

# 2023 ALL-ITEMS INFLATION

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

## Highlights

- The Consumer Price Index decreased 1.5% to **8.4%** on an annual average in 2023, following an increase of 9.8% in 2022.

## Major Contributors to Inflation in 2023

- Among the nine major components, food inflation was **7.3%**, down from 14.2% in 2022.
- Housing index decreased to **10.7%** in 2023 from **12.2%** in 2022.
- Alcohol index declined to **9.7%** from 10.9% in 2022.
- Transportation index decreased to **-2.2%** from the 17.4% in 2022.
- Education & Communications index increased to **8.5%** from 4.1% in 2022.

## Prices on All Islands

- The inflation rates for most indexes in 2023 declined and slowed compared to 2022. Among the islands, inflation was highest at **11.9%** for St. Thomas, followed by St. Croix at **9.0%**. The lowest inflation rate was **3.4%** for St. John.

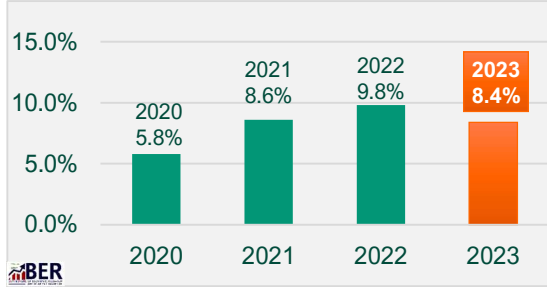
## USVI INFLATION 2023

The Consumer Price Index measures the average change over time in the prices paid by consumers for a market basket of consumer goods and services. According to the Consumer Price Index (CPI), the USVI year-over-year inflation rate rose to 8.4% in 2023. Inflation was elevated in 2023 but began to moderate in the final months of the year. The index has fallen a full percentage point since December 2022, when the inflation rate was 9.8% (See Figure 1).

The easing of inflation is attributable to diminishing pandemic-era supply shortages in combination with lower energy prices and the effects of higher interest rates by the Federal Reserve towards reducing excess demand.

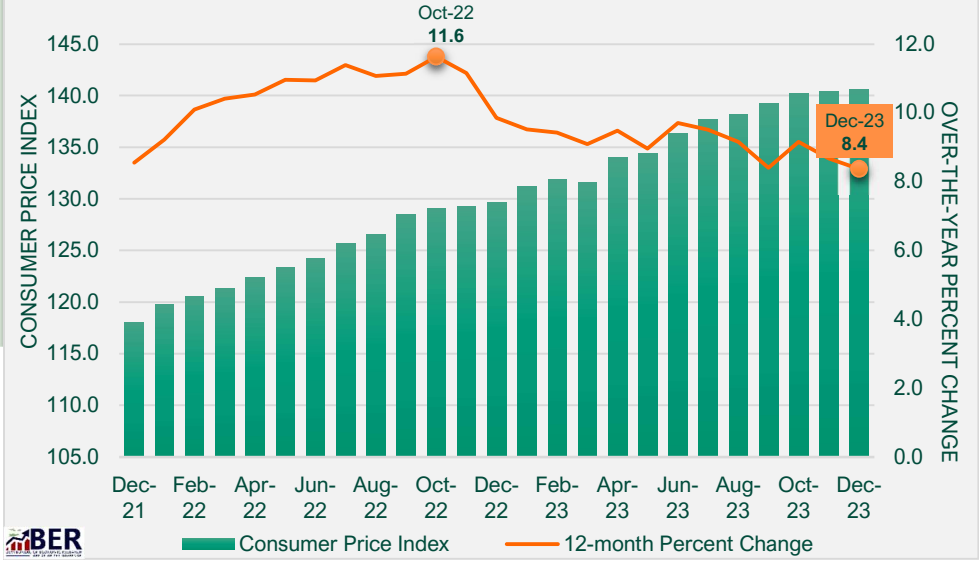
By comparison, U.S. Mainland consumer prices rose to 3.4% from December 2022 to December 2023 (BLS).

Figure 1: Inflation year-to-year 2020-2023.



# U.S. VIRGIN ISLANDS CONSUMER PRICE INDEX 2023 INFLATION REVIEW

Figure 2. USVI CPI and Over-the-Year Change (%) from December 2021 - December 2023



Inflation trended downward toward the end of 2023 after peaking in the fall of 2022 (Figure 2). All islands saw decreases in inflation rates. St. Thomas leads with the highest inflation by the island at 11.4%, following St. Croix by 9% and St. John by 3.4% when compared to 2022's 14.6%, 9.7%, and 4.8%, respectively. This year, lower prices in the food, energy, and goods sectors contributed to lower USVI inflation. However, Figure 3. and Table 2. show that inflation during 2023 was broad-based, with most of the nine subcategories contributing to overall high inflation.

Table 1. Inflation by Island 2022-2023

Island	2022	2023
STT	14.6%	11.9%
STJ	4.8%	3.4%
STX	9.7%	9.0%

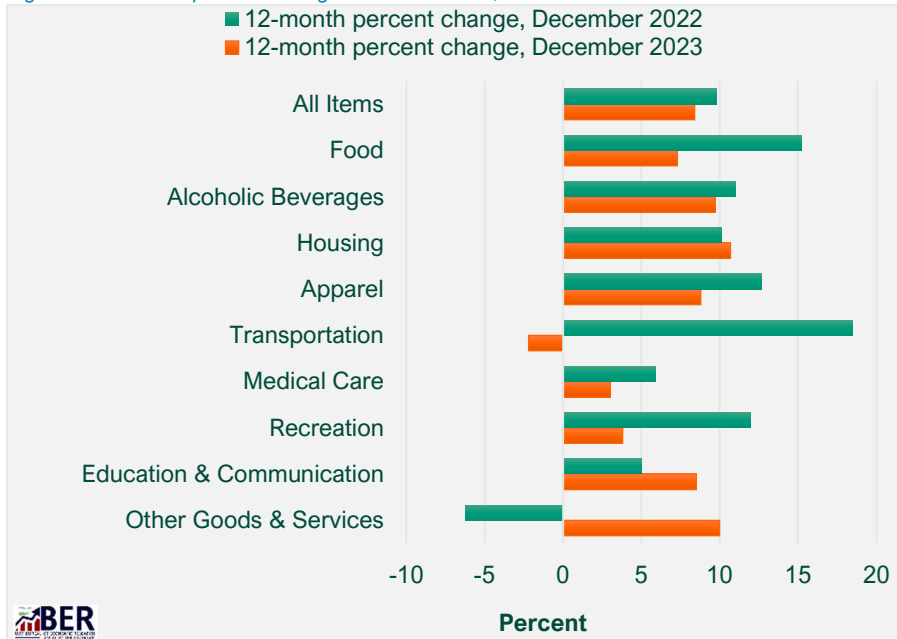
The food index decelerated from the previous year's increase of 15.2%. Still, the cost of food increased 7.3% in 2023. Major food group indexes increased over the year while other prices leveled out or declined in some categories. For example, the cost of beef increased by 9.8%, fruits and vegetables rose by 5.2%, and eggs rose by 16.3%. Poultry prices declined by 6.3%, which is one of the few food product prices to fall.

Alcoholic beverages saw an inflation growth of 9.7%, which is a slowdown from its 10.9% inflation rate in 2022.

Housing inflation played a significant role in keeping inflation elevated in 2023. As the largest cost of the average household's budget, shelter accounted for the biggest CPI increase. The housing index rose 10.7% in 2023, following a 10.1% increase in 2022.



Figure 3: 12-month percent change of the USVI CPI, 2022-2023



Contributors to housing inflation were the rising rent of primary residence, which rose 6.2% in 2023, and an additional \$4.10 LEAC charge for water systems implemented by the USVI Water & Power Authority on July 15, 2023.

The transportation services index decreased 2.2% over the 12 months ending December 2023 after rising 18.5% over the previous year. This decrease was due primarily to lower gasoline prices. Prices for tires, however, increased 3% in 2023.

The index for medical care services rose 3.0% in 2023, with mixed movements among its subcategories—health insurance, physicians’ services, and prescription drugs.

### PRICE MOVEMENTS IN OTHER MAJOR CATEGORIES

Among the other major CPI categories, apparel prices increased 8.8% in 2023. The increase was due to the clothing prices on all three islands.

Education and communication costs rose 8.5% due to rising tuition fees. Meanwhile, internet costs slightly increased by 0.8%, and landline phone costs increased by 2.8%. These factors contributed to the overall increase in the education and communication index.

Other goods and services prices, including personal care products, services, and other personal services, such as legal and financial services, rose 10% over the year. The primary reason for the inflation of the Other Goods and Services category was the 47.6% increase in property taxes, which now range from 2% to 3% for properties worth up to \$350,000.

Consumer price trends have indicated that inflation in the United States will continue falling gradually in 2024. The most recent US inflation rate was 3.0% in June 2024. However, inflation remains stubbornly high in the USVI, measuring 8.4%—over twice the national level—though it has moderated in recent months. The inflation outlook for the USVI is expected to continue to decline, although it may take some time to lower to pre-pandemic levels.

Table 2. USVI Monthly Consumer Price Index (CPI) Major Groups and Inflation Rate (%) from December 2022 to December 2023

Major Groups	Weight	ANNUAL INFLATION RATE													All Items
		Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	
<b>All Items</b>	<b>100.0</b>	<b>129.7</b>	<b>131.2</b>	<b>131.9</b>	<b>131.6</b>	<b>134.0</b>	<b>134.4</b>	<b>136.3</b>	<b>137.7</b>	<b>138.2</b>	<b>139.3</b>	<b>140.2</b>	<b>140.5</b>	<b>140.6</b>	<b>8.4</b>
Food	13.2	143.0	143.7	141.9	142.8	143.5	145.8	148.7	68.4	151.0	151.5	152.6	152.6	153.5	7.3
Alcoholic Bev.	1.4	125.9	126.7	125.7	126.3	129.4	129.5	132.0	71.5	134.4	135.3	137.3	137.8	138.1	9.7
Housing	41.9	140.6	144.3	144.4	143.8	149.4	150.4	153.1	90.2	154.0	154.5	155.3	156.2	155.6	10.7
Apparel	8.5	148.3	151.6	154.3	148.1	154.2	153.7	154.8	99.8	158.6	158.6	161.6	160.3	161.4	8.8
Transportation	9.3	119.3	113.3	120.0	117.2	113.2	115.3	113.3	98.2	116.4	115.8	117.4	115.5	116.6	-2.2
Medical Care	4.3	107.0	104.9	107.5	110.6	108.7	109.3	109.4	100.0	109.9	110.1	110.3	110.4	110.1	3.0
Recreation	3.7	115.8	117.1	115.7	121.3	117.0	117.2	119.5	95.3	119.5	119.7	120.0	120.2	120.2	3.8
Education & Comm.	10.7	110.0	109.9	110.3	109.7	110.6	110.1	110.9	92.2	111.2	119.0	119.3	122.1	119.4	8.5
Other Goods & Svc.	8.0	102.0	101.9	101.8	101.7	102.0	101.9	102.9	95.4	103.0	111.0	111.0	112.1	112.2	10.0



**THE CPI EXPLAINED:** This release examines the percentage change between the annual average Consumer Price Index (CPI) in 2022 and 2023. The USVI CPI measures the price changes consumers pay 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 CPI to formulate fiscal and economic policies.

Note: All data are subject to revision | For inquiries and technical questions, please contact | The Office of the Governor, Bureau of Economic Research (340-776-7953) or [www.usviber.org](http://www.usviber.org).