

What is core CPI?

1. While most countries use consumer price index (CPI) to observe inflation, the prices of some items comprising the consumer price index can be disturbed by short-term or occasional events (such as typhoons or wars, etc.) which last only for a short period of time. In order to observe mid-/long-term consumer price fluctuations and trends, these factors need to be eliminated. This is how the concept of core prices emerged while factors eliminating 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 January 2015, actually the general CPI showed an annual decrease of 0.9%. This drop was largely attributed to the prices of fuels and lubricants, which had fallen by 29.5%. Besides, the electricity rebates brought the prices of electricity declining 24.7%. However, the annual change rate of core CPI for the month went up 0.6% modestly.

