

The U.S. Virgin Islands Monthly Consumer Price Index

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Office of Management & Budget | Division of Economic Research | #5041 Norre Gade; Emancipation Station: Charlotte Amalie, U.S. Virgin

Uses of the USVI Consumer Price Index?

The USVI Consumer Price Index (CPI), is a measure of the change in prices paid by consumers for a basket of goods and services over time in the territory, as calculated by the Division of Economic Research of the Office of Management and Budget (DER/OMB) using standard methodology. CPI is generally accepted measure inflation and is used in collective bargaining negotiations, and to adjust rental agreements, and cost of living allowances for social security and pension payments. It is a key variable that influences fiscal and to adjust income, wages and salaries in contracts of employment. The Government also uses the CPI in formulating fiscal and economic policy. In addition, the CPI is used to keep collective bargaining agreement, rental agreements and leases. Numerous federal programs including social security, and welfare assistance, uses the CPI to index changes in the cost of living.

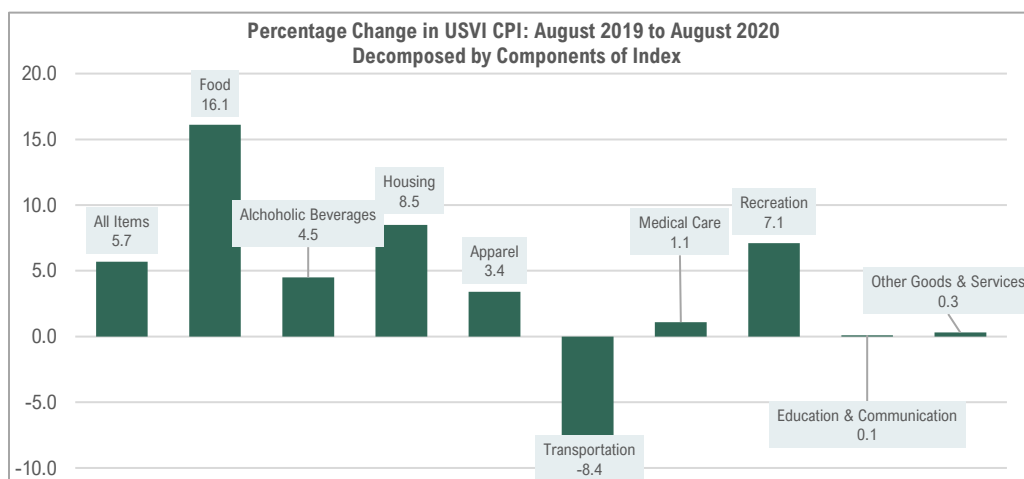
Why is Consumer Price Index and Inflation Important?

Monthly inflation indexes are then constructed following US Bureau of Labor Statistics methodology. Measuring inflation is important because sustained and persistent increases in prices erodes purchasing power of incomes which in turns tends to lower welfare if income gain are not equal at the household level and affects trade, lending, investment decisions and salary/wage negotiations at the aggregate level. Inflation is a key macroeconomic variable. to be monitored and reported.

Consumer Prices in the USVI as of August 2020

YEAR-TO-YEAR CHANGES:

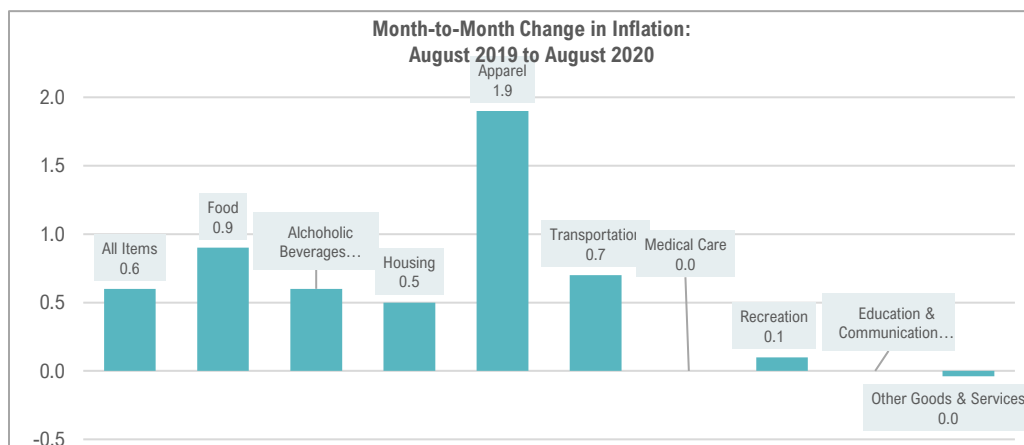
The August 2020 CPI for all three islands showed a 5.7 percent increase compared to August 2019. The largest component of the index to move was food prices. Food prices increased 16.1 percent. The second largest increase were noted in Housing and Recreation, up 8.5 and 7.1 percent. Alcohol Beverages shows a slight increase of 4.5 compare to 3.9 percent last month. Lower prices were recorded for Apparel 3.4, Medical Care 1.1, Education and Communication 0.1, Other goods and Services 0.3 percent and Transportation -8.4.



MONTH-TO-MONTH CHANGES:

All islands index on a month-to-month basis August 2019 to August 2020 report a 0.6 percent change.

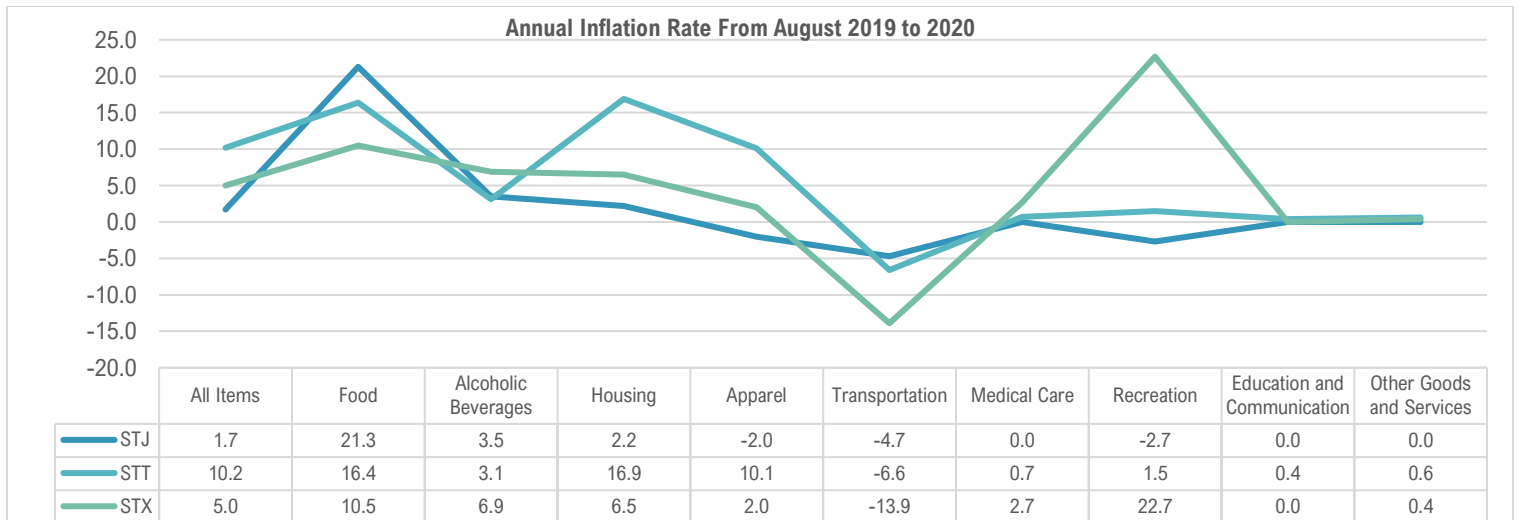
Positive increases were only noted in Apparel, (1.9). Food (0.9), Alcoholic Beverages (0.6), Housing (0.5), Transportation (0.7) and Recreation (0.1) move slightly. The other components did not have much significant movement.



August Island to Island Differences

YEAR-TO-YEAR DIFFERENCES

Of the three islands, St. Thomas showed the largest all items increase over the year (August 2019 to August 2020), up 10.2 percent. This was followed by St. Croix, up 5.0 percent. St. John showed the smallest increase of 1.7 percent. Food prices however, on St. John showed a large component increase, up 21.3 percent, followed closely by St. Thomas, up 16.4 percent rise. St. Croix exhibited the smallest food price increases (10.5). Alcohol kept a steady rise of (6.9) on St. Croix, (3.1) on St. Thomas and (3.5) on St. John. The housing prices for St. Thomas and St. Croix increased 16.9 and 6.5. Whereas, St. John had an increase of 2.2 compared to 0.7 percent in July. Apparel on St. Thomas advanced sharply, rising 10.1 percent. Transportation did not have any much increase. Medical Care and Recreation increase on St. Croix (2.7) and (22.7) compare to St. Thomas with a slight increase of (0.7) and (1.5). St. John did show any price movements in those areas. Other Goods and Services show a slight increase in St. Thomas of (0.6) and on St. Croix (0.4). Education year to year differences had been moving slow because of online classes. Communication (0.4) on St. Thomas did not have much significant increase.



MONTH-TO-MONTH DIFFERENCES

The island district with the largest overall increases in consumer prices was St. Thomas. There is a 3.2 % increase compared to 0.2 % for St. Croix and 1.0 % for St. John. The Category of the index that showed the largest increase is St. John food (1.3) St. Thomas have a slight change of (0.8) and St. Croix showed a (0.6) percent. Alcoholic Beverages on St. John reported at (1.8) month to month change compare to (0.0) on St. Thomas and (0.1) on St. Croix. Apparel has been at a steady increase on St. Thomas (2.3) and St. John (2.1). Transportation on St. Thomas has also been moving slow at a (1.3) month to month percent change. Medical Care, Recreation, Education and Communication and Other Goods and Services did not show any increase.

