

# Consumer Price Indices for January 2021

The Census and Statistics Department (C&SD) released today (February 22) the Consumer Price Index (CPI) figures for January 2021. According to the Composite CPI, overall consumer prices rose by 1.9% in January 2021 over the same month a year earlier, after a decrease of 0.7% in December 2020. The increase in January was mainly due to the low base of comparison resulted 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 last year. 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 January 2021 was -0.5%, lower than that in December 2020 (0.0%). The decrease was mainly due to the decreases in the costs for meals bought away from home and the enlarged decreases in the prices of pork.

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the 3-month period ending January 2021 was 0.2%, and that for the 3-month period ending December 2020 was 0.6%. 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 6.3%, 0.1% and -0.3% respectively in January 2021, as compared to -0.7%, -0.9% and -0.5% respectively in December 2020. 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 -0.1%, -0.7% and -0.5% respectively in January 2021, as compared to 0.4%, -0.3% and -0.1% respectively in December 2020.

On a seasonally adjusted basis, for the 3-month period ending January 2021, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were 0.3%, 0.2% and 0.2% respectively. The corresponding rates of change for the 3-month period ending December 2020 were 1.9%, 0.0% and -0.1% 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 January 2021 were 0.0%, 0.0% and 0.1% respectively, and the corresponding rates of change for the 3-month period ending December 2020 were -0.1%, -0.1% and 0.0% respectively.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in January 2021 for electricity, gas and water (19.1%); housing (6.1%); alcoholic drinks and tobacco (2.5%) as well as miscellaneous goods (0.8%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in January 2021 for transport (-3.1%), clothing

and footwear (-2.6%), durable goods (-1.8%), meals bought away from home (-0.8%), food (excluding meals bought away from home) (-0.3%) and miscellaneous services (-0.2%).

For the three months ending January 2021, the Composite CPI rose by 0.4% over a year earlier. The respective rates of change in the CPI(A), CPI(B) and CPI(C) were 1.7%, -0.4% and -0.3%. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were -0.1%, 0.3%, -0.4% and -0.2%.

For the 12 months ending January 2021, the Composite CPI was on average 0.4% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 0.2%, 0.4% and 0.5% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 1.0%, 1.4%, 0.8% and 0.7% respectively.

## Commentary

A Government spokesman said that underlying consumer prices turned to a year-on-year decline of 0.5% in January, distorted by the fall in food prices against a high base of comparison last year due to the earlier arrival of the Lunar New Year (which fell in January last year but February this year). It would thus be more meaningful to examine the figures for January and February combined, when available, to assess the underlying inflation situation. On the other hand, headline consumer prices rose by 1.9% in January over a year earlier, due to the low base of comparison caused by the Government's one-off relief measures in January last year.

Looking ahead, price pressures from both external and domestic fronts should remain mild in the near term as global and local economic activities have yet to return to the pre-recession levels. The Government will continue to monitor the situation closely.

## Further information

The CPIs and year-on-year rates of change at section level for January 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 January 2021 issue of the "Monthly Report on the Consumer Price Index"

([www.censtatd.gov.hk/hkstat/sub/sp270.jsp?productCode=B1060001](http://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](http://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](http://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](http://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](mailto:cpi@censtatd.gov.hk)).