

Consumer Price Indices for February 2021

The Census and Statistics Department (C&SD) released today (March 22) the Consumer Price Index (CPI) figures for February 2021. According to the Composite CPI, overall consumer prices rose by 0.3% in February 2021 over the same month a year earlier, smaller than the corresponding increase (1.9%) in January 2021. The larger increase in January 2021 was attributable to the low base of comparison in January 2020 arising from the Government's payment of public housing rentals and waiver of two-thirds of rent for tenants of Group B estates by Hong Kong Housing Society in January 2020. Netting out the effects of all Government's one-off relief measures, the year-on-year rate of change in the Composite CPI (i.e. the underlying inflation rate) in February 2021 was -0.1%. The decrease was smaller than the corresponding decrease in January 2021 (-0.5%), mainly due to the increases in the costs for meals bought away from home and the charges for household services.

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 mid-February this year but in late January last year, the year-on-year comparison of the figures for January and February 2021 might have been affected by this factor to a certain extent. Taking the first two months of 2021 together to neutralise the effect of the Lunar New Year, the Composite CPI rose by 1.1% over a year earlier. Netting out the effect of all Government's one-off relief measures, the corresponding rate of change was -0.3%.

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the 3-month period ending February 2021 was 0.0%, and that for the 3-month period ending January 2021 was 0.2%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were -0.1% and 0.1%.

Analysed by sub-index, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were 0.9%, 0.0% and 0.0% respectively in February 2021, as compared to 6.3%, 0.1% and -0.3% respectively in January 2021. Netting out the effects of all Government's one-off relief measures, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were 0.4%, -0.3% and -0.2% respectively in February 2021, as compared to -0.1%, -0.7% and -0.5% respectively in January 2021.

Taking the first two months of 2021 together, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were 3.5%, 0.0% and -0.2% respectively. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were 0.1%, -0.5% and -0.4% respectively.

On a seasonally adjusted basis, for the 3-month period ending February 2021, the average monthly rates of change in the seasonally adjusted CPI(A),

CPI(B) and CPI(C) were 0.2%, 0.0% and -0.1% respectively. The corresponding rates of change for the 3-month period ending January 2021 were 0.3%, 0.2% and 0.2% respectively. Netting out the effects of all Government's one-off relief measures, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the 3-month period ending February 2021 were 0.0%, -0.1% and -0.2% respectively, and the corresponding rates of change for the 3-month period ending January 2021 were 0.0%, 0.0% and 0.1% respectively.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in February 2021 for electricity, gas and water (19.3%); food (excluding meals bought away from home) (1.5%); miscellaneous services (1.2%) and meals bought away from home (0.2%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in February 2021 for clothing and footwear (-3.9%), transport (-2.9%), durable goods (-1.7%), alcoholic drinks and tobacco (-0.9%), housing (-0.2%) and miscellaneous goods (-0.1%).

For the three months ending February 2021, the Composite CPI rose by 0.5% over a year earlier. The respective rates of change in the CPI(A), CPI(B) and CPI(C) were 2.1%, -0.3% and -0.3%. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were -0.2%, 0.2%, -0.4% and -0.3%.

For the 12 months ending February 2021, the Composite CPI was on average 0.2% higher than that in the preceding 12-month period. The respective rates of change in the CPI(A), CPI(B) and CPI(C) were 0.0%, 0.3% and 0.3% respectively. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were 0.7%, 1.1%, 0.6% and 0.5% respectively.

Commentary

A Government spokesman said that taking the first two months of 2021 together to neutralise the distortions caused by the timing of the Lunar New Year, underlying consumer prices registered a small year-on-year decline of 0.3%, mainly reflecting the narrowed increase in food prices and the enlarged fall in private housing rentals. Meanwhile, price pressures on other major CPI components remained very mild.

Looking ahead, as it will take time for global and local economic activities to return to pre-recession levels, price pressures should stay mild in the near term. The Government will continue to monitor the situation closely.

Further information

The CPIs and year-on-year rates of change at section level for February 2021 are shown in Table 1. The time series on the year-on-year rates of change in the CPIs before and after netting out 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 2021 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) at the website of the C&SD.

The current CPI series are compiled based on the expenditure patterns obtained from the 2014/15 Household Expenditure Survey (HES). The 2019/20 HES is being conducted to collect information for updating the expenditure weights of the CPI series and the new 2019/20-based CPI series will be available around mid-2021. As a result of the rebasing exercise, the year-on-year changes of the new 2019/20-based CPI series will be compiled from October 2020 onwards. The year-on-year changes compiled from the new 2019/20-based CPI series may be different from those compiled from the current 2014/15-based CPI series. The 2014/15-based CPI series will continue to be compiled and published until the reference month of December 2021.

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).