CHAPTER 6 : PRICES

***Summary***

* *Underlying consumer price inflation stayed modest in the second 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 1.1% during the quarter over a year earlier, following the increase of 1.2% in the preceding quarter. Price pressures on major components were largely contained.*
* *The headline Composite CPI rose by 1.8% in the second quarter over a year earlier, after increasing by 1.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart mainly due to the smaller electricity charges subsidy provided by the Government and lower ceiling of rates concession compared with the same period last year.*
* *Domestic cost pressures stayed generally in check. Commercial rentals continued on the downward trend in the second quarter. Latest wages and payroll per person engaged continued to increase solidly in the first quarter, with the increases broadly in line with labour productivity growth. Overall external price pressures remained contained in the second quarter, though import prices continued to increase modestly.*

**Consumer prices**

6.1 Underlying consumer price inflation stayed modest in the second quarter of 2025, with price pressures on major components largely contained. Domestic cost pressures stayed generally in check. Commercial rentals continued on the downward trend in the second quarter. Latest wages and payroll per person engaged continued to increase solidly in the first quarter, with the increases broadly in line with labour productivity growth. Overall external price pressures remained contained in the second quarter, though import prices continued to increase 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 1.1% in the second quarter, following that of 1.2% in the preceding quarter. The headline Composite CPI inflation rate was 1.8% in the second quarter, following that of 1.6% in the preceding quarter. The headline inflation rate was higher than its underlying counterpart mainly due to the smaller electricity charges subsidy provided by the Government and lower ceiling of rates concession 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 |
|  | 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 |
|  | Q2 | 1.1 | 1.8 | 2.4 | 1.6 | 1.3 |
|  |  |  |  |  |  |  |
| **(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 |
|  | Q2 | 0.2 | -0.2 | -0.3 | -0.2 | -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 Analysing the underlying Composite CPI in the second quarter by major component, food prices as a whole continued to record a mild increase over a year earlier. Within which, prices of meals out and takeaway food rose modestly by 1.3%, whereas prices of basic food saw a small decline of 1.0%. Private housing rentals accelerated somewhat to a modest increase of 1.1%. Public housing rentals continued to register a visible year-on-year increase, alongside the upward adjustment of public housing rents since October 2024. Prices of alcoholic drinks and tobacco decelerated visibly to a mild year-on-year increase as the base effect from the tobacco duty rate hike in late February 2024 faded. As for other components, prices of transport, electricity, gas and water, miscellaneous services and miscellaneous goods continued to see modest or moderate increases. In contrast, prices of clothing and footwear and durable goods declined moderately further.







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 | Q2 |
|  |  |  |  |  |  |  |  |  |
| Food | 25.53 | 1.5 | 1.7 | 1.8 | 1.6 | 0.9 | 0.5 | 0.5 |
|  |  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | *16.82* | *2.6* | *3.4* | *3.0* | *2.3* | *1.7* | *1.4* | *1.3* |
| *Basic food* | *8.71* | *-0.3* | *-1.0* | *\** | *0.3* | *-0.4* | *-1.1* | *-1.0* |
|  |  |  |  |  |  |  |  |  |
| Housing(a) | 38.89 | 0.9 | 0.5 | 0.7 | 0.8 | 1.4 | 1.5 | 1.8 |
|  |  | (2.1) | (3.0) | (1.1) | (3.3) | (0.9) | (1.5) | (2.8) |
|  |  |  |  |  |  |  |  |  |
| *Private housing rent* | *33.74* | *0.5* | *0.2* | *0.4* | *0.6* | *0.6* | *0.8* | *1.1* |
|  |  | *(1.4)* | *(2.0)* | *(0.5)* | *(2.4)* | *(0.6)* | *(0.8)* | *(2.0)* |
|  |  |  |  |  |  |  |  |  |
| *Public housing rent* | *2.05* | *2.9* | *0.3* | *0.4* | *0.4* | *10.5* | *10.5* | *10.8* |
|  |  | *(7.2)* | *(13.5)* | *(1.2)* | *(13.6)* | *(1.3)* | *(10.5)* | *(16.4)* |
|  |  |  |  |  |  |  |  |  |
| Electricity, gas and water | 2.97 | -5.2 | -6.9 | -8.4 | -4.8 | -0.5 | 2.2 | 1.6 |
|  |  | (-0.3) | (-8.0) | (-6.7) | (4.5) | (9.9) | (13.5) | (11.0) |
|  |  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.48 | 19.6 | 14.3 | 21.0 | 21.4 | 21.4 | 14.7 | 0.8 |
|  |  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.46 | -0.5 | 1.6 | 0.4 | -1.5 | -2.3 | -2.7 | -4.5 |
|  |  |  |  |  |  |  |  |  |
| Durable goods | 3.73 | -1.0 | -1.4 | -0.8 | -0.7 | -0.9 | -0.9 | -2.1 |
|  |  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.37 | 1.2 | 1.3 | 1.0 | 1.0 | 1.3 | 1.1 | 0.9 |
|  |  |  |  |  |  |  |  |  |
| Transport | 7.49 | 2.0 | 2.1 | 1.9 | 2.2 | 1.7 | 2.8 | 2.7 |
|  |  |  |  |  |  |  |  |  |
| Miscellaneous services | 15.08 | 2.4 | 2.9 | 2.3 | 2.3 | 2.0 | 1.7 | 1.4 |
|  |  | (2.4) | (2.9) | (2.2) | (2.3) | (2.0) | (1.7) | (1.5) |
|  |  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.1 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.1 |
|  |  | (1.7) | (1.9) | (1.2) | (2.4) | (1.4) | (1.6) | (1.8) |

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 2024, which are used for the compilation of CPIs starting from the second quarter of 2025. Please refer to Note (1) for a detailed description on the methodology by the Census and Statistics Department.

(\*) Change within ±0.05%.

**Costs of factor inputs and import prices**

6.4 Domestic cost pressures stayed generally in check. Commercial rentals continued on the downward trend in the second quarter. As a proxy, the eight‑quarter moving average of shop and office rentals declined by 2.2% and 2.9% respectively. Meanwhile, latest wages and payroll per person engaged continued to increase solidly over a year earlier in the first quarter, with the increases broadly in line with labour productivity growth.



6.5 Overall external price pressures remained contained in the second quarter, though import prices continued to increase modestly. Overall import prices rose by 1.9% year-on-year in the second quarter, following an increase of 2.0% in the preceding quarter. By end-use category, import prices of foodstuffs, consumer goods, raw materials and semi-manufactures, and capital goods saw modest to moderate increases, whereas import prices of fuels fell further.

**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 |
|  |  |  |  |  |  |  |
| 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 |
| Q2 | 0.6 | 3.9 | 1.0 | -15.2 | 3.7 | 1.9 |

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 mild to moderate changes in the first quarter compared with a year earlier, largely reflecting the modest inflation in the economy. Among the selected service sectors, output prices for air transport, courier services and land transport showed some modest to moderate increases compared with a year earlier, whereas those of accommodation services and telecommunications services declined moderately. Output prices of water transport eased markedly from the high levels in the second half of 2024. Meanwhile, the increase in output prices for manufacturing accelerated somewhat.

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

**and selected service sectors**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | 2025 |
| Industry group | Annual | Q1 | Q2 | Q3 | Q4 | Q1 |
| Manufacturing | 2.9 | 1.2 | 3.1 | 3.2 | 4.1 | 4.8 |
| Selected service sectors |  |  |  |  |  |  |
| Accommodation services | -1.8 | 12.3 | -6.1 | -8.4 | -3.1 | -3.3 |
| Land transport | 1.5 | 2.8 | 1.8 | 0.8 | 0.7 | 1.0 |
| Water transport | 17.2 | -5.6 | 7.2 | 37.6 | 34.5 | 5.4 |
| Air transport | -0.8 | -7.9 | 1.7 | 5.0 | -1.5 | 3.2 |
| Telecommunications | -1.5 | -1.5 | -1.5 | -1.1 | -1.8 | -1.5 |
| Courier services | 2.9 | 5.6 | 3.8 | 1.1 | 1.1 | 2.4 |

**GDP deflator**

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*(3) rose mildly by 0.5% year-on-year in the second quarter, after increasing by 1.3% in the preceding quarter. The *terms of trade*(4) decreased by 0.6%. Taking out the external trade components, the domestic demand deflator increased by 1.7% over a year earlier in the second quarter, after rising by 2.0% 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# | Q2# |
| Private consumption expenditure | 3.0 | 3.7 | 3.3 | 2.9 | 2.3 | 1.7 | 0.9 |
| Government consumption expenditure | 1.9 | 1.8 | 1.5 | 1.9 | 2.3 | 2.4 | 0.8 |
| Gross domestic fixed capital formation | 0.4 | 2.0 | -1.2 | 0.2 | 0.9 | 2.4 | 4.4 |
| Total exports of goods& | 4.2 | 4.5 | 4.4 | 4.2 | 4.0 | 3.5 | 3.1 |
| Imports of goods& | 4.0 | 4.8 | 3.8 | 3.6 | 3.9 | 4.4 | 3.7 |
| Exports of services& | 5.8 | 5.1 | 6.0 | 7.5 | 4.5 | 2.3 | 0.6 |
| Imports of services& | 1.7 | 1.1 | 1.3 | 3.3 | 1.3 | -0.7 | 0.7 |
| **Gross Domestic Product** | **3.8** | **3.8**  **<0.7>** | **4.5**  **<1.2>** | **4.3**  **<1.0>** | **2.8**  **<-0.2>** | **1.3**  **<-0.7>** | **0.5**  **<0.4>** |
| Total final demand& | 3.8 | 4.1 | 3.8 | 3.8 | 3.3 | 2.9 | 2.4 |
| Domestic demand | 2.4 | 3.2 | 2.4 | 2.2 | 2.0 | 2.0 | 1.7 |
| Terms of trade in goods and services& | 0.7 | 0.3 | 1.1 | 1.1 | 0.4 | -0.5 | -0.6 |

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 (C&SD) updated the base period for compiling the CPIs. CPI figures quoted in this report refer to the 2019/20-based series unless otherwise stated. To capture more recent changes in household consumption patterns for CPI compilation, C&SD has since 2021 adopted an enhanced framework to review the CPI expenditure weights annually. The subsequent update of CPI expenditure weights was first triggered in 2024, as more observable changes in the expenditure weights were identified. Specifically, CPIs for the second quarter of 2024 to the first quarter of 2025 are compiled based on the expenditure weights for 2023, while CPIs starting from the second quarter of 2025 are compiled based on the expenditure weights for 2024. As for CPIs for the first quarter of 2024 and before, they are compiled based on the expenditure weights for 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 2024 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Expenditure  component | Composite CPI | CPI(A) | CPI(B) | CPI(C) |
|  | (%) | (%) | (%) | (%) |
| Food | 25.53 | 30.62 | 25.14 | 20.08 |
| *Meals out and takeaway food* | *16.82* | *18.83* | *17.13* | *14.05* |
| *Basic food* | *8.71* | *11.79* | *8.01* | *6.03* |
| Housing | 38.89 | 40.17 | 39.08 | 37.12 |
| *Private housing rent* | *33.74* | *32.51* | *35.19* | *33.15* |
| *Public housing rent* | *2.05* | *5.42* | *0.68* | *--* |
| *Management fees and other housing charges* | *3.10* | *2.24* | *3.21* | *3.97* |
| Electricity, gas and water | 2.97 | 4.10 | 2.73 | 1.98 |
| Alcoholic drinks and tobacco | 0.48 | 0.75 | 0.40 | 0.26 |
| Clothing and footwear | 2.46 | 1.82 | 2.57 | 3.09 |
| Durable goods | 3.73 | 3.07 | 3.70 | 4.55 |
| Miscellaneous goods | 3.37 | 3.31 | 3.52 | 3.25 |
| Transport | 7.49 | 5.50 | 7.70 | 9.53 |
| Miscellaneous services | 15.08 | 10.66 | 15.16 | 20.14 |
| 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.