

Consumer Price Indices for February 2019

The Census and Statistics Department (C&SD) released today (March 21) the Consumer Price Index (CPI) figures for February 2019. According to the Composite CPI, overall consumer prices rose by 2.1% in February 2019 over the same month a year earlier, smaller than the corresponding increase (2.4%) in January 2019. Netting out the effects of all Government's one-off relief measures, the year-on-year rate of increase in the Composite CPI (i.e. the underlying inflation rate) in February 2019 was 2.6%, smaller than that in January 2019 (3.0%), mainly due to the smaller increases in the costs for meals bought away from home and the charges for package tours.

It should be noted that consumer prices tend to show greater volatility in the first two months of a year due to the timing of the Lunar New Year. As the Lunar New Year fell in early February this year but in mid-February last year, the year-on-year comparison of the figures for January and February 2019 might have been affected by this factor to a certain extent. Taking the first 2 months of 2019 together to neutralise the effect of the Lunar New Year, the Composite CPI rose by 2.3% over a year earlier. Netting out the effect of all Government's one-off relief measures, the Composite CPI rose by 2.8% in the first 2 months of 2019 over a year earlier.

On a seasonally adjusted basis, the average monthly rate of increase in the Composite CPI for the 3-month period ending February 2019 was 0.2%, and that for the 3-month period ending January 2019 was 0.1%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of increase were both 0.2%.

Analysed by sub-index, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 2.6%, 1.9% and 1.8% respectively in February 2019, as compared to 2.8%, 2.3% and 2.3% respectively in January 2019. Netting out the effects of all Government's one-off relief measures, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 3.2%, 2.4% and 2.1% respectively in February 2019, as compared to 3.3%, 2.9% and 2.6% respectively in January 2019.

Taking the first 2 months of 2019 together, the CPI(A), CPI(B) and CPI(C) rose by 2.7%, 2.1% and 2.0% respectively over a year earlier. Netting out the effects of all Government's one-off relief measures, the CPI(A), CPI(B) and CPI(C) rose by 3.3%, 2.7% and 2.4% respectively in the first 2 months of 2019 over a year earlier.

On a seasonally adjusted basis, for the 3-month period ending February 2019, the average monthly rates of increase in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were 0.2%, 0.2% and 0.1% respectively. The corresponding rates of change for the 3-month period ending January 2019 were virtually nil, 0.1% and 0.2% respectively. Netting out the effects of all Government's one-off relief measures, the corresponding average monthly rates

of increase in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the 3-month period ending February 2019 were 0.3%, 0.2% and 0.2% respectively, and the corresponding rates of increase for the 3-month period ending January 2019 were 0.1%, 0.2% and 0.2% respectively.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in February 2019 for food (excluding meals bought away from home) (4.9%), housing (3.0%), alcoholic drinks and tobacco (2.6%), meals bought away from home (2.0%), miscellaneous services (1.6%), miscellaneous goods (1.4%) and transport (1.4%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in February 2019 for electricity, gas and water (-4.7%); durable goods (-1.7%) as well as clothing and footwear (-1.5%).

For the 3 months ending February 2019, the Composite CPI rose by 2.4% over a year earlier, while the CPI(A), CPI(B) and CPI(C) rose by 2.8%, 2.2% and 2.1% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 2.8%, 3.3%, 2.7% and 2.5% respectively.

For the 12 months ending February 2019, the Composite CPI was on average 2.4% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 2.7%, 2.3% and 2.2% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 2.7%, 3.1%, 2.7% and 2.4% respectively.

Commentary

A Government spokesman said that underlying inflation was largely stable in recent months. Taking the first two months of 2019 together to neutralise the distortions by the timing of the Lunar New Year, the underlying inflation rate edged down to 2.8% from 2.9% in December 2018.

Looking ahead, the upside risks to inflation should remain contained. The earlier moderation in fresh-letting residential rentals could have a mitigating effect in the period ahead, and external price pressures have also stayed moderate recently. The Government will continue to monitor the inflation developments closely, particularly the impact on the lower-income people.

Further information

The CPIs and year-on-year rates of change at section level for February 2019 are shown in Table 1. The time series on the year-on-year rates of change in the CPIs before and after removing the effects of all Government's one-off relief measures are shown in Table 2. For discerning the latest trend in consumer prices, it is also useful to look at the changes in the seasonally adjusted CPIs. The corresponding time series on the average monthly rates of change during the latest 3 months for the seasonally adjusted CPIs are shown in Table 3. The rates of change in the original and

the seasonally adjusted Composite CPI and the underlying inflation rate are presented graphically in Chart 1.

More detailed CPI data (including year-on-year comparison, month-to-month comparison, seasonally adjusted data series and the CPIs by the Classification of Individual Consumption According to Purpose (COICOP)) are available in the monthly reports. Users can download the February 2019 issue of the "Monthly Report on the Consumer Price Index" (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=B1060001), the time series of CPIs at detailed level (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600001), the time series of CPIs at COICOP division level (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600002) and the time series of CPIs after netting out the effects of all Government's one-off relief measures (www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=D5600003) free of charge at the website of the C&SD.

For enquiries about the CPIs, please contact the Consumer Price Index Section of the C&SD (Tel: 3903 7374 or email: cpi@censtatd.gov.hk).