CHAPTER 6 : PRICES

***Summary***

* *Underlying consumer price inflation stayed modest in the first quarter of 2025. The underlying Composite Consumer Price Index (Composite CPI)(1), which nets out the effects of the Government’s one-off relief measures, increased by 1.2% over a year earlier, same as the increase in the preceding quarter. Food prices as a whole increased mildly, with a mild decrease in prices of basic food and a modest increase in prices for meals out and takeaway food. Private housing rentals saw a slightly accelerated increase, but the extent of increase was still modest. Price pressures on other major components stayed largely contained.*
* *The headline Composite CPI rose by 1.6% in the first quarter over a year earlier, following the increase of 1.4% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter, as the electricity charges subsidy provided by the Government was smaller compared with the same period last year.*
* *Domestic cost pressures were generally in check recently. Commercial rentals continued to trend downwards in the first quarter. Latest establishment-based data up to the fourth quarter of last year show that wages and payroll per person engaged continued to increase solidly over a year earlier, largely commensurate with the labour productivity growth during the period. Overall external price pressures were also contained in the first quarter, as import prices only increased modestly.*

**Consumer prices**

6.1 Underlying consumer price inflation stayed modest in the first quarter of 2025. Food prices as a whole increased mildly, with a mild decrease in prices of basic food and a modest increase in prices for meals out and takeaway food. Private housing rentals saw a slightly accelerated increase, but the extent of increase was still modest. Price pressures on other major components stayed largely contained. Domestic cost pressures were generally in check recently. Commercial rentals continued to trend downwards in the first quarter. Latest establishment-based data up to the fourth quarter of last year show that wages and payroll per person engaged continued to increase solidly over a year earlier, largely commensurate with the labour productivity growth during the period.Overall external price pressures were also contained in the first quarter, as import prices only increased modestly.



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 1.2% in the first quarter of 2025, same as that in the preceding quarter. The headline Composite CPI inflation was 1.6% in the first quarter, following that of 1.4% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart in the first quarter, as the electricity charges subsidy provided by the Government was smaller compared with 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 |  |  |  |
|  |  |  |  |  |  |  |
| 2024 | Annual | 1.1 | 1.7 | 2.1 | 1.6 | 1.5 |
|  | H1 | 1.0 | 1.6 | 1.8 | 1.5 | 1.5 |
|  | H2 | 1.2 | 1.9 | 2.4 | 1.7 | 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 |
|  | Q4 | 1.2 | 1.4 | 1.7 | 1.3 | 1.2 |
|  |  |  |  |  |  |  |
| 2025 | Q1 | 1.2 | 1.6 | 2.2 | 1.4 | 1.2 |
|  |  |  |  |  |  |  |
| **(seasonally adjusted quarter-to-quarter rate of change (%))** | | | | | | |
|  |  |  |  |  |  |  |
| 2024 | Q1 | \* | \* | -0.1 | \* | 0.1 |
|  | Q2 | 0.4 | -0.4 | -0.6 | -0.3 | -0.1 |
|  | Q3 | 0.4 | 1.5 | 2.1 | 1.3 | 1.0 |
|  | Q4 | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 |
|  |  |  |  |  |  |  |
| 2025 | Q1 | \* | 0.2 | 0.4 | 0.1 | 0.2 |

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 underlying Composite CPI in the first quarter by major component, food prices as a whole increased mildly over a year earlier. Within which, a mild decrease of 1.1% was seen in prices of basic food, whereas a modest increase of 1.4% was recorded for prices of meals out and takeaway food. Private housing rentals saw a slightly accelerated increase of 0.8%, but the extent of increase was still modest. Public housing rentals continued to register a visible increase on the back of the upward adjustment of public housing rents with effect from October 2024. As for other components, prices of transport, electricity, gas and water, miscellaneous services and miscellaneous goods registered moderate increases, whereas prices of clothing and footwear and durable goods saw some further modest declines. Prices of alcoholic drinks and tobacco continued to show a visible year-on-year increase, largely reflecting the pass-through of the tobacco duty rate hike in late February 2024.







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

Table 6.2 : Underlying Composite CPI by component

**(year‑on‑year rate of change (%))**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2024 | | | | | 2025 |
| Expenditure component | Weighting (%)^ | Annual | Q1 | Q2 | Q3 | Q4 | Q1 |
|  |  |  |  |  |  |  |  |
| Food | 26.49 | 1.5 | 1.7 | 1.8 | 1.6 | 0.9 | 0.5 |
|  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | *17.39* | *2.6* | *3.4* | *3.0* | *2.3* | *1.7* | *1.4* |
| *Basic food* | *9.10* | *-0.3* | *-1.0* | *\** | *0.3* | *-0.4* | *-1.1* |
|  |  |  |  |  |  |  |  |
| Housing(a) | 38.48 | 0.9 | 0.5 | 0.7 | 0.8 | 1.4 | 1.5 |
|  |  | (2.1) | (3.0) | (1.1) | (3.3) | (0.9) | (1.5) |
|  |  |  |  |  |  |  |  |
| *Private housing rent* | *33.58* | *0.5* | *0.2* | *0.4* | *0.6* | *0.6* | *0.8* |
|  |  | *(1.4)* | *(2.0)* | *(0.5)* | *(2.4)* | *(0.6)* | *(0.8)* |
|  |  |  |  |  |  |  |  |
| *Public housing rent* | *1.97* | *2.9* | *0.3* | *0.4* | *0.4* | *10.5* | *10.5* |
|  |  | *(7.2)* | *(13.5)* | *(1.2)* | *(13.6)* | *(1.3)* | *(10.5)* |
|  |  |  |  |  |  |  |  |
| Electricity, gas and water | 3.07 | -5.2 | -6.9 | -8.4 | -4.8 | -0.5 | 2.2 |
|  |  | (-0.3) | (-8.0) | (-6.7) | (4.5) | (9.9) | (13.5) |
|  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.52 | 19.6 | 14.3 | 21.0 | 21.4 | 21.4 | 14.7 |
|  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.74 | -0.5 | 1.6 | 0.4 | -1.5 | -2.3 | -2.7 |
|  |  |  |  |  |  |  |  |
| Durable goods | 4.30 | -1.0 | -1.4 | -0.8 | -0.7 | -0.9 | -0.9 |
|  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.38 | 1.2 | 1.3 | 1.0 | 1.0 | 1.3 | 1.1 |
|  |  |  |  |  |  |  |  |
| Transport | 7.28 | 2.0 | 2.1 | 1.9 | 2.2 | 1.7 | 2.8 |
|  |  |  |  |  |  |  |  |
| Miscellaneous services | 13.74 | 2.4 | 2.9 | 2.3 | 2.3 | 2.0 | 1.7 |
|  |  | (2.4) | (2.9) | (2.2) | (2.3) | (2.0) | (1.7) |
|  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.1 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 |
|  |  | (1.7) | (1.9) | (1.2) | (2.4) | (1.4) | (1.6) |

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.

(^) 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 cost pressures were generally in check recently. In the first quarter, commercial rentals continued to trend downwards. As a proxy, the eight‑quarter moving average of shop and office rentals declined by 1.1% and 2.5% respectively. Meanwhile, latest establishment-based data up to the fourth quarter of last year show that wages and payroll per person engaged continued to increase solidly over a year earlier, largely commensurate with the labour productivity growth during the period.



6.5 Overall external price pressures were contained in the first quarter, as import prices only increased modestly. Overall import prices rose by 2.0% year-on-year in the first quarter, after the 2.6% increase in the preceding quarter. By end-use category, import prices of capital goods and consumer goods increased moderately, and those of raw materials and semi-manufactures also edged up. On the other hand, import prices of foodstuffs recorded a slight decline, and import prices of fuels continued to fall.

**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 |
|  |  |  |  |  |  |  |
| 2024 Annual | \* | 3.9 | 2.7 | -7.1 | 4.4 | 3.2 |
|  |  |  |  |  |  |  |
| H1 | 0.7 | 3.5 | 4.4 | -5.9 | 4.1 | 3.8 |
| H2 | -0.8 | 4.4 | 1.3 | -8.3 | 4.7 | 2.6 |
|  |  |  |  |  |  |  |
| 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 |
| Q4 | -1.0 | 4.5 | 0.9 | -7.7 | 5.3 | 2.6 |
|  |  |  |  |  |  |  |
| 2025 Q1 | -0.6 | 4.4 | 0.1 | -8.8 | 4.4 | 2.0 |

Note : (\*) Change within ±0.05%.





**Output prices**

6.6 Output prices of various selected sectors, as measured by their corresponding *Producer Price Indices*(2), generally showed only moderate increases or small decreases in 2024, largely reflecting the generally mild inflation in the economy. Output prices for the manufacturing, courier services and land transport sectors saw some moderate increases, whereas those for the accommodation services, telecommunications and air transport sectors saw modest declines. The only exception was the output prices for water transport, which saw a visible rebound amid the trade rerouting activities due to regional geopolitical tensions.

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

and selected service sectors

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | |
| Industry group | Annual | Q1 | Q2 | Q3 | Q4 |
| Manufacturing | 2.9 | 1.2 | 3.1 | 3.2 | 4.1 |
| Selected service sectors |  |  |  |  |  |
| Accommodation services | -1.8 | 12.3 | -6.1 | -8.4 | -3.1 |
| Land transport | 1.5 | 2.8 | 1.8 | 0.8 | 0.7 |
| Water transport | 17.2 | -5.6 | 7.2 | 37.6 | 34.5 |
| Air transport | -0.8 | -7.9 | 1.7 | 5.0 | -1.5 |
| Telecommunications | -1.5 | -1.5 | -1.5 | -1.1 | -1.8 |
| Courier services | 2.9 | 5.6 | 3.8 | 1.1 | 1.1 |

**GDP deflator**

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*(3) rose by a narrowed 1.2% year-on-year in the first quarter, after increasing by 2.8% in the preceding quarter. The *terms of trade*(4) fell by 0.5%. Taking out the external trade components, the domestic demand deflator increased by 2.0% over a year earlier in the first quarter, same as that in the preceding quarter.



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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | 2025 |
|  | Annual# | Q1# | Q2# | Q3# | Q4# | Q1# |
| Private consumption expenditure | 3.0 | 3.7 | 3.3 | 2.9 | 2.3 | 1.8 |
| Government consumption expenditure | 1.9 | 1.8 | 1.5 | 1.9 | 2.3 | 2.4 |
| Gross domestic fixed capital formation | 0.4 | 2.0 | -1.2 | 0.2 | 0.9 | 2.3 |
| Total exports of goods& | 4.2 | 4.5 | 4.4 | 4.2 | 4.0 | 3.5 |
| Imports of goods& | 4.0 | 4.8 | 3.8 | 3.6 | 3.9 | 4.4 |
| Exports of services& | 5.8 | 5.1 | 6.0 | 7.5 | 4.5 | 1.8 |
| Imports of services& | 1.7 | 1.1 | 1.3 | 3.3 | 1.3 | -0.7 |
| **Gross Domestic Product** | **3.8** | **3.8**  **<0.7>** | **4.5**  **<1.2>** | **4.3**  **<1.0>** | **2.8**  **<-0.2>** | **1.2**  **<-0.8>** |
| Total final demand& | 3.8 | 4.1 | 3.8 | 3.8 | 3.3 | 2.8 |
| Domestic demand | 2.4 | 3.2 | 2.4 | 2.2 | 2.0 | 2.0 |
| Terms of trade in goods and services& | 0.7 | 0.3 | 1.1 | 1.1 | 0.4 | -0.5 |

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 2024 prices) |
|  | (%) | ($) |
| CPI(A) | 50 | 6,900 to 29,500 |
| CPI(B) | 30 | 29,500 to 51,000 |
| CPI(C) | 10 | 51,000 to 97,000 |

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 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.

(3) 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.

(4) The terms of trade is defined as the ratio of the prices of total exports to the prices of total imports.