

Consumer Price Indices for March 2021

The Census and Statistics Department (C&SD) released today (April 23) the Consumer Price Index (CPI) figures for March 2021. According to the Composite CPI, overall consumer prices rose by 0.5% in March 2021 over the same month a year earlier, smaller than the average rate of increase in January and February 2021 (1.1%). The comparison to the average rate of increase in January and February is to neutralise the effect caused by different timing of the Lunar New Year between two years, which occurred in mid-February this year but in late January last year. The smaller increase in the Composite CPI in March compared to January and February combined was attributable 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 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 March 2021 was 0.2%, larger than the average rate of change in January and February 2021 (-0.3%). The increase was mainly due to the increases in the costs for meals bought away from home and the prices of pork.

Comparing March 2021 with February 2021, the year-on-year rate of change in the Composite CPI in March 2021 (0.5%) was larger than that in February 2021 (0.3%). Netting out the effects of all Government's one-off relief measures, the year-on-year rate of change in the Composite CPI in March 2021 was 0.2%, also larger than that in February 2021 (-0.1%).

On a seasonally adjusted basis, the average monthly rate of change in the Composite CPI for the 3-month period ending March 2021 was 0.4%, and that for the 3-month period ending February 2021 was 0.0%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of change were 0.2% and -0.1%.

Analysed by sub-index, the year-on-year rates of change in the CPI(A), CPI(B) and CPI(C) were 1.3%, 0.2% and 0.2% respectively in March 2021, as compared to the average rates of change of 3.5%, 0.0% and -0.2% respectively in January and February 2021, and 0.9%, 0.0% and 0.0% respectively in February 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 0.7%, -0.2% and 0.0% respectively in March 2021, as compared to the average rates of change of 0.1%, -0.5% and -0.4% respectively in January and February 2021, and 0.4%, -0.3% and -0.2% respectively in February 2021.

On a seasonally adjusted basis, for the 3-month period ending March 2021, the average monthly rates of change in the seasonally adjusted CPI(A), CPI(B) and CPI(C) were 0.5%, 0.3% and 0.2% respectively. The corresponding rates of change for the 3-month period ending February 2021 were 0.2%, 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 March 2021

were 0.2%, 0.2% and 0.1% respectively, and the corresponding rates of change for the 3-month period ending February 2021 were 0.0%, -0.1% and -0.2% respectively.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in March 2021 for electricity, gas and water (21.2%); food (excluding meals bought away from home) (3.1%); meals bought away from home (0.7%); alcoholic drinks and tobacco (0.5%) as well as miscellaneous services (0.4%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in March 2021 for transport (-2.3%), durable goods (-1.2%), miscellaneous goods (-0.7%) and housing (-0.5%).

As for clothing and footwear, the Composite CPI remained unchanged over a year earlier.

In the first quarter of 2021, the Composite CPI rose by 0.9% over a year earlier. The respective rates of change in the CPI(A), CPI(B) and CPI(C) were 2.8%, 0.1% and 0.0%. 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% respectively.

For the 12 months ending March 2021, the Composite CPI was on average 0.1% higher than that in the preceding 12-month period. The respective rates of change in the CPI(A), CPI(B) and CPI(C) were -0.1%, 0.1% and 0.2% respectively. The corresponding rates of change after netting out the effects of all Government's one-off relief measures were 0.5%, 0.9%, 0.4% and 0.4% respectively.

Commentary

A Government spokesman said that underlying consumer prices reverted to a small year-on-year increase of 0.2% in March, mainly due to a faster increase in food prices. Yet, private housing rentals fell further, while price pressures on other major CPI components remained tame.

Looking ahead, overall price pressures should stay mild in the near term, as global and local economic activities have yet to fully recover from the earlier deep recession. The Government will continue to monitor the situation closely.

Further information

The CPIs and year-on-year rates of change at section level for March 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 March 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 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).