

What is core CPI?

1. While most countries use consumer price index (CPI) to observe inflation, the prices of some items comprising the CPI may be affected by short-term or occasional factors such as typhoons or wars, etc., of which might last for a short period of time. The concept of core CPI is to observe mid-/long-term consumer price fluctuations and trends by excluding these factors. Factors excluded may differ from countries to countries based on different purpose. In Taiwan, core CPI refers to the general CPI excluding prices of fresh fruits, vegetables and energy (such as gas, electricity, fuels and lubricants).
2. In order to see the full picture of retail prices trends, it's better to take core CPI into account besides CPI. For instance, although a large portion of the public felt that general household goods and food prices had soared in November 2020, the actual CPI showed an annual increase of 0.09%. This small increment was mainly due to the prices of fuels and lubricants, which had fallen by 17.67% as the international oil prices plummeted over the same month last year, as well as the hotel charges fell 11.86% owing to the COVID-19 pandemic, drove the overall CPI down. However when observing the annual change rate of core CPI for the same month, which still went up 0.77%.

