

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

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## JULY 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.

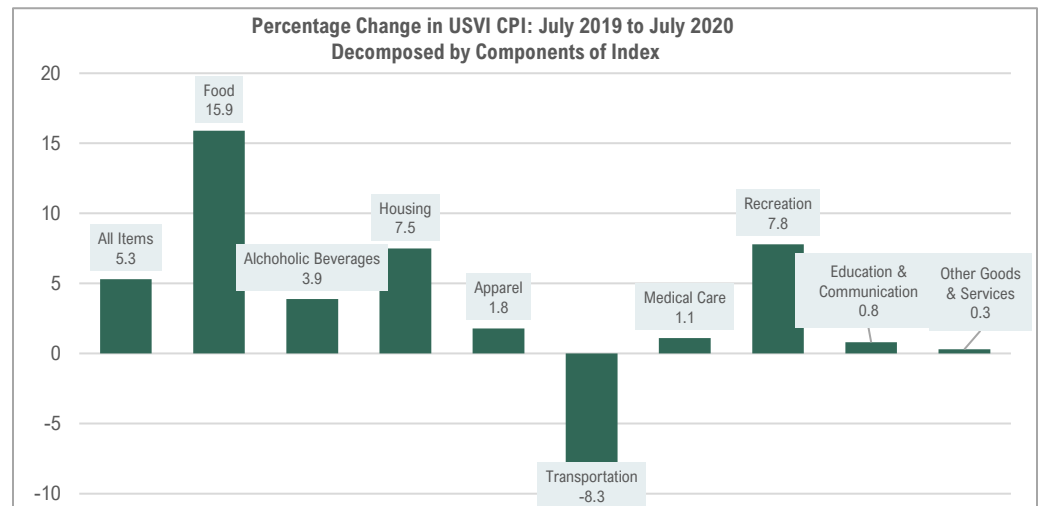
### Why is Consumer Price Index and Inflation Important?

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 July 2020

### YEAR-TO-YEAR CHANGES:

The July 2020 CPI for all three islands showed a 5.3 percent increase compared to July 2019. The largest component of the index to move was food prices. Food is on a fast increase of 15.9 percent due to the constant rise in prices resulting from the Covid 19 pandemic. The second largest increases were noted in Recreation and Housing, up 7.8 and 7.5 percent. Alcohol Beverages shows a slight increase of 3.9 percent, climbing as the months progresses. Lower prices were recorded for Apparel 1.8, Medical Care 1.1, Education and Communication 0.8 and Other goods and Services 0.3 percent.

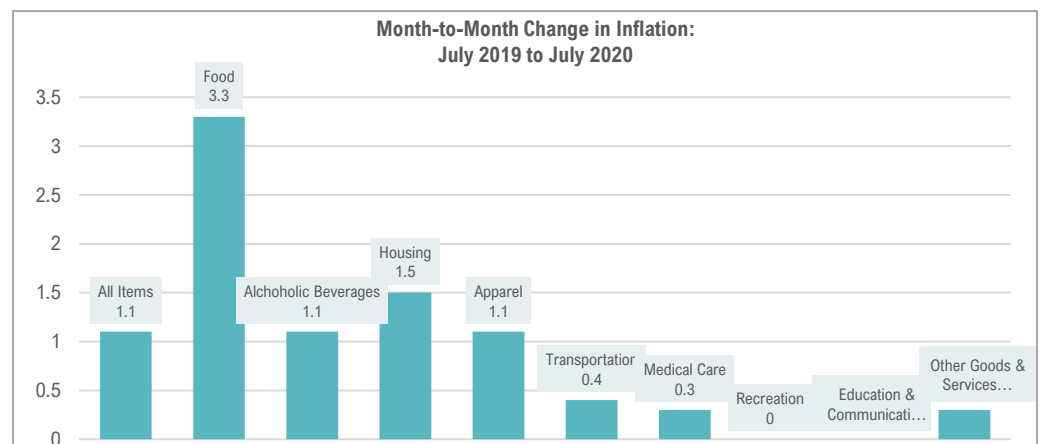


### MONTH-TO-MONTH CHANGES:

All islands index on a month to month basis (July 2019 to July 2020) report a slight movement.

Overall, the monthly change was 1.1 percent. Positive increases were only noted in Food (3.3), Alcohol (1.1)

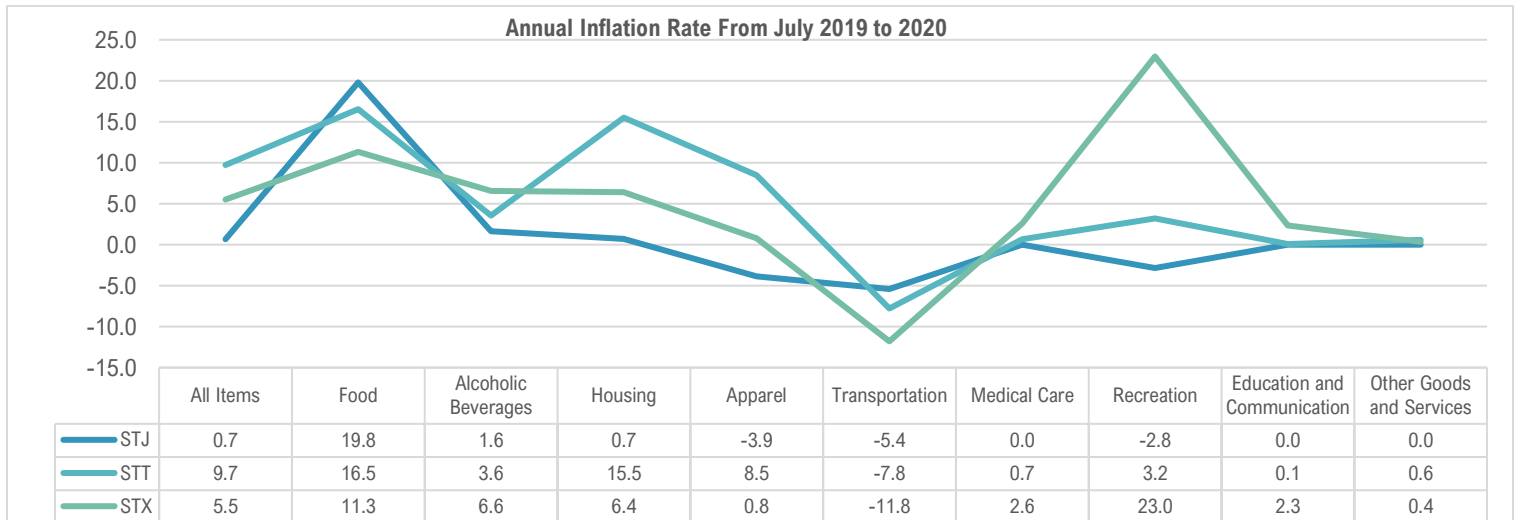
and Housing (1.5) month to month percent change. The other components did not have much significant movement.



### July Island to Island Differences

#### YEAR-TO-YEAR DIFFERENCES

Of the three islands, St. Thomas showed the largest all items increase over the year (July 2019 to July 2020), up 9.7 percent. This was followed by St. Croix, up 5.5 percent. St. John showed the smallest increase of 0.7 percent. Food prices however, on St. John showed a large individual component increase, up 19.8 percent, followed closely by St. Thomas, up 16.5 percent rise. St. Croix exhibited the smallest food price increases (11.3). Alcohol kept a steady rise of (6.6) in St. Croix, (3.6) in St. Thomas and (1.6) on St. John. The housing prices for St. Thomas and St. Croix increased 15.5 and 6.4. Whereas, St. John had a small increase of 0.7 percent. The Housing demand is due to the expansion of Lime Tree Oil Storage facility and recommissioning of the refinery on St. Croix. Also, many retirees are moving to the Virgin Islands. Apparel on St. Thomas advanced sharply, rising 8.5 percent. Transportation and Medical did not have much increase except for a 2.6 increase on St. Croix. Recreation on St. Croix (23.0) is steadily moving since the social gathering rules has been change to accommodate fifty people or less at a gathering. Education on St. Croix has move to (2.3) percent increase, whereas St. Thomas and St. John did not have much to report. Other Goods and Services show a slight increase in St. Thomas (0.6) and St. Croix (0.4) reported.



#### 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 0.5% for St. Croix and -0.4 % for St. John. The Category or component of the index that showed the largest increase for St. Thomas food (4.8) St. Croix have a slight change of (1.5) and St. John showed a (3.8) percent. Alcoholic Beverages on St. Croix showed a month to month change (3.7) whereas, Housing on St. Thomas Showed a (5.9). Apparel on St. Croix reported (3.9) month to month change compare to the other islands, St. Thomas (0.2) and St. Croix (-0.8). Transportation on St. John rise a slight increase of (1.2), whereas Medical Care, Recreation, Education and Communication and Other Goods and Services did not show any increase.

