

The U.S. Virgin Islands Monthly (CPI) Consumer Price Index

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Office of the Governor | Bureau of Economic Research | #5041 Norre Gade; Emancipation Station: Charlotte Amalie, U.S. Virgin Islands

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 has 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. Also, the CPI is used to keep collective bargaining agreements, rental agreements, and leases. Numerous federal programs including social security, and welfare assistance, uses the CPI to index changes in the cost of living.

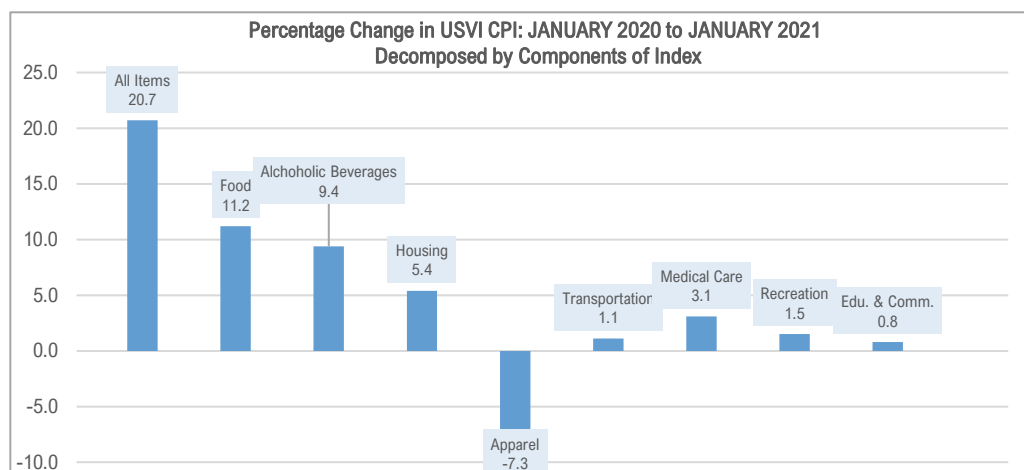
Why is Consumer Price Index and Inflation Important?

Monthly inflation indexes are then constructed following the US Bureau of Labor Statistics methodology. Measuring inflation is important because sustained and persistent increases in prices erode the purchasing power of incomes which in turn tends to lower welfare if income gain is 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 JANUARY 2021

YEAR-TO-YEAR CHANGES:

The January 2021 CPI for all three islands showed a 7.3 percent increase compared to January 2020. The largest component of the index was the food prices. Food prices increased 20.7 percent respectively due to a constant rise in import and export fees. Alcoholic Beverages (11.2) and Housing (9.4) also showed a significant increase over the past few months. Due to the constant reduction of prices for Apparel, prices dropped drastically from 9.6 percent in December 2020 to 5.4 percent in January 2021. Recreation showed a slight year-to-year percent change increase of 3.1 compared to 1.6 last month. Medical (1.1), Education and Communication (1.5) Other Goods and Services (0.8), and Transportation (-8.3) did not have much to report.

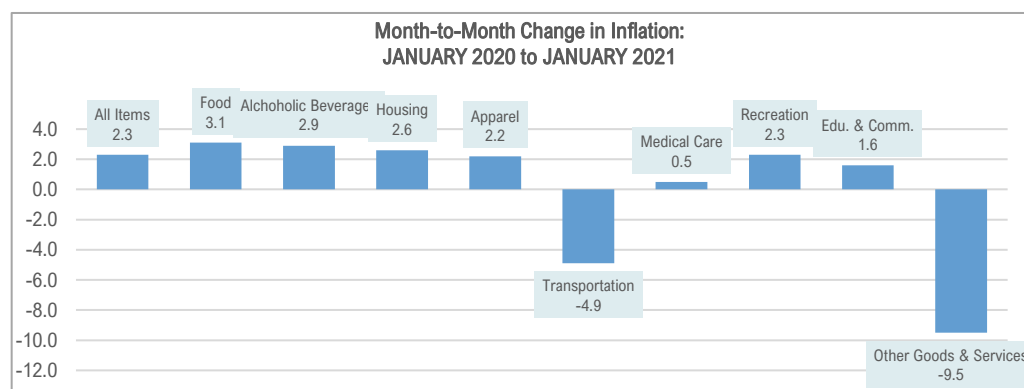


MONTH-TO-MONTH CHANGES:

All islands index on a month-to-month basis for January 2020 to January 2021 report a (2.3) percent change.

Positive increases were noted in Food (3.1), Alcohol (2.9), Housing (2.6), Apparel (2.2), and Recreation (2.3).

Education and Communication showed a slight month-to-month change of 1.6 percent. Transportation (-4.9), Medical Care (0.5), and Other Goods and Services (-9.5) did not have any significant changes.

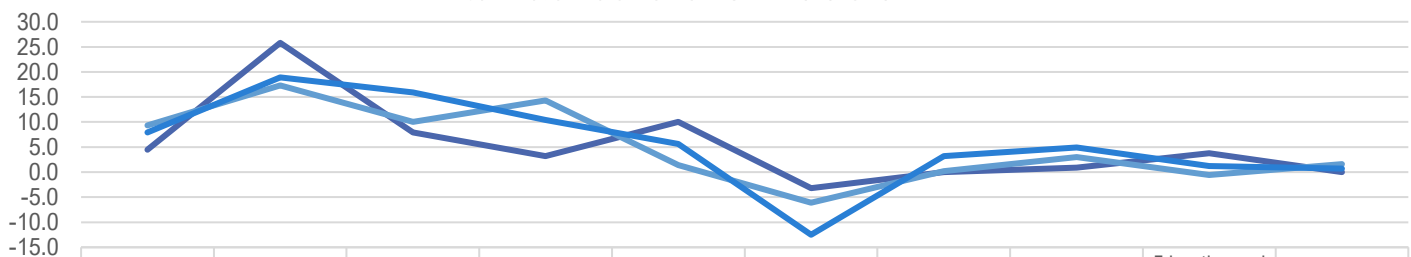


JANUARY 2021 ISLAND-TO- ISLAND DIFFERENCES

YEAR-TO-YEAR DIFFERENCES

Of the three islands, St. Thomas showed the largest all items increase over the year January 2020 to January 2021, at 9.3 percent. This was followed by St. Croix, up 7.9 percent. St. John showed the smallest increase of 4.5 percent. Food and Alcoholic Beverages has continued to show the highest percent increase. Food prices however on St. John showed a large component increase, up 25.8 percent, followed closely by St. Croix, up 18.9 percent rise. St. Thomas exhibited the smallest food price increase 17.3. Alcohol kept a steady rise of 15.9 percent on St. Croix, 10.0 percent on St. Thomas, and 7.9 percent on St. John. Housing prices have been on a steady rise due to the number of people moving from the mainland. St. Thomas year to year difference is 14.3, St. Croix increased by 10.4, and St. John had a much smaller increase of 3.2. Apparel increased on the island of St. John (10.0), whereas St. Thomas and St. Croix had a small marginal increase of 1.4 and 5.6. Transportation did not have any increase for all three islands. Medical Care had a small marginal increase of (3.2) on St. Croix, and (0.2) for St. Thomas. Recreation on St. Croix (4.9) and St. Thomas (3.0) is reporting at a steady pace since outdoor activities are a little relaxed. Education year to year differences on St. John reported 3.8. St. Thomas and St. Croix did not have much to report since the students continued classes at home. Other Goods and Services year to year differences on St. Thomas (1.6) and St. Croix (0.7), did not have much to report.

Annual Inflation Rate From JANUARY 2020 to 2021



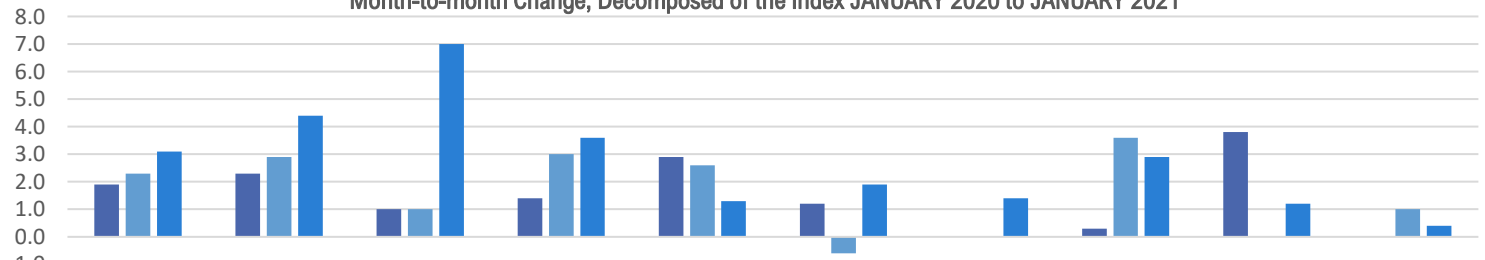
	All Items	Food	Alcoholic Beverages	Housing	Apparel	Transportation	Medical Care	Recreation	Education and Communication	Other Goods and Services
STJ	4.5	25.8	7.9	3.2	10.0	-3.2	0.0	0.9	3.8	0.0
STT	9.3	17.3	10.0	14.3	1.4	-6.1	0.2	3.0	-0.6	1.6
STX	7.9	18.9	15.9	10.4	5.6	-12.5	3.2	4.9	1.2	0.7

MONTH-TO-MONTH DIFFERENCES

The island district with the largest overall month-to-month increases in consumer prices was St. Croix. There is a 3.1 increase compared to 2.3 percent for St. Thomas and 1.9 percent for St. John. The Category of the index that showed the largest month-to-month change is St. Croix (4.4), followed by 2.9 for St. Thomas and 2.3 for St. John. Alcoholic Beverages on St Croix (7.0) showed a greater month-to-month change compared to St. Thomas 1.0 and St. John (1.0). Housing has continued to increase on all islands, St. Croix 3.6, St. Thomas 3.0, and St. John 1.4. The previous months for Apparel have been a roller coaster. Clothing has continued to be discounted because of the limited buying due to limited attendance of parties and functions which reflect in the month-to-month data for St. Thomas (2.6), St Croix (1.3), and St. John (2.9).

Transportation, Medical Care, Education and Communication, and Other Goods and Services did not have any progressive month-to-month changes.

Month-to-month Change; Decomposed of the Index JANUARY 2020 to JANUARY 2021



	All Items	Food	Alcoholic Beverages	Housing	Apparel	Transportation	Medical Care	Recreation	Education & Communication	Other Goods & Services
STJ	1.9	2.3	1.0	1.4	2.9	1.2	0.0	0.3	3.8	0.0
STT	2.3	2.9	1.0	3.0	2.6	-0.6	0.0	3.6	0.0	1.0
STX	3.1	4.4	7.0	3.6	1.3	1.9	1.4	2.9	1.2	0.4