



DEPARTMENT OF STATISTICS (STAT)

Address: Government Administration Building

URL: <http://stats.sintmaartengov.org/>

Email: statinfo@sintmaartengov.org

Press Release

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Third quarter 2022 Consumer Price Index decreased slightly

The Consumer Price Index (CPI) for Sint Maarten in the third quarter of 2022 is 107.64. This represents a decrease of -0.92%, when compared to that of the second quarter of 2022.

When comparing the consumer prices of the same period 12 months previously (the third quarter of 2021 to the third quarter of 2022), an increase of +3.45% is recorded.

Comparing 2022 Q3 with 2022 Q2 – Highest increase in Restaurants and hotels (+15.66%)

For the third quarter of 2022, compared to the second quarter of 2022, prices in ten of the twelve expenditure categories recorded increases in price.

The increases are seen in categories *Restaurants and hotels* (+15.66%), *Education* (+2.95%), *Recreation and culture* (+1.73%), *Furnishings, household equipment and routine household maintenance* (+1.70%), *Clothing and footwear* (+1.61%), *Food and non-alcoholic beverages* (+0.79%), *Communication* (+0.65%), *Miscellaneous goods and services* (+0.61%), *Health* (+0.35%), and *Alcoholic beverages, tobacco, and narcotics* (+0.10%). Decreases are seen in the categories *Transport* (-6.72%) and *Housing, water, electricity, gas, and other fuels* (-1.91%).

In reviewing the increase in Restaurants and hotel category and dissecting the cause for its rather large gains, the contributing goods that could have led to this service were investigated. Three factors were brought into focus which are the cost of *Rent, Food and non-alcoholic beverages, and Fuel sources (electricity and cooking gas)*. To rule out the possible lagging effect of restaurant pricing the results were projected from the

quarter 2020 until present. As observed the shocking increase in the cost of fuel had more of a lagging effect on present Restaurant and hotel category cost. This correlates with the present geopolitical sanctions imposed on Russia for engaging in a war with neighboring Ukraine. Prior to the war Russia produced 14% of global oil and was the world's largest natural gas exporter.¹

Based on the latest Household Budget Survey, the following four categories have the largest percentage weight (influence) of the total CPI: *Housing, water, electricity, gas, and other fuels*

¹ <https://www.iea.org/articles/energy-fact-sheet-why-does-russian-oil-and-gas-matter>

(36.1%), *Transport* (14.6%), *Miscellaneous goods and services* (13.4%) and *Food and non-alcoholic beverages* (7.2%).

For *Food and non-alcoholic beverages*, the cost of the subcategory *Non-alcoholic beverages* increased by (+2.93%) and *Food* went up by (+0.44%). These were due to the increase in the prices of *Food products n.e.c.*² (+1.85%); *Milk, cheese, and eggs* (+1.38%); *Meat* (+1.34%); *Fruit* (+0.70%); *Bread and cereals* (+0.68%), *Sugar, jam, honey, chocolate, and confectionery* (+0.28%), *Sugar, jam, honey, chocolate, and confectionery* (+0.28%), and for *Non-alcoholic beverages*, increases were apparent in *Mineral waters, soft drinks, fruit, and vegetable juices* (+3.03%) and *Coffee, tea, and cocoa* (+2.29%).

The change in the price of *Housing, water, electricity, gas, and other fuels* is influenced by a decrease in the price level of the subgroups: *Actual rentals for housing* (-5.97%) which is driven by *Actual rentals paid by tenants* (-5.97%). *Electricity, gas, and other fuels* decreased (-1.59%), with a slight decrease in the subcategories *Electricity* (-1.83%) and slight increase in *Solid fuels* (1.60%). Although there were increases in *Maintenance and repair of the dwelling* (+7.05%), driven by the subcategory *Materials for the maintenance and repair of the dwelling* (+9.30%), they were not substantial enough in weight to offset the decrease in prices.

The prices of the category *Transport* are impacted by the subgroups: *Transport services* (+4.55%), *Operation of personal transport equipment*³ (-18.06) and *Purchase of vehicles* (-0.01%). *Purchase of vehicles* is driven by *Bicycles* (-1.61%). *Transport services* is driven by *Passenger transport by air* (+14.52%), while *Fuels and lubricants for personal transport equipment* (-24.82%), and *Spare parts and accessories for personal transport equipment* (+0.93%) drove the decrease in the subgroup *Operation of personal transport equipment*.

The prices in the category *Miscellaneous goods and services* increased slightly because of a weighted increase in the subcategory: *Personal effects n.e.c.*⁴ (+5.66%) and *Personal care*⁵ (+0.26%).

The decrease in prices in two of the four major expenditure categories identified above and of the remaining eight other categories caused the overall CPI to display a marginal decrease from the second quarter to the third quarter of 2022.

Inflation: Comparing 2021 Q3 with 2022 Q3 – Highest increase in Restaurants and Hotels (+25.11%)

The prices of the third quarter of 2022 have increased when compared to those of the third quarter of 2021. The inflation rate recorded is 3.45%. This rise in prices for the 12-month period is due to increases in the household expenditure categories: *Restaurants and hotels* (+25.11%), *Transport* (+9.26%), *Food and non-alcoholic beverages* (+8.90%), *Recreation and culture* (+7.45%), *Furnishings, household equipment and routine household maintenance* (+5.92%), *Alcoholic beverages, tobacco, and narcotics* (+5.34%), *Clothing and footwear* (+3.63%), *Education* (+2.56%), *Communication* (+1.78%), *Health* (+1.62%).

² Food products n.e.c. (not elsewhere classified) - are considered as sugar cane consumed for extracting juice or as a snack; prepared baking powders and yeasts, broth, stocks, bouillon cubes, soup bases, agar-agar, instant dessert preparations; and nutritional supplements and fortified food products.

³ Purchases of spare parts, accessories or lubricants made by households with the intention of undertaking the maintenance, repair or intervention themselves. If households pay an enterprise to carry out the maintenance, repair or fitting, the total value of the service, including the costs of the materials used.

⁴ Personal effects n.e.c. – are considered as jewelry, clocks, watches, travel goods and other carriers, and articles for babies.

⁵ Personal care – are considered as hairdressing salons and personal grooming establishments (S); electric appliances for personal care (SD); and other appliances, articles and products for personal care (ND).

The prices in two of the four expenditure categories with the largest influence on the total CPI, increased when compared to the same period in 2021.

As mentioned previously, *Transport* increased with 9.26%. This is due to the rise *Transport services* (+12.85%) in the first quarter of 2022 compared to the first quarter of 2021. In addition, prices in *Food and non-alcoholic beverages* also increased (+8.90%). It was influenced by *Food* (+9.04%). Price decreases were witnessed in *Miscellaneous goods and services* (-0.24%) and *Housing, water, electricity, gas, and other fuels* (-0.20%). These decreases were in *Financial services n.e.c.* (-5.05%) and *Actual rentals for housing* (-11.23%) respectively.

Note, the increased prices in two of the major expenditure categories and in all eight of the other categories caused the overall increase in the inflation rate.

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Table 1. Consumer price index figures, quarterly percentage changes and inflation rates for the 12 major expenditure categories for 2022 quarter 1.

Expenditure Category	2018 WEIGHTS	INDEX	INDEX	INDEX	Quarter-to-Quarter	Year-on-Year
		2021 Quarter 3	2022 Quarter 2	2022 Quarter 3	% Change Q2 2022 to Q3 2022	% Change Q3 2021 to Q3 2022
Food and non-alcoholic beverages	7.2%	102.32	110.55	111.43	0.79%	8.90%
Alcoholic beverages, tobacco, and narcotics	0.4%	104.15	109.60	109.71	0.10%	5.34%
Clothing and footwear	4.8%	100.89	102.90	104.55	1.61%	3.63%
Housing, water, electricity, gas, and other fuels	36.1%	105.74	107.59	105.53	-1.91%	-0.20%
Furnishings, household equipment and routine household maintenance	6.5%	107.60	112.07	113.97	1.70%	5.92%
Health	1.9%	105.57	106.90	107.28	0.35%	1.62%
Transport	14.6%	101.38	118.76	110.77	-6.72%	9.26%
Communication	6.0%	104.08	105.25	105.93	0.65%	1.78%
Recreation and culture	4.6%	101.39	107.09	108.95	1.73%	7.45%
Education	2.6%	101.14	100.75	103.73	2.95%	2.56%
Restaurants and hotels	2.0%	104.52	113.07	130.77	15.66%	25.11%
Miscellaneous goods and services	13.4%	103.85	102.98	103.60	0.61%	-0.24%
TOTAL	100%	104.04	108.64	107.64	-0.92%	3.45%
Base Year 2018 = 100						

Consumer Price Index Figures - Quarter to quarter comparison (2022)

