CHAPTER 7 : PRICES

***Summary***

* *Underlying consumer price inflation remained modest throughout 2025. Cost pressures on the domestic and external fronts stayed mild, and firms in general remained prudent in raising prices amid the early stage of recovery in local consumption. 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% in 2025, same as the preceding year. Price pressures on major components were generally soft.*
* *Meanwhile, the headline Composite CPI inflation rate averaged 1.4% in 2025, compared to 1.7% in 2024. The somewhat higher headline inflation rate than its underlying counterpart in 2025 was mainly due to the smaller amount of electricity charges subsidy and lower rates concession offered by the Government compared with the previous year.*
* *Domestic cost pressures were generally in check in 2025. Commercial rents continued to trend downwards during the year, while the increases in general labour earnings were broadly commensurate with the labour productivity growth over the same period, keeping labour cost pressures contained.*
* *External price pressures were subdued in 2025, with overall import prices rising only modestly amid mild inflation in major import sources.*

**Consumer prices**

7.1 Underlying consumer price inflation remained modest throughout 2025. Price pressures on major components were generally soft. Domestically, cost pressures were generally in check. Commercial rents continued to trend downwards during the year, while the increases in general labour earnings were broadly commensurate with the labour productivity growth over the same period, keeping labour cost pressures contained. Firms in general remained prudent in raising prices amid the early stage of recovery in local consumption. Externally, price pressures were subdued, with overall import prices rising only modestly amid mild inflation in major import sources.



7.2 Underlying consumer price inflation, in terms of the year-on-year rate of increase in the underlying Composite CPI which nets out the effects of the Government’s one-off relief measures, was 1.1% in 2025, same as the preceding year. Meanwhile, the headline Composite CPI inflation rate averaged 1.4% in 2025, compared to 1.7% in 2024. The headline Composite CPI inflation rate continued to be somewhat higher than its underlying counterpart in 2025, mainly due to the smaller amount of electricity charges subsidy and lower rates concession offered by the Government compared with the previous year.

**Table 7.1 : 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 | Annual | 1.1 | 1.4 | 1.9 | 1.3 | 1.1 |
|  | 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 |
|  | Q4 | 1.1 | 1.3 | 1.4 | 1.2 | 1.2 |
|  |  |  |  |  |  |  |
| **(seasonally adjusted quarter-to-quarter rate of change (%))** | | | | | | |
|  |  |  |  |  |  |  |
| 2024 | Q1 | 0.1 | 0.1 | \* | 0.1 | \* |
|  | Q2 | 0.3 | -0.4 | -0.6 | -0.3 | -0.1 |
|  | Q3 | 0.4 | 1.5 | 2.1 | 1.3 | 1.0 |
|  | Q4 | 0.4 | 0.2 | 0.2 | 0.3 | 0.2 |
|  |  |  |  |  |  |  |
| 2025 | Q1 | 0.1 | 0.3 | 0.6 | 0.2 | 0.2 |
|  | Q2 | 0.2 | -0.2 | -0.3 | -0.2 | -0.1 |
|  | Q3 | 0.3 | 0.7 | 1.0 | 0.6 | 0.4 |
|  | Q4 | 0.4 | 0.4 | 0.2 | 0.5 | 0.7 |

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%.

7.3 Analysing the underlying Composite CPI in 2025 by major component, food prices as a whole rose mildly by 0.7% over a year earlier. Within this category, prices of meals out and takeaway food registered an increase of 1.3%, whereas prices of basic food saw a mild decline of 0.4%. Private housing rentals increased mildly by 1.0%. Public housing rentals rose visibly, reflecting the upward adjustment of public housing rents since October 2024. As for other major components, prices of transport, miscellaneous services, miscellaneous goods, and electricity, gas and water recorded marginal to moderate increases in 2025, while prices of clothing and footwear and durable goods continued to decline. Prices of alcoholic drinks and tobacco increased visibly in early 2025, reflecting the surge in tobacco duty with effect in late February 2024, but the increase tapered in the rest of 2025, showing only moderate increases.







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

Table 7.2 : Underlying Composite CPI by component

**(year‑on‑year rate of change (%))**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2024 | 2025 | | | | |
| Expenditure component | Weighting (%)^ | Annual | Annual | Q1 | Q2 | Q3 | Q4 |
|  |  |  |  |  |  |  |  |
| Food | 25.53 | 1.5 | 0.7 | 0.5 | 0.5 | 0.8 | 1.0 |
|  |  |  |  |  |  |  |  |
| *Meals out and takeaway food* | *16.82* | *2.6* | *1.3* | *1.4* | *1.3* | *1.3* | *1.2* |
| *Basic food* | *8.71* | *-0.3* | *-0.4* | *-1.1* | *-1.0* | *-0.1* | *0.5* |
|  |  |  |  |  |  |  |  |
| Housing(a) | 38.89 | 0.9 | 1.5 | 1.5 | 1.8 | 1.7 | 1.1 |
|  |  | (2.1) | (1.9) | (1.5) | (2.8) | (1.7) | (1.6) |
|  |  |  |  |  |  |  |  |
| *Private housing rent* | *33.74* | *0.5* | *1.0* | *0.8* | *1.1* | *1.1* | *1.0* |
|  |  | *(1.4)* | *(1.2)* | *(0.8)* | *(2.0)* | *(1.1)* | *(1.0)* |
|  |  |  |  |  |  |  |  |
| *Public housing rent* | *2.05* | *2.9* | *7.9* | *10.5* | *10.8* | *10.8* | *0.5* |
|  |  | *(7.2)* | *(11.7)* | *(10.5)* | *(16.4)* | *(10.8)* | *(9.6)* |
|  |  |  |  |  |  |  |  |
| Electricity, gas and water | 2.97 | -5.2 | 0.7 | 2.2 | 1.6 | 0.2 | -1.0 |
|  |  | (-0.3) | (5.8) | (13.5) | (11.0) | (0.6) | (-0.8) |
|  |  |  |  |  |  |  |  |
| Alcoholic drinks and tobacco | 0.48 | 19.6 | 4.5 | 14.7 | 0.8 | 1.9 | 2.0 |
|  |  |  |  |  |  |  |  |
| Clothing and footwear | 2.46 | -0.5 | -3.5 | -2.7 | -4.5 | -3.3 | -3.6 |
|  |  |  |  |  |  |  |  |
| Durable goods | 3.73 | -1.0 | -2.2 | -0.9 | -2.1 | -2.8 | -3.1 |
|  |  |  |  |  |  |  |  |
| Miscellaneous goods | 3.37 | 1.2 | 0.9 | 1.1 | 0.9 | 0.3 | 1.3 |
|  |  |  |  |  |  |  |  |
| Transport | 7.49 | 2.0 | 2.8 | 2.8 | 2.7 | 2.0 | 3.7 |
|  |  |  |  |  |  |  |  |
| Miscellaneous services | 15.08 | 2.4 | 1.6 | 1.7 | 1.4 | 1.3 | 2.1 |
|  |  | (2.4) | (1.6) | (1.7) | (1.5) | (1.3) | (2.0) |
|  |  |  |  |  |  |  |  |
| All items | 100.00 | 1.1 | 1.1 | 1.2 | 1.1 | 1.0 | 1.1 |
|  |  | (1.7) | (1.4) | (1.6) | (1.8) | (1.1) | (1.3) |

Notes : (^) 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.

( ) Figures in brackets represent the headline rates of change before netting out the effects of Government’s one-off relief measures.

(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.

**Costs of factor inputs and import prices**

7.4 Domestic cost pressures were generally in check in 2025. The downtrend in commercial rents continued during the year. As a proxy, the eight‑quarter moving averages of office rentals and shop rentals fell further by 3.6% and 4.4% respectively in 2025. As for labour cost, data from establishments and households generally showed that labour earnings saw further moderate growth in 2025. The increases in general labour earnings were broadly commensurate with the labour productivity growth over the same period, keeping the increase in labour costs contained on a unit cost basis(2).



7.5 External price pressures were subdued in 2025. Overall import prices rose modestly by 2.2% in 2025 amid mild inflation in major import sources, a deceleration from the 3.2% rise in the preceding year. By end‑use category, import prices of foodstuffs, consumer goods, raw materials and semi‑manufactures, and capital goods continued to register modest to moderate increases in 2025, while import prices of fuels decreased further.

**Table 7.3 : 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 Annual | 0.1 | 3.8 | 1.7 | -10.0 | 3.3 | 2.2 |
|  |  |  |  |  |  |  |
| 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 |
| Q4 | \* | 3.4 | 3.7 | -7.4 | 2.6 | 2.9 |
|  |  |  |  |  |  |  |

Note: (\*) Change within ±0.05%.





**Output prices**

7.6 Output prices of various selected sectors, as measured by their corresponding *Producer Price Indices*(3), exhibited varied movements in the first three quarters of 2025, but still broadly reflected the modest inflation in the economy. Specifically, accommodation services and telecommunications decreased modestly. Meanwhile, output prices for water transport retreated throughout 2025 after the earlier spike in prices in the latter part of 2024, as disruptions to global shipping routes due to geopolitical tensions eased partially. Output prices for air transport continued to decrease, reflecting the fall in airline fares amid keen competition. Separately, output prices of courier services and land transport recorded further modest increases. As for output prices of manufacturing, the acceleration was mainly due to a pick‑up in output prices of metal, computer, electronic and optical products, machinery and equipment, conceivably arising from a strong demand for relevant products.

**Table 7.4 : 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-Q3 | Q1 | Q2 | Q3 |
| Manufacturing | 2.9 | 1.2 | 3.1 | 3.2 | 4.1 | | 5.5 | 4.8 | 4.0 | 7.7 |
| Selected service sectors |  |  |  |  |  | |  |  |  |  |
| Accommodation services | -1.8 | 12.3 | -6.1 | -8.4 | -3.1 | | -1.8 | -3.3 | -1.9 | -0.2 |
| Land transport | 1.5 | 2.8 | 1.8 | 0.8 | 0.7 | | 1.3 | 1.0 | 1.5 | 1.3 |
| Water transport | 17.2 | -5.6 | 7.2 | 37.6 | 34.5 | | -7.6 | 5.4 | -5.8 | -19.2 |
| Air transport | -0.8 | -7.9 | 1.7 | 5.0 | -1.5 | | -3.2 | 3.2 | -4.2 | -8.4 |
| Telecommunications | -1.5 | -1.5 | -1.5 | -1.1 | -1.8 | | -1.9 | -1.5 | -1.9 | -2.2 |
| Courier services | 2.9 | 5.6 | 3.8 | 1.1 | 1.1 | | 2.7 | 2.4 | 1.9 | 3.8 |

Note : (\*) Change within ±0.05%.

**GDP deflator**

7.7 As a broad measure of the overall change in prices in the economy, the *GDP deflator*(4) increased by 1.0% in 2025, a deceleration from the increase of 4.2% in the preceding year. The *terms of trade*(5) turned to a mild decline of 0.3% in 2025, after increasing by 0.7% in the preceding year. Taking out the external trade components, the domestic demand deflator rose by 1.5% in 2025, a deceleration from the 2.8% increase in the preceding year.



**Table 7.5 : GDP deflator and the main expenditure component deflators**

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | 2025 | | | | |
|  | Annual# | Q1# | Q2# | Q3# | Q4# | Annual# | Q1# | Q2# | Q3# | Q4# |
| Private consumption expenditure | 2.9 | 3.6 | 3.2 | 2.8 | 2.2 | 1.2 | 1.6 | 0.9 | 1.2 | 1.1 |
| Government consumption expenditure | 2.0 | 1.8 | 1.6 | 2.0 | 2.5 | 1.2 | 2.5 | 0.8 | 0.8 | 0.5 |
| Gross domestic fixed  capital formation | 2.6 | 2.8 | 0.4 | 3.5 | 3.6 | 2.3 | 2.7 | 5.4 | 1.0 | 0.5 |
| Total exports of goods& | 4.2 | 4.5 | 4.4 | 4.2 | 3.9 | 3.8 | 3.4 | 3.1 | 3.4 | 5.1 |
| Imports of goods& | 4.0 | 4.8 | 3.7 | 3.6 | 3.9 | 4.2 | 4.4 | 3.7 | 3.7 | 5.0 |
| Exports of services& | 5.6 | 4.7 | 5.9 | 7.4 | 4.5 | 1.0 | 2.5 | 0.7 | -0.7 | 1.5 |
| Imports of services& | 1.4 | 0.9 | 0.9 | 3.1 | 1.1 | \* | -0.9 | 0.5 | -0.7 | 1.0 |
| **Gross Domestic Product** | **4.2** | **3.9**  **<1.3>** | **4.8**  **<1.3>** | **4.9**  **<0.6>** | **3.1**  **<-0.2>** | **1.0** | **1.3**  **<-0.3>** | **0.7**  **<0.5>** | **0.8**  **<0.6>** | **1.3**  **<0.4>** |
| Total final demand& | 3.9 | 4.2 | 3.9 | 4.0 | 3.4 | 2.8 | 2.9 | 2.5 | 2.3 | 3.5 |
| Domestic demand | 2.8 | 3.4 | 2.7 | 2.8 | 2.3 | 1.5 | 2.0 | 1.8 | 1.2 | 1.2 |
| Terms of trade in goods and services& | 0.7 | 0.3 | 1.1 | 1.1 | 0.4 | -0.3 | -0.4 | -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.

(\*) Change within ±0.05%.

**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. 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 2025 prices) |
|  | (%) | ($) |
| CPI(A) | 50 | 7,000 to 29,800 |
| CPI(B) | 30 | 29,800 to 51,500 |
| CPI(C) | 10 | 51,500 to 98,000 |

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 specific reference periods of expenditure weights adopted in the CPIs since then are as follows:

|  |  |
| --- | --- |
| CPIs by reference period | Reference period of expenditure weights adopted: |
| Before Q2 2024 | October 2019 – September 2020 |
| From Q2 2024 – Q1 2025 | Whole year of 2023 |
| From Q2 2025 onwards | Whole year of 2024 |

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) Labour productivity growth is reflected by the difference between the grow in real output and the grow in labour input of the economy. According to the Labour Productivity Index (LPI) available up to 2024 compiled by the Census and Statistics Department, labour productivity increased in recent years, with the LPI rising by 2.3% in 2024. Labour productivity should rise further at a somewhat accelerated rate in 2025, considering the 3.5% annual growth in real GDP alongside a decline in total employment. This should help cushion the increase in labour cost pressures on a unit cost basis, against the further increases in wages and earnings in 2025 (up by around 3% year-on-year for nominal wages and payroll respectively on average for the first three quarters).

(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.