

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

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## 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.

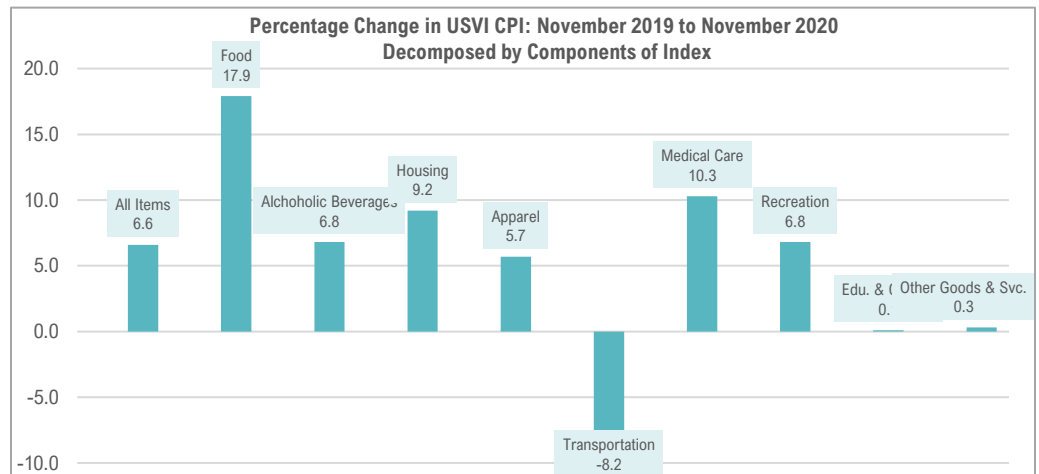
## Why is Consumer Price Index and Inflation Important?

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 November 2020

### YEAR-TO-YEAR CHANGES:

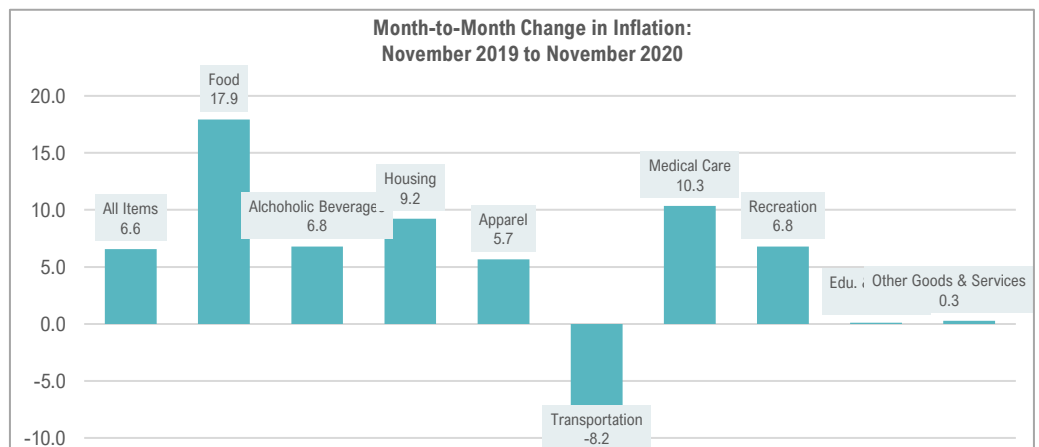
The November 2020 CPI for all three islands showed a 6.6 percent increase compared to November 2019. The largest component of the index was the food prices. Food prices increased 17.9 percent respectively. The second largest increase was noted in Medical Care and Housing, up 10.3 and 9.2 percent. Respectively Alcoholic Beverages increase to 6.8 percent compare to 5.7 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 November 2019 to November 2020 report a (0.7) percent change.

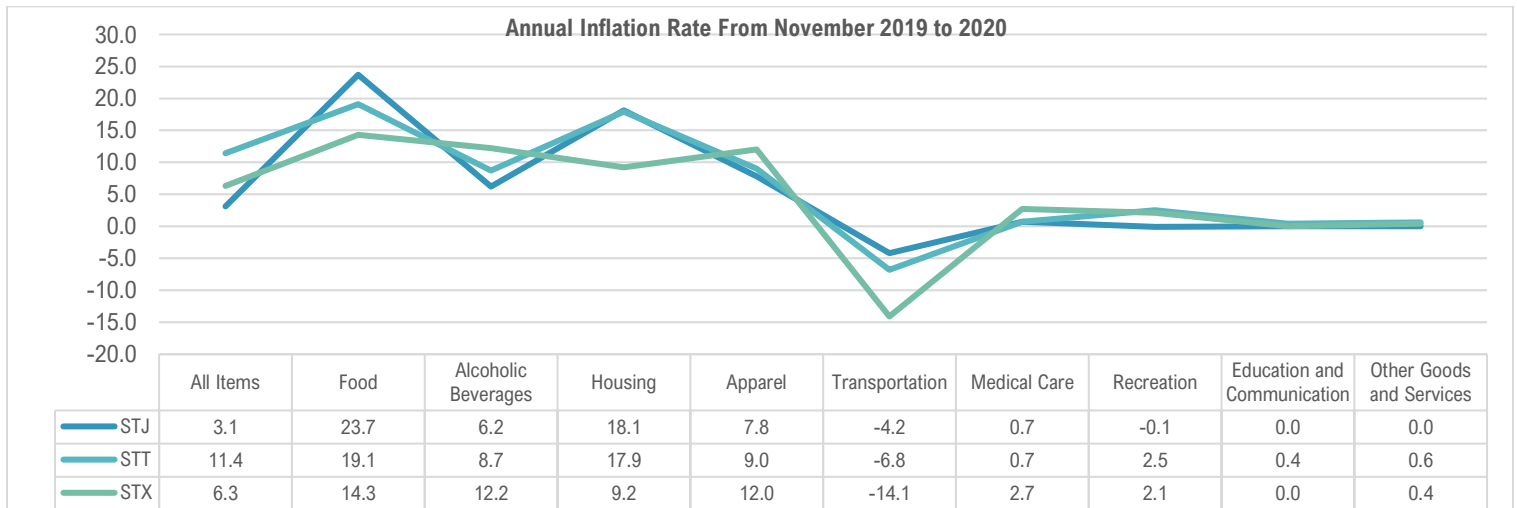
Positive increases were only noted in Alcoholic Beverages (2.0), and Food (1.7). Housing (0.7), Apparel (0.5), Recreation (0.3), and Other Goods and Services did not have much percent change. Education (0.0) remained the same. The other components did not have much significant movement.



## November Island to Island Differences

### YEAR-TO-YEAR DIFFERENCES

Of the three islands, St. Thomas showed the largest all items increase over the year November 2019 to November 2020, up 11.4 percent. This was followed by St. Croix, up 6.3 percent. St. John showed the smallest increase of 3.1 percent. Food and Alcoholic Beverages showed the highest percent increase because of the Thanksgiving Celebration. Food prices however on St. John showed a large component increase, up 23.7 percent, followed closely by St. Thomas, up 19.1 percent rise. St. Croix exhibited the smallest food price increase 14.3. Alcohol kept a steady rise of 12.2 percent on St. Croix, 8.7 percent on St. Thomas and 6.2 percent on St. John. The housing prices for St. John (18.1) and St. Thomas (17.9) increased whereas, St. Croix had a smaller increase of 9.2. Apparel increased on all three Islands, St. Croix (12.0), St. Thomas (9.0) and St. John (7.0). Transportation did not have any increase for all three islands. Medical Care had a small marginal increase of (2.7) on St. Croix, and (0.7) for both St. Thomas and St. John. St. Croix (2.1), St. Thomas (2.5) and St. John (0.1) recreation is reporting at a steady pace because much activities are not being organized due to the Covid-19 pandemic. Education for St. Thomas also showed a slight increase of 0.4. Other Goods and Services showed a slight increase for St. Thomas (0.6) and St. Croix (0.4) percent.



### MONTH-TO-MONTH DIFFERENCES

The island district with the largest overall month to month increases in consumer prices was St. Thomas. There is a 1.2 increase compared to 0.8 % for St. Croix and 0.1 % for St. John. The Category of the index that showed the largest increase is St. Thomas food (2.8). St. John have a slight change of (1.0) and St. Thomas showed a (0.5) month to month change. Alcoholic Beverages on St Thomas (5.4) had a greater month to month change than St. Croix (0.8). Housing on St. John (15.6) show a much larger month to month increase that St. Thomas (1.3) and St. Croix (0.8). Whereas Apparel on St. Croix show a much larger increase of 3.5, compare to St. Thomas -1.7 and S. John 0.0. St Thomas Transportation showed -0.5; Recreation of 1.0 and Other goods and Services 0.2. St. Croix and St. John did not have any month to month change for those areas.

