

# 2022 ALL-ITEMS INFLATION

Comparison is based on the 12-month average of the Consumer Price Index (CPI)



## U.S. VIRGIN ISLANDS CONSUMER PRICE INDEX 2022 INFLATION REVIEW

### Highlights

- The Consumer Price Index rose **9.8%** on an annual average in 2022, following an increase of **8.6%** in 2021.

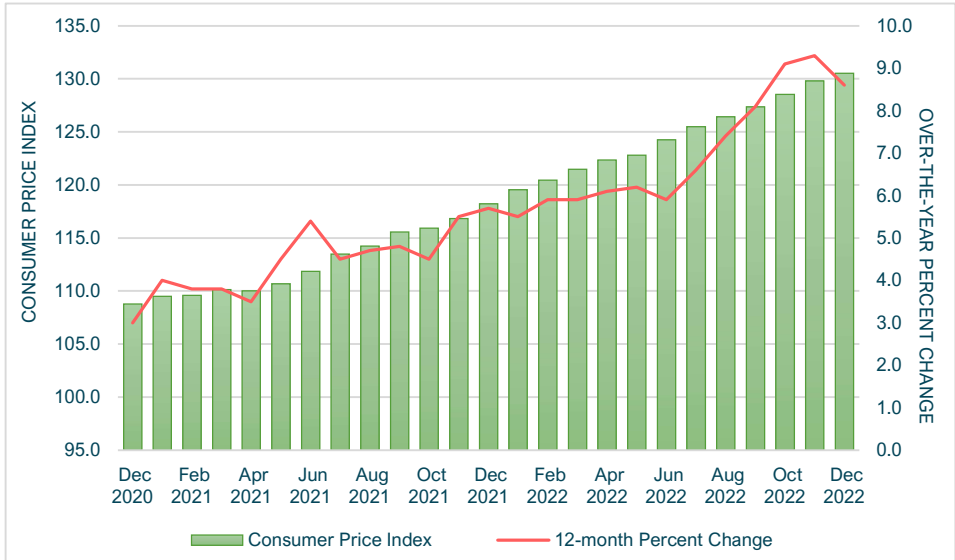
### Major Contributors to Inflation in 2022

- Among the nine major components, food inflation was **15.2%** from **10.6%** in 2021.
- Housing increased **10.1%** in 2022 from **8.1%** in 2021.
- Prices for recreation increased **12.0%** in 2022 from **5.6%** in 2021.
- Transportation increased **18.5%** from the **7.1%** in 2021.
- Apparel decreased by **12.7%** from **16.4%** in 2021.

### Higher prices in all islands

- 2022 Inflation rates rose fastest in St. Thomas (**14.5%**), followed by St. Croix (**9.5%**). Price growth among the islands was the slowest in St. John (**5.0%**).

Figure 2. USVI CPI and Over-the-Year Change (%) from December 2020 - December 2022



Source: U.S. Virgin Islands Bureau of Economic Research

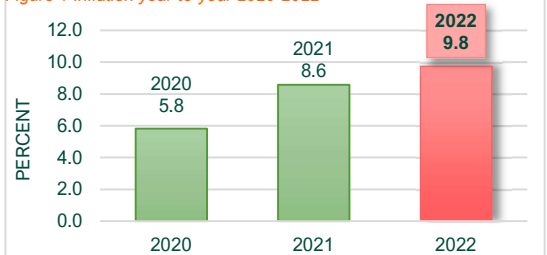
## INFLATION IN 2022 AND ITS EFFECT ON DOLLAR VALUE

The US Virgin Islands' Consumer Price Index (CPI), which measures a basket of goods and services, rose 9.8 percent annually in 2022, compared to 8.6 percent in 2021. The increase in 2022 was the most significant increase recorded.

US consumer prices rose 6.5 percent from December 2021 to December 2022 (BLS).

Inflation has impacted USVI consumers' spending power. A \$1 in 2021 has the same purchasing power as \$1.10 in 2022. Therefore, an inflation rate of 9.8 percent means that, on average, consumers spent about 10 percent more money in 2022 than in 2021 for the same items.

Figure 1 Inflation year-to-year 2020-2022



Source: U.S. Virgin Islands Bureau of Economic Research

## PRICES INCREASE FASTER IN EIGHT OF THE NINE MAJOR COMPONENTS

Price increases were broad-based in 2022, with prices up on an annual average basis in eight major components. Consumers felt the impact of inflation, as prices for essentials such as food, shelter, clothing, and transportation rose the most. See Table 1 and Figure 3 for more details.

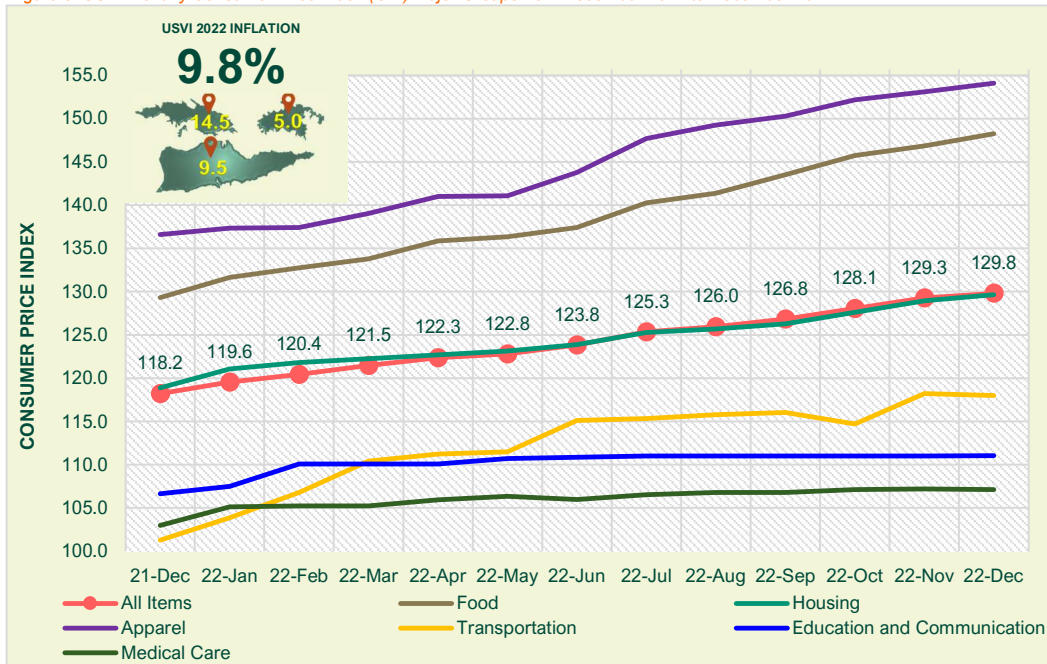
Rising food prices have weighed heavily on USVI consumers as they grapple with the high cost of many goods. Since 2021, the cost of food has risen by 15.2 percent. Higher prices for dairy products (38.3 percent), fresh fruits and vegetables (16.7 percent), and fresh or frozen beef (29.4 percent) contributed to the rise in grocery prices in 2022. Alcoholic beverages increased by 11.0 percent over the last 12 months.

Housing costs, which comprise almost 42 percent of the CPI weighting, continued to escalate, rising 10.1 percent annually. Rents and household costs climbed sharply over the year, jumping 5 percent. Additionally, prices for durable goods, which include furniture and household appliances, were 11.3 percent higher than a year ago.



# 2022 USVI CONSUMER PRICE INDEX REVIEW

Figure 3: USVI Monthly Consumer Price Index (CPI) Major Groups from December 2021 to December 2022



Source: U.S. Virgin Islands Bureau of Economic Research

Transportation prices spiked by 18.5 percent due to higher energy costs, like gasoline and electricity, and fuel oils and lubricants, resulting in increased annual average inflation in 2022.

Education and communication costs rose 5.0 percent, due to an increase in school supplies and medical care increased by 5.9 percent from 2021, driven by higher consumer spending on prescription drugs that increased by 9.4 percent in 2022.

Inflation also increased in recreation by 12 percent, doubling the 5.2 percent reported in 2021. Prices for apparel increased significantly by 12.7 percent. Prices for other goods and services declined by 6.2 percent from the previous year.

Rising consumer prices have begun to moderate in recent months, suggesting that inflation will ease in 2023. The US Federal Reserve has boosted its short-term borrowing rate as it continues to fight persistent inflation in the US economy. The Fed strives to make borrowing more expensive by raising its interest rates and reducing overall demand for goods, services, and labor.

Table 1. USVI Monthly Consumer Price Index (CPI) Major Groups and Inflation Rate (%) from December 2020 to December 2021

Major Groups	Weight	Dec-21	2019=100												ANNUAL INFLATION RATE
			Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	All items
All Items	100	108.8	118.5	119.4	120.4	121.7	122.7	123.6	125.5	126.4	127.6	128.4	129.1	129.7	9.8
Food	13.2	117.0	127.2	128.3	129.5	132.0	133.0	134.1	137.3	139.0	140.6	142.0	142.3	143.7	15.2
Alcoholic Beverages	1.4	103.3	116.1	116.1	115.2	117.0	118.2	120.7	122.8	123.3	123.6	124.7	124.5	126.1	11.0
Housing	41.9	109.9	127.1	127.9	128.3	129.1	130.1	130.8	132.4	133.4	135.9	137.2	137.8	138.9	10.1
Apparel	8.5	117.3	139.9	139.9	141.6	143.7	144.8	146.7	150.5	152.0	152.9	153.9	153.9	154.0	12.7
Transportation	9.3	94.6	103.8	106.7	110.3	111.9	112.1	115.7	116.6	117.0	117.3	115.9	119.5	119.2	18.5
Medical Care	4.3	100.5	101.7	101.8	101.8	102.5	104.8	104.9	108.0	108.3	108.3	108.6	108.7	108.6	5.9
Recreation	3.7	107.5	109.5	109.6	117.0	117.0	117.4	117.3	119.8	119.9	119.9	120.8	120.9	121.7	12.0
Education & Comm.	10.7	104.1	105.3	107.9	107.9	108.6	109.2	109.4	109.5	109.5	109.5	109.5	109.5	109.6	5.0
Other Goods & Svc.	8.0	102.4	92.2	92.3	92.3	92.4	92.8	92.9	92.9	92.6	92.7	92.8	92.9	92.9	-6.2

Source: US Virgin Islands Bureau of Economic Research

## The CPI Explained

This release examines the percentage change between the annual average Consumer Price Index (CPI) in 2021 and 2022.

The USVI CPI measures the change in prices paid by consumers for a basket of goods and services over time in the territory, as calculated by the Bureau of Economic Research (BER) using standard methodology. The CPI is a generally accepted measure of inflation. It is used in collective bargaining negotiations and to adjust rental agreements, income, wages, salaries in employment contracts, and cost of living allowances for social security pension payments and welfare assistance. The Government also uses the CPI in formulating fiscal and economic policy.

Note: All data are subject to revision.

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