

# The U.S. Virgin Islands Monthly Consumer Price Index

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## OCTOBER 2020

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.

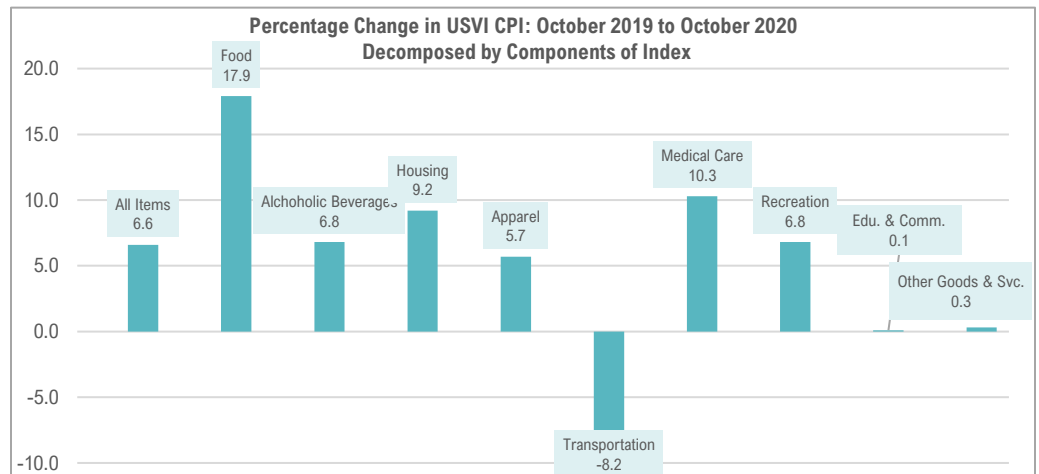
### Why is Consumer Price Index and Inflation Important?

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 October 2020

### YEAR-TO-YEAR CHANGES:

The October 2020 CPI for all three islands showed a 6.6 percent increase compared to October 2019. The largest component of the index was the food prices. Food prices increased 17.9 percent, respectively. The second largest increase as noted in Medical Care and Housing, up 10.3 and 9.2 percent. Respectively Alcoholic Beverages shows a decrease of 5.7 percent compare to 6.4 percent last month. Apparel and Recreation showed a slight increase of 5.7 and 6.8 percent. Lower prices were recorded for Education and Communication 0.1, Other goods and Services 0.3 and Transportation -8.2 percent.

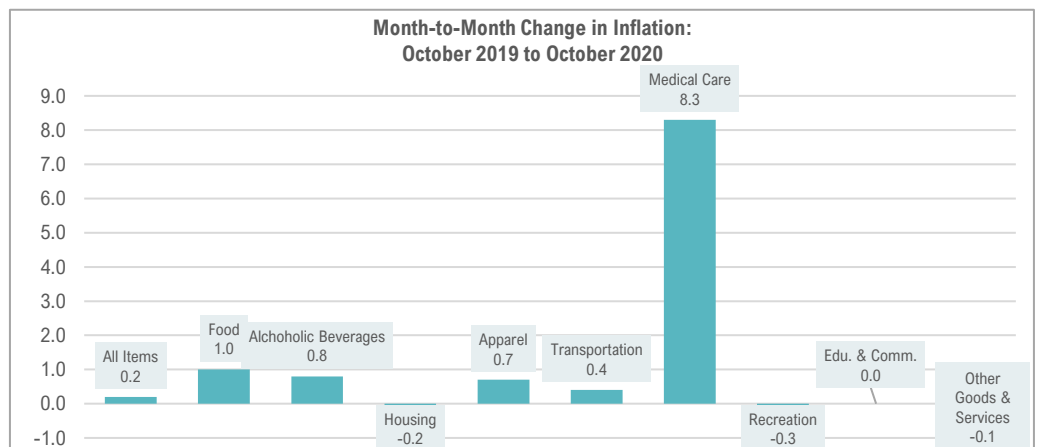


### MONTH-TO-MONTH CHANGES:

All islands index on a month-to-month basis October 2019 to October 2020 report a (0.2) percent change.

Positive increases were only noted in Medical Care (8.3). Food (1.0), Alcoholic Beverages (0.8),

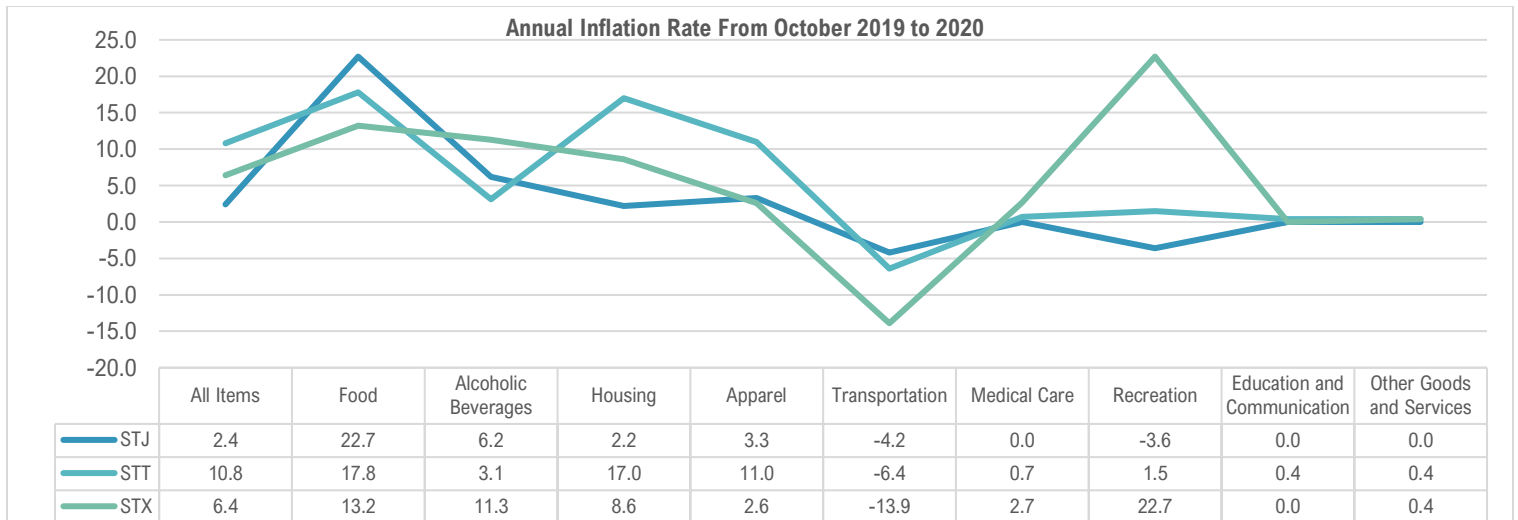
Apparel (0.7), Alcohol Beverages and Transportation (0.4) moved slightly. The other components did not have much significant movement.



## October Island to Island Differences

### YEAR-TO-YEAR DIFFERENCES

Of the three islands, St. Thomas showed the largest all items increase over the year (October 2019) to October 2020), up 10.8 percent. This was followed by St. Croix, up 6.4 percent. St. John showed the smallest increase of 2.4 percent. Food prices however, on St. John showed a large component increase, up 22.7 percent, followed closely by St. Thomas, up 17.8 percent rise. St. Croix exhibited the smallest food price increase 13.2. Alcohol kept a steady rise of 11.3 on St. Croix, 6.2 on St. John and 3.1 on St. Thomas. The housing prices for St. Thomas and St. Croix increased 17.0 and 8.6. Whereas, St. John had a smaller marginal increase of 2.2. Apparel on St. Thomas advanced sharply, rising 11.0 percent compared to St. John 3.3 and St. Croix 2.6. Transportation did not have any increase for all three islands. Medical Care increase on St. Croix 2.7 and 0.7 on St. Thomas. Recreation also increased on St. Croix 22.7 and 1.5 on St. Thomas. St. John did not show any price movements in those areas. Other Goods and Services show a slight increase in St. Thomas of (0.4) and on St. Croix (0.4). Education for St. Thomas also showed a slight increase of (0.4).



### 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 0.4 % for St. Croix and 0.1 % for St. John. The Category of the index that showed the largest increase is St. Croix food (2.0). St. John have a slight change of (0.7) and St. Thomas showed a (0.5) percent. Alcoholic Beverages on St. John reported at very small increase of (0.5) month to month change compare to (-0.3) on St. Thomas and (0.0) on St. Croix. Housing and did not have much month to month change except in (-0.5) on St. Thomas. Apparel on St. Thomas and St. Croix show a slight increase of (1.4) and (0.6). Transportation on St. John and St. Thomas has a very small price increase of (0.6) and (0.5) decrease of (-1.2). Medical, Recreation, Education and Communication and Other Goods and Services for all islands did not show any month-to-month increase.

