the preceding quarter. The headline inflation was higher than its underlying counterpart by a large margin in the third quarter, as no rates concession was provided by the Government during the quarter and the electricity charges subsidy was smaller than the same period last year.

**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 | H1 | 1.0 | 1.6 | 1.8 | 1.5 | 1.5 |
|  | Q1 | 1.0 | 1.9 | 2.2 | 1.8 | 1.8 |
|  | Q2 | 1.0 | 1.2 | 1.4 | 1.2 | 1.2 |
|  | Q3 | 1.1 | 2.4 | 3.1 | 2.1 | 1.9 |
|  |  |  |  |  |  |  |
| **(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 |
|  | Q2 | 0.3 | -0.5 | -0.6 | -0.4 | -0.1 |
|  | Q3 | 0.5 | 1.6 | 2.1 | 1.4 | 1.0 |

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 the major component of the underlying Composite CPI, prices of meals out and takeaway food increased at a moderated pace of 2.3% over a year earlier, while prices of basic food edged up by 0.3%. Increases in private housing rentals remained small at 0.6%. Prices of alcoholic drinks and tobacco were visibly higher than a year ago, due to the increase in tobacco duty. Mild increases were seen for prices of transport and miscellaneous services. Prices of miscellaneous goods inched up. Meanwhile, prices of clothing and footwear turned to a decline and those of durable goods fell further. Prices of electricity, gas and water continued to decrease noticeably.



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 | Q2 | Q3 |
|  |  |  |  |  |  |  |  |  |  |  |
| Food | 26.49 | 3.8 | 2.7 | 3.0 | 2.5 | 2.5 | 2.7 | 1.7 | 1.8 | 1.6 |
|  |  |  |  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | 17.39 | 3.4 | 4.0 | 4.4 | 4.0 | 3.8 | 3.7 | 3.4 | 3.0 | 2.3 |
| *Basic food* | 9.10 | 4.5 | 0.5 | 0.8 | 0.2 | 0.2 | 0.9 | -1.0 | \* | 0.3 |
|  |  |  |  |  |  |  |  |  |  |  |
| Housing(a) | 38.48 | -0.5 | 0.1 | -0.1 | -0.1 | 0.2 | 0.4 | 0.5 | 0.7 | 0.8 |
|  |  | (0.2) | (1.0) | (-0.1) | (0.6) | (0.8) | (2.8) | (3.0) | (1.1) | (3.3) |
|  |  |  |  |  |  |  |  |  |  |  |
| *Private housing rent* | 33.58 | -0.8 | -0.4 | -0.5 | -0.5 | -0.4 | -0.1 | 0.2 | 0.4 | 0.6 |
|  |  | (-0.6) | (0.5) | (-0.5) | (0.2) | (0.4) | (1.8) | (2.0) | (0.5) | (2.4) |
|  |  |  |  |  |  |  |  |  |  |  |
| *Public housing rent* | 1.97 | 0.3 | 1.1 | 1.2 | 1.5 | 1.5 | 0.3 | 0.3 | 0.4 | 0.4 |
|  |  | (9.6) | (4.4) | (0.7) | (1.7) | (1.7) | (13.5) | (13.5) | (1.2) | (13.6) |
|  |  |  |  |  |  |  |  |  |  |  |
| Electricity, gas and water | 3.07 | 10.4 | 8.1 | 17.2 | 13.2 | 5.2 | -2.1 | -6.9 | -8.4 | -4.8 |
|  |  | (7.2) | (9.6) | (20.4) | (15.9) | (6.1) | (-2.3) | (-8.0) | (-6.7) | (4.5) |
|  |  |  |  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.52 | 1.3 | 17.0 | 11.2 | 18.8 | 19.0 | 18.8 | 14.3 | 21.0 | 21.4 |
|  |  |  |  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.74 | 5.3 | 5.8 | 5.9 | 5.9 | 6.5 | 5.0 | 1.6 | 0.4 | -1.5 |
|  |  |  |  |  |  |  |  |  |  |  |
| Durable goods | 4.30 | 0.6 | -2.4 | -2.3 | -3.6 | -2.5 | -1.2 | -1.4 | -0.8 | -0.7 |
|  |  |  |  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.38 | 0.4 | 1.7 | 0.9 | 1.5 | 2.2 | 2.2 | 1.3 | 1.0 | 1.0 |
|  |  |  |  |  |  |  |  |  |  |  |
| Transport | 7.28 | 2.9 | 1.9 | 1.4 | 1.7 | 2.0 | 2.5 | 2.1 | 1.9 | 2.2 |
|  |  |  |  |  |  |  |  |  |  |  |
| Miscellaneous services | 13.74 | 1.3 | 2.6 | 2.1 | 2.5 | 2.5 | 3.2 | 2.9 | 2.3 | 2.3 |
|  |  | (1.3) | (2.6) | (2.2) | (2.5) | (2.5) | (3.2) | (2.9) | (2.2) | (2.3) |
|  |  |  |  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.7 | 1.7 | 1.9 | 1.7 | 1.6 | 1.6 | 1.0 | 1.0 | 1.1 |
|  |  | (1.9) | (2.1) | (1.9) | (2.0) | (1.9) | (2.6) | (1.9) | (1.2) | (2.4) |

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.

(^) These are expenditure weights of the reference period 2023, which are used for the compilation of CPIs since the reference month of April 2024. CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

(\*) Change within ±0.05%.

**Costs of factor inputs and import prices**

6.4 Domestic business cost pressures remained largely contained in the third quarter of 2024. While nominal wages continued to record growth, commercial rentals faced by businesses declined. As proxies, the eight‑quarter moving averages of office rentals and shop rentals fell by 1.9% and 0.2% respectively in the third quarter.



6.5 External price pressures softened in overall terms in the third quarter of 2024, in tandem with the disinflation trend in many major economies(2). Increase in import prices of raw materials and semi-manufactures moderated to 1.8%, while import prices of capital goods continued to rise by 4.1%. For consumption-related items, import prices of foodstuffs edged down by 0.5%. Those of fuels registered a widened decline of 9.1%. Those of consumer goods increased further by 4.3%.

**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 H1 | 0.7 | 3.5 | 4.4 | -5.9 | 4.1 | 3.8 |
|  |  |  |  |  |  |  |
| Q1 | 1.6 | 3.4 | 6.1 | -12.0 | 4.5 | 4.6 |
| Q2 | -0.3 | 3.6 | 2.9 | -0.1 | 3.7 | 3.1 |
| Q3 | -0.5 | 4.3 | 1.8 | -9.1 | 4.1 | 2.6 |





**Output prices**

6.6 Output prices, as measured by the *Producer Price Indices*(3), saw mixed movements across different sectors in the second quarter of 2024. Output prices for the manufacturing sector rose further. Among the selected service sectors, output prices for land transport and courier services continued to increase, though at moderated paces. Those for air transport and water transport turned to increases after posting year-on-year declines for more than a year. On the other hand, output prices for accommodation services fell back and those for telecommunications services extended its secular downtrend.

**Table 6.4 : Producer Price Indices for the manufacturing sector**

**and selected service sectors**

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

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022 | 2023 | | | | | 2024 | | |
| Industry group | Annual | Annual | Q1 | Q2 | Q3 | Q4 | | Q1 | Q2 |
| Manufacturing | 0.8 | 1.6 | 0.9 | -0.2 | 3.0 | 2.7 | | 1.2 | 3.1 |
| Selected service sectors |  |  |  |  |  |  | |  |  |
| Accommodation services | 13.0 | 26.2 | 21.1 | 29.7 | 22.5 | 31.5 | | 12.3 | -6.1 |
| Land transport | 9.5 | \* | 4.4 | -2.3 | -1.5 | -0.2 | | 2.8 | 1.8 |
| Water transport | 18.1 | -40.0 | -38.7 | -42.2 | -40.7 | -38.2 | | -5.6 | 7.2 |
| Air transport | 2.8 | -23.4 | -28.9 | -30.0 | -23.3 | -8.6 | | -7.9 | 1.7 |
| Telecommunications | -1.3 | -1.0 | -1.1 | -1.3 | -1.2 | -0.5 | | -1.5 | -1.5 |
| Courier services | -4.5 | 4.2 | 1.4 | 4.1 | 5.5 | 6.1 | | 5.6 | 3.8 |

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 by 4.2% year-on-year in the third quarter of 2024, after increasing by 4.3% in the preceding quarter. The *terms of trade*(5) increased by 1.0%. Taking out the external trade components, the domestic demand deflator increased by 2.2% in the third quarter over a year earlier, after rising by 2.1% 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# | Q2# | Q3# |
| Private consumption expenditure | 2.3 | 4.8 | 4.5 | 4.3 | 5.4 | 5.2 | 3.6 | 3.4 | 2.9 |
| Government consumption expenditure | 2.6 | 2.5 | 2.6 | 3.1 | 2.4 | 2.1 | 1.6 | 1.3 | 1.8 |
| Gross domestic fixed  capital formation | 1.0 | -0.3 | -1.9 | 0.6 | 0.3 | -0.4 | 0.7 | -2.7 | -0.2 |
| Total exports of goods& | 6.8 | 4.2 | 3.8 | 3.7 | 3.7 | 5.1 | 4.5 | 4.4 | 4.2 |
| Imports of goods& | 7.3 | 4.3 | 3.6 | 4.3 | 4.1 | 4.9 | 4.8 | 3.7 | 3.6 |
| Exports of services& | 6.3 | -1.8 | -2.1 | -4.4 | -1.6 | 0.6 | 5.9 | 5.8 | 7.3 |
| Imports of services& | 4.4 | -0.4 | 0.2 | -2.4 | 1.2 | -0.6 | 1.4 | 1.4 | 3.6 |
| **Gross Domestic Product** | **1.7** | **2.8** | **2.1**  **<0.8>** | **2.7**  **<0.8>** | **2.4**  **<1.6>** | **3.8**  **<0.6>** | **3.8**  **<0.8>** | **4.3**  **<1.2>** | **4.2**  **<1.4>** |
| Total final demand& | 5.2 | 3.4 | 2.7 | 3.1 | 3.2 | 4.3 | 4.1 | 3.7 | 3.8 |
| Domestic demand | 2.1 | 3.6 | 2.7 | 3.9 | 4.1 | 3.7 | 3.0 | 2.1 | 2.2 |
| Terms of trade in goods and services& | -0.3 | -0.4 | -0.2 | -0.9 | -0.8 | 0.1 | 0.4 | 1.2 | 1.0 |

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 for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated. In May 2024, the Census and Statistics Department updated the expenditure weights for compiling the CPIs. The expenditure weights of the reference period 2023 are used to compile the CPI figures since the reference month of April 2024, CPIs prior to this are compiled based on expenditure weights of the reference period 2019/20.

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 (adjusted to 2023 prices) |
|  | (%) | ($) |
| CPI(A) | 50 | 6,800 to 29,200 |
| CPI(B) | 30 | 29,200 to 50,400 |
| CPI(C) | 10 | 50,400 to 95,900 |

The expenditure weights of the reference period 2023 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Expenditure  component | Composite CPI | CPI(A) | CPI(B) | CPI(C) |
|  | (%) | (%) | (%) | (%) |
| Food | 26.49 | 31.58 | 26.09 | 20.98 |
| *Meals out and takeaway food* | *17.39* | *19.33* | *17.71* | *14.63* |
| *Basic food* | *9.10* | *12.25* | *8.38* | *6.35* |
| Housing | 38.48 | 39.54 | 38.67 | 36.94 |
| *Private housing rent* | *33.58* | *32.27* | *34.99* | *33.18* |
| *Public housing rent* | *1.97* | *5.17* | *0.66* | *--* |
| *Management fees and other housing charges* | *2.93* | *2.10* | *3.02* | *3.76* |
| Electricity, gas and water | 3.07 | 4.21 | 2.82 | 2.07 |
| Alcoholic drinks and tobacco | 0.52 | 0.84 | 0.44 | 0.27 |
| Clothing and footwear | 2.74 | 2.00 | 2.85 | 3.46 |
| Durable goods | 4.30 | 3.53 | 4.26 | 5.29 |
| Miscellaneous goods | 3.38 | 3.27 | 3.51 | 3.32 |
| Transport | 7.28 | 5.29 | 7.52 | 9.31 |
| Miscellaneous services | 13.74 | 9.74 | 13.84 | 18.36 |
| 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 | Annual | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Selected developed economies |  |  |  |  |  |  |  |  |  |
| US | 8.0 | 4.1 | 5.8 | 4.0 | 3.5 | 3.2 | 3.2 | 3.2 | 2.6 |
| Canada | 6.8 | 3.9 | 5.1 | 3.5 | 3.7 | 3.2 | 2.8 | 2.7 | 2.0 |
| EU | 9.2 | 6.4 | 9.4 | 7.2 | 5.7 | 3.4 | 2.8 | 2.6 | 2.4 |
| Japan | 2.5 | 3.2 | 3.6 | 3.4 | 3.1 | 2.9 | 2.5 | 2.7 | 2.8 |
|  |  |  |  |  |  |  |  |  |  |
| Selected major emerging economies |  |  |  |  |  |  |  |  |  |
| Mainland China | 2.0 | 0.2 | 1.3 | 0.1 | -0.1 | -0.3 | 0.0 | 0.3 | 0.5 |
| Russia | 13.8 | 5.9 | 8.6 | 2.7 | 5.2 | 7.2 | 7.6 | 8.3 | 9.0 |
| India | 6.7 | 5.7 | 6.2 | 4.6 | 6.4 | 5.4 | 5.0 | 4.9 | 4.2 |
| Brazil | 9.3 | 4.6 | 5.3 | 3.8 | 4.6 | 4.7 | 4.3 | 3.9 | 4.4 |
|  |  |  |  |  |  |  |  |  |  |
| Selected Asian economies |  |  |  |  |  |  |  |  |  |
| Hong Kong | 1.9 | 2.1 | 1.9 | 2.0 | 1.9 | 2.6 | 1.9 | 1.2 | 2.4 |
| Singapore | 6.1 | 4.8 | 6.1 | 5.1 | 4.1 | 4.0 | 3.0 | 2.8 | 2.2 |
| Taiwan | 2.9 | 2.5 | 2.6 | 2.0 | 2.4 | 2.9 | 2.3 | 2.2 | 2.2 |
| Korea | 5.1 | 3.6 | 4.6 | 3.3 | 3.1 | 3.4 | 3.0 | 2.7 | 2.1 |
| Malaysia | 3.3 | 2.5 | 3.6 | 2.8 | 2.0 | 1.6 | 1.7 | 1.9 | 1.9 |
| Thailand | 6.1 | 1.2 | 3.9 | 1.1 | 0.5 | -0.5 | -0.8 | 0.8 | 0.6 |
| Indonesia | 4.2 | 3.7 | 5.2 | 3.9 | 2.9 | 2.7 | 2.8 | 2.8 | 2.0 |
| Philippines | 5.8 | 6.0 | 8.3 | 6.0 | 5.4 | 4.3 | 3.3 | 3.8 | 3.2 |
| Vietnam | 3.2 | 3.3 | 4.2 | 2.4 | 2.9 | 3.5 | 3.8 | 4.4 | 3.5 |
| Macao | 1.0 | 0.9 | 0.8 | 0.8 | 0.9 | 1.2 | 1.2 | 0.8 | 0.7 |

(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.