

Consumer Price Indices for July 2020

The Census and Statistics Department (C&SD) released today (August 20) the Consumer Price Index (CPI) figures for July 2020. According to the Composite CPI, overall consumer prices fell by 2.3% in July 2020 over the same month a year earlier, after an increase of 0.7% in June 2020. The decrease in July was mainly due to 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 July 2020. 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 July 2020 was 0.2%, smaller than that in June 2020 (1.2%). The smaller increase in July was mainly due to the decreases in the costs for meals bought away from home and the enlarged decreases in local transport fares.

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the three-month period ending July 2020 was -1.0%, and that for the three-month period ending June 2020 was 0.0%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were -0.3% and 0.0%.

Analysed by sub-index, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were -6.0%, -0.7% and -0.1% respectively in July 2020, as compared to 0.6%, 0.8% and 0.7% respectively in June 2020. 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 0.4%, 0.2% and 0.1% respectively in July 2020, as compared to 1.4%, 1.2% and 1.0% respectively in June 2020.

On a seasonally adjusted basis, for the three-month period ending July 2020, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were -2.2%, -0.5% and -0.3% respectively. The corresponding rates of change for the three-month period ending June 2020 were 0.0%, 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 three-month period ending July 2020 were -0.3%, -0.4% and -0.3% respectively, and the corresponding rates of change for the three-month period ending June 2020 were 0.0%, 0.0% and -0.1% respectively.

Amongst the various components of the Composite CPI, year-on-year decreases in prices were recorded in July 2020 for electricity, gas and water (-18.6%); housing (-4.8%); clothing and footwear (-4.7%); transport (-3.7%); durable goods (-3.2%) and meals bought away from home (-1.1%).

On the other hand, year-on-year increases in the components of the Composite CPI were recorded in July 2020 for food (excluding meals bought away from home) (3.9%), miscellaneous goods (2.3%), miscellaneous services (0.6%) as well as alcoholic drinks and tobacco (0.3%).

Taking the first seven months of 2020 together, the Composite CPI rose by 1.1% over a year earlier. The respective increases in the CPI(A), CPI(B) and CPI(C) were 0.3%, 1.5% and 1.5% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 2.1%, 2.5%, 2.0% and 1.7% respectively.

For the three months ending July 2020, the Composite CPI remained unchanged over a year earlier, while the corresponding rates of change in the CPI(A), CPI(B) and CPI(C) were -1.2%, 0.5% and 0.6%. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were 1.1%, 1.4%, 1.1% and 0.9% respectively.

For the 12 months ending July 2020, the Composite CPI was on average 1.9% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 1.6%, 2.1% and 2.0% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 2.5%, 3.0%, 2.4% and 2.1% respectively.

Commentary

A Government spokesman said that the underlying consumer price inflation rate eased notably to 0.2% in July as economic conditions remained very weak amid the COVID-19 pandemic. Prices of meals bought away from home turned to a year-on-year decline in July, the first decline since early 2004, as the business environment became even more austere given the recent surge in local COVID-19 infections. Meanwhile, the fall in transportation prices enlarged visibly due to the extra MTR fare rebate starting from the month. Price pressures on many other major CPI components also receded further.

Looking ahead, both external and internal price pressures should remain subdued in the rest of the year amid the weak global and local economic conditions. The Government will continue to monitor the inflation situation and the risk of deflation closely.

Further information

The CPIs and year-on-year rates of change at section level for July 2020 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 three 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 July 2020 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).