

Consumer Price Indices for July 2021

The Census and Statistics Department (C&SD) released today (August 19) the Consumer Price Index (CPI) figures for July 2021. According to the Composite CPI, overall consumer prices rose by 3.7% in July 2021 over the same month a year earlier, larger than the corresponding increase (0.7%) in June 2021. The larger increase in July 2021 was mainly due to the low base of comparison 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 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 2021 was 1.0%, also larger than that in June 2021 (0.4%). The larger increase was mainly due to the enlarged increases in the costs for meals out and takeaway food as well as the increases in local transport fares.

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

Analysed by sub-index, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 8.4%, 1.7% and 1.1% respectively in July 2021, as compared to 1.3%, 0.3% and 0.5% respectively in June 2021. 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 1.3%, 0.7% and 1.0% respectively in July 2021, as compared to 0.7%, 0.1% and 0.3% respectively in June 2021.

On a seasonally adjusted basis, for the 3-month period ending July 2021, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were -0.1%, -0.1% and 0.0% respectively. The corresponding rates of change for the 3-month period ending June 2021 were -0.1%, 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 July 2021 were 0.1%, 0.0% and 0.0% respectively, and the corresponding rates of change for the 3-month period ending June 2021 were all 0.1%.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in July 2021 for electricity, gas and water (17.8%); transport (6.3%); housing (5.1%); meals out and takeaway food (3.7%); clothing and footwear (2.1%); basic food (1.1%); durable goods (1.1%) and miscellaneous services (0.7%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in July 2021 for miscellaneous goods (-3.0%) as well as alcoholic drinks and tobacco (-0.4%).

Taking the first seven months of 2021 together, the Composite CPI rose by 1.4% over a year earlier. The respective rate of change in the CPI(A), CPI(B) and CPI(C) were 3.3%, 0.5% and 0.4% respectively. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were 0.2%, 0.6%, -0.1% and 0.1% respectively.

For the three months ending July 2021, the Composite CPI rose by 1.8% over a year earlier, while the CPI(A), CPI(B) and CPI(C) rose by 3.8%, 0.8% and 0.7% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 0.6%, 0.9%, 0.2% and 0.4% respectively.

For the 12 months ending July 2021, the Composite CPI was on average 0.4% higher than that in the preceding 12-month period. The respective rate of change in the CPI(A), CPI(B) and CPI(C) were 1.2%, 0.1% and 0.1% respectively. The respective rates of change after netting out the effects of all Government's one-off relief measures were 0.2%, 0.6%, 0.0% and 0.1% respectively.

Commentary

A Government spokesman said that the underlying consumer price inflation rate rose to 1.0% in July, mainly reflecting a low base of comparison a year earlier caused by the third wave of local epidemic and the extra MTR fare discount. Pressures on major CPI components remained modest.

Looking ahead, while the continued economic recovery and rising import prices may entail some upward pressures on prices, the underlying inflation should remain largely contained in the near term as the local economy is still operating below capacity. The Government will continue to monitor the situation closely.

Further information

The CPIs and year-on-year rates of change at section level for July 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 July 2021 issue of the "Monthly Report on the Consumer Price Index" (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1060001&scode=270), the time series of CPIs at detailed level

(www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=D5600001&scode=270), the time series of CPIs at COICOP division level (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=D5600002&scode=270) and the time series of CPIs after netting out the effects of all Government's one-off relief measures (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=D5600003&scode=270) at the website of the C&SD.

The new 2019/20-based CPI series, as was first announced by the C&SD on May 28, 2021, is compiled on the basis of the expenditure patterns obtained from the Household Expenditure Survey (HES) conducted during October 2019 to September 2020. It replaces the old 2014/15-based series for analysing consumer price changes. Concurrent with the new CPI series, the old 2014/15-based CPI series will continue to be compiled and published monthly 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).