CHAPTER 6 : PRICES

***Summary***

* *Consumer price inflation stayed modest in the third quarter of 2025, amid mild price pressures from domestic and external fronts. The underlying Composite Consumer Price Index (Composite CPI)(1), which nets out the effects of the Government’s one-off relief measures, increased by 1.0% in the third quarter over a year earlier, following the 1.1% increase in the preceding quarter. The headline Composite CPI rose by 1.1% in the third quarter. Price pressures on major components remained tame across the board.*
* *Domestic price pressures continued to stay in check in the third quarter. Commercial rentals remained on a downward trend, while the increases in labour earnings were well underpinned by the concurrent labour productivity growth. The nascent recovery of the local consumption market also kept suppliers prudent in raising prices. External price pressures continued to be subdued during the quarter, thanks to the generally moderate international food and commodity prices and the benign inflation in major import sources.*

**Consumer prices**

6.1 Consumer price inflation stayed modest in the third quarter of 2025,amid mild price pressures from domestic and external fronts. Price pressures on major components remained tame across the board. Domestic price pressures continued to stay in check. Commercial rentals remained on a downward trend, while the increases in labour earnings were well underpinned by the concurrent labour productivity growth. The nascent recovery of the local consumption market also kept suppliers prudent in raising prices. External price pressures continued to be subdued, thanks to the generally moderate international food and commodity prices and the benign inflation in major import sources.



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 third quarter, following the 1.1% increase in the preceding quarter. The headline Composite CPI inflation rate was 1.1% in the third quarter, slightly higher than its underlying counterpart, partly distorted by the low base of comparison a year ago(2).

**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 |
|  | Q3 | 1.0 | 1.1 | 1.5 | 1.0 | 0.7 |
|  |  |  |  |  |  |  |
| **(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 |
|  | Q3 | 0.4 | 0.8 | 1.1 | 0.7 | 0.5 |

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 third quarter by major component, food prices as a whole continued to record a mild year-on-year rise of 0.8%. Within this category, prices of meals out and takeaway food rose further by 1.3% over a year earlier, whereas prices of basic food saw a smaller decline of 0.1%. Private housing rentals increased further by 1.1%, same as the increase in the previous quarter. Public housing rentals continued to see a visible year-on-year increase, reflecting the upward adjustment of public housing rents since October 2024. As for other major components, prices of transport, alcoholic drinks and tobacco, miscellaneous services, electricity, gas and water, and miscellaneous goods recorded marginal to modest increases in the third quarter, while prices of clothing and footwear and durable goods again registered moderate declines.







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 | Q3 |
|  |  |  |  |  |  |  |  |  |  |
| Food | 25.53 | 1.5 | 1.7 | 1.8 | 1.6 | 0.9 | 0.5 | 0.5 | 0.8 |
|  |  |  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | *16.82* | *2.6* | *3.4* | *3.0* | *2.3* | *1.7* | *1.4* | *1.3* | *1.3* |
| *Basic food* | *8.71* | *-0.3* | *-1.0* | *\** | *0.3* | *-0.4* | *-1.1* | *-1.0* | *-0.1* |
|  |  |  |  |  |  |  |  |  |  |
| Housing(a) | 38.89 | 0.9 | 0.5 | 0.7 | 0.8 | 1.4 | 1.5 | 1.8 | 1.7 |
|  |  | (2.1) | (3.0) | (1.1) | (3.3) | (0.9) | (1.5) | (2.8) | (1.7) |
|  |  |  |  |  |  |  |  |  |  |
| *Private housing rent* | *33.74* | *0.5* | *0.2* | *0.4* | *0.6* | *0.6* | *0.8* | *1.1* | *1.1* |
|  |  | *(1.4)* | *(2.0)* | *(0.5)* | *(2.4)* | *(0.6)* | *(0.8)* | *(2.0)* | *(1.1)* |
|  |  |  |  |  |  |  |  |  |  |
| *Public housing rent* | *2.05* | *2.9* | *0.3* | *0.4* | *0.4* | *10.5* | *10.5* | *10.8* | *10.8* |
|  |  | *(7.2)* | *(13.5)* | *(1.2)* | *(13.6)* | *(1.3)* | *(10.5)* | *(16.4)* | *(10.8)* |
|  |  |  |  |  |  |  |  |  |  |
| Electricity, gas and water | 2.97 | -5.2 | -6.9 | -8.4 | -4.8 | -0.5 | 2.2 | 1.6 | 0.2 |
|  |  | (-0.3) | (-8.0) | (-6.7) | (4.5) | (9.9) | (13.5) | (11.0) | (0.6) |
|  |  |  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.48 | 19.6 | 14.3 | 21.0 | 21.4 | 21.4 | 14.7 | 0.8 | 1.9 |
|  |  |  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.46 | -0.5 | 1.6 | 0.4 | -1.5 | -2.3 | -2.7 | -4.5 | -3.3 |
|  |  |  |  |  |  |  |  |  |  |
| Durable goods | 3.73 | -1.0 | -1.4 | -0.8 | -0.7 | -0.9 | -0.9 | -2.1 | -2.8 |
|  |  |  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.37 | 1.2 | 1.3 | 1.0 | 1.0 | 1.3 | 1.1 | 0.9 | 0.3 |
|  |  |  |  |  |  |  |  |  |  |
| Transport | 7.49 | 2.0 | 2.1 | 1.9 | 2.2 | 1.7 | 2.8 | 2.7 | 2.0 |
|  |  |  |  |  |  |  |  |  |  |
| Miscellaneous services | 15.08 | 2.4 | 2.9 | 2.3 | 2.3 | 2.0 | 1.7 | 1.4 | 1.3 |
|  |  | (2.4) | (2.9) | (2.2) | (2.3) | (2.0) | (1.7) | (1.5) | (1.3) |
|  |  |  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.1 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.1 | 1.0 |
|  |  | (1.7) | (1.9) | (1.2) | (2.4) | (1.4) | (1.6) | (1.8) | (1.1) |

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 continued to stay in check in the third quarter. Commercial rentals remained on a downward trend. As a proxy, the eight‑quarter moving averages of shop and office rentals both declined further by 3.3% year-on-year. Meanwhile, latest establishment-based data up to the second quarter showed that wages and payroll per person engaged grew moderately, and so did the average employment earnings in the third quarter as shown in the more recent household-based data. The increases in labour earnings in general were well underpinned by the concurrent labour productivity growth.



6.5 External price pressures continued to be subdued in the third quarter, thanks to the generally moderate international food and commodity prices and the benign inflation in major import sources. Overall import prices increased by 1.9% in the third quarter over a year earlier, same as the increase in the preceding quarter. By end-use category, import prices of foodstuffs, consumer goods, raw materials and semi-manufactures, and capital goods registered modest to moderate increases, while import prices of fuels continued to decline.

**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 |
| Q3 | 0.6 | 3.1 | 1.6 | -8.5 | 2.7 | 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*(3), showed mixed movements in the second quarter, but in general continued to reflect a modest inflation in the economy. Specifically, output prices for the manufacturing sector increased moderately further over a year earlier. Among the selected service sectors, output prices of accommodation services and telecommunications recorded further modest declines. Output prices for water transport turned to decrease, reflecting the pressure on sea and river freight rates at the time as the relevant cargo throughput contracted. Output prices for air transport also declined, partly reflecting the declines in passenger fares charged by airliners amid intense competition. Meanwhile, output prices of courier services and land transport increased modestly.

**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 | Q2 |
| Manufacturing | 2.9 | 1.2 | 3.1 | 3.2 | 4.1 | 4.8 | 4.0 |
| Selected service sectors |  |  |  |  |  |  |  |
| Accommodation services | -1.8 | 12.3 | -6.1 | -8.4 | -3.1 | -3.3 | -1.9 |
| Land transport | 1.5 | 2.8 | 1.8 | 0.8 | 0.7 | 1.0 | 1.5 |
| Water transport | 17.2 | -5.6 | 7.2 | 37.6 | 34.5 | 5.4 | -5.8 |
| Air transport | -0.8 | -7.9 | 1.7 | 5.0 | -1.5 | 3.2 | -4.2 |
| Telecommunications | -1.5 | -1.5 | -1.5 | -1.1 | -1.8 | -1.5 | -1.9 |
| Courier services | 2.9 | 5.6 | 3.8 | 1.1 | 1.1 | 2.4 | 1.9 |

**GDP deflator**

6.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*(4) rose by 1.0% year-on-year in the third quarter, after increasing by 0.7% in the preceding quarter.  The *terms of trade*(5) decreased by 0.3%, narrowed from a 0.5% decline in the preceding quarter.  Taking out the external trade components, the domestic demand deflator increased by 1.3% over a year earlier in the third quarter, after rising by 1.7% 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# | Q3# |
| Private consumption expenditure | 3.0 | 3.7 | 3.3 | 2.9 | 2.3 | 1.7 | 1.0 | 1.4 |
| Government consumption expenditure | 1.9 | 1.8 | 1.5 | 1.9 | 2.3 | 2.4 | 0.8 | 0.6 |
| Gross domestic fixed capital formation | 0.4 | 2.0 | -1.2 | 0.2 | 0.9 | 2.4 | 4.5 | 1.1 |
| Total exports of goods& | 4.2 | 4.5 | 4.4 | 4.2 | 4.0 | 3.5 | 3.1 | 3.4 |
| Imports of goods& | 4.0 | 4.8 | 3.8 | 3.6 | 3.9 | 4.4 | 3.7 | 3.7 |
| Exports of services& | 5.8 | 5.1 | 6.0 | 7.5 | 4.5 | 2.3 | 1.0 | -0.5 |
| Imports of services& | 1.7 | 1.1 | 1.3 | 3.3 | 1.3 | -0.7 | 0.4 | -0.9 |
| **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>** | **0.7**  **<0.6>** | **1.0**  **<1.2>** |
| Total final demand& | 3.8 | 4.1 | 3.8 | 3.8 | 3.3 | 2.9 | 2.5 | 2.4 |
| Domestic demand | 2.4 | 3.2 | 2.4 | 2.2 | 2.0 | 2.0 | 1.7 | 1.3 |
| Terms of trade in goods and services& | 0.7 | 0.3 | 1.1 | 1.1 | 0.4 | -0.5 | -0.5 | -0.3 |

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 headline Composite CPI inflation rate in the third quarter of 2025 was marginally higher than the underlying Composite CPI inflation rate. While the electricity charges subsidies in the third quarter of 2025 were the same as a year ago and there were no rates concessions in the third quarters of both years, the higher headline inflation rate in the third quarter of 2025 was mainly attributable to a larger remaining balance of electricity charges subsidies credited to households being carried forward in the third quarter of 2024.

(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.