 **Central Statistics Office**

PREMIER’S OFFICE

 **GOVERNMENT OF THE VIRGIN ISLANDS**

CONSUMER PRICE INDEX BULLETIN

 2016

Rate of Inflation at a Glance

The average Consumer Price Index (CPI) for 2016 was 106.05, reflecting a 1.1% average increase in overall prices for the year. Prices continue to rise slowly throughout the Virgin Islands. One year ago in 2015 the inflation rate stood at 0.9%.

For the first few months of 2016 inflation was relatively low, ranging from 0.2% to 0.8%. In June the rate increased to 1.2% and remained over 1.0% throughout the rest of the year with November recording the highest rate of 2.0%

This increase in inflation is attributed to overall increases in the items under the following subgroups: Food and Non-Alcoholic Beverages; Alcoholic Beverages; Clothing and Footwear; Furniture and Household Equipment; Health Services; Communication; Recreation and Culture; Education; Restaurant and Hotel Services; and Miscellaneous Goods and Services from 2016 to 2015. Transportation and Housing and Utilities were the only two subgroups to show decline in 2016.

**Annual Inflation Rate 2006-2016**

Annual Comparison

**Health Services**

This subgroup recorded the highest increase for 2016. This was mainly due to an increase in the cost of health care as a result of the introduction of the Virgin Islands National Health Insurance. Health Services prices rose on average by 9.2% between 2015 and 2016 mainly due to rises in the cost for consultation of a general physician (up 16.7%); pharmaceutical products (up 15.7%); and public hospital care (up 2.6%).

**Communication**

The significant increase in the average cost of home internet by 18.3% was one contributor which caused communication prices to rise. In 2016 the average cost of communication services rose by 6.6%. Cellular phone service and cellular phone prices also increased (8.3% and 8.0% respectively).

**Clothing and Footwear**

Clothing and Footwear prices went up by 4.1% as the average price of clothing increased by 4.2% and footwear by 7.4%. Children’s and women’s shoes were up 12.9% and 6.0% respectively.

**Furniture and Household Equipment**

The inflation rate of 3.5% in furniture and household equipment was mainly due to a rise in the average price of furniture such as beds, living room and dining room sets and appliances such as stoves and refrigerators which recorded an upward movement of 3.5% in their prices and domestic cleaning and gardening services prices rising significantly by 16.7%. The price of household supplies declined by 1.0%.

**Education (Private)**

The average cost of private education climbed by 2.9% as the cost for tuition for preschools rose 8.3%; primary schools 4.8% and secondary schools by 3.6%.

**Food and Beverages**

There was a 2.3% rise in food and beverage prices due to increases in the average price of items in the following food groups: fruits (up 8.3%); vegetables (up 6.5%); bread and cereals (up 1.9%); food products such as salt, ketchup, mayonnaise (up 2.1%); alcoholic beverages (up 1.5%); oils and fats (up 1.5%); dairy products (up 1.3%); and non-alcoholic beverages (up 0.8%).Sugar and confectionery items such as white and brown sugar; honey; peanut butter and chocolate were the only group of items under food and beverages to show a decline (down 0.4%).

**Restaurant and Hotel Services**

Restaurant and hotel services experienced a price increase of 2.2% attributed to accommodation services mainly overnight stay at hotels which rose by 5.8% and meals and snacks bought out moved up by 3.9%.

**Miscellaneous Goods and Services**

Goods and services under this subgroup recorded an upward movement in their prices by 0.6% as a result of increases in the prices of child care (up 7.4%) and personal care items and services such as hairdressing, deodorants, lotions, soaps and makeup (up 1.0%).

**Transportation**

For the year 2016 this subgroup recorded the most significant decrease. Transportation prices fell by 3.8% in 2016 compared to 2015. This decline has kept the overall inflation rather low for the last two years. This reduction can be attributed to falling fuel prices (gasoline down 10.1% and diesel down 12.5%); airfare (down 8.6%); and vehicle maintenance goods (down 2.4%).

The other subgroups recorded minor changes in prices.

* Miscellaneous Goods and Services (up 0.6%)
* Recreation and Culture (up 0.6%)
* Housing and Utilities (down 0.6%)

This table shows the annual percentage change in prices or the inflation rate by subgroups for 2015 and 2016:

|  |  |
| --- | --- |
| **INFLATION RATE BY CPI SUBGROUPS**  |  |
|   |  |   |
| **Subgroup**  | **2015** | **2016** |
| Food & Non-Alcoholic Beverages  | 1.1 | 1.4 |
| Alcoholic Beverages  | 2.8 | 3.3 |
| Clothing & Footwear | 3.7 | 4.1 |
| Housing & Utilities  | 0.6 | -0.6 |
| Furniture & Household Equipment  | 0.6 | 3.5 |
| Health Services  | 8.2 | 9.2 |
| Transportation | -3.2 | -3.8 |
| Communication  | 0.6 | 6.5 |
| Recreation and Culture | 5.5 | 0.6 |
| Education  | 1.0 | 2.9 |
| Restaurant and Hotel Services  | 0.9 | 2.2 |
| Miscellaneous Goods and Services  | 0.7 | 0.6 |
| **All Groups**  | **0.9** | **1.1** |

This table shows the monthly Consumer Price Index by subgroup for 2016 along with the monthly and annual percentage changes compared to 2015.

