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# Press release

Philipsburg, January 13<sup>th</sup> 2011

## **Consumer prices Sint Maarten December 2011**

### ***Prices have decreased compared to October 2011***

The consumer price index for Sint Maarten has decreased in the month of December 2011 by 0.3 percent compared to that of October 2011. Although generally prices showed a dip when comparing these two months in 2011; when looking at average consumer prices over a twelve month period (Dec. 2010 to Dec. 2011), an increase of 4.6 percent was recorded compared to the same period one year earlier.

This is evident from the data that has been released by the Department of Statistics (STAT) today.

## Price changes between October and December 2011

The consumer prices on Sint Maarten for the month of December have decreased by 0.3 percent compared to that of October 2011. The price index recorded in December 2011 is 117.5.

Expenditure Category	WEIGHT	INDEX OCTOBER 2011	INDEX DECEMBER 2011	% CHANGE
Food	10%	150.6	152.4	1.2
Beverages and tobacco	1%	134.1	134.9	0.6
Clothing & footwear	7%	108.8	109.6	0.7
Housing	39%	119.8	117.9	-1.6
Household furnishing & appliances	6%	117.7	117.6	-0.1
Medical care	3%	105.3	104.8	-0.5
Transport & communication	20%	107.7	108	0.3
Recreation & education	6%	103.4	104	0.6
Misc.	8%	111.9	112.4	0.4
<b>TOTAL</b>	<b>100%</b>	<b>117.8</b>	<b>117.5</b>	<b>-0.3</b>

### *Expenditure Categories*

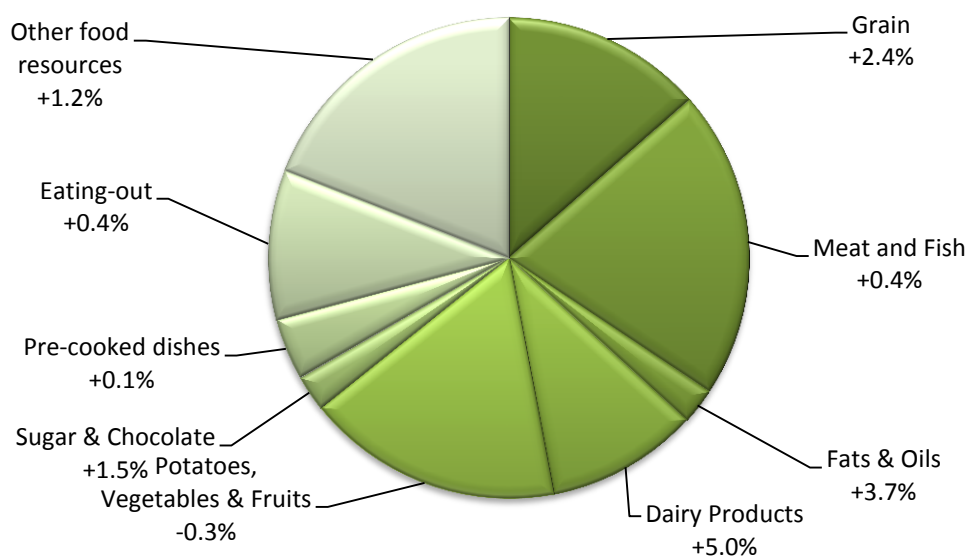
Note that in December 2011, six of the nine expenditure categories have become more expensive, whilst three became cheaper. Amongst the more expensive were the categories; Food (+1.2%), Beverage and Tobacco (+0.6%), Clothing and Footwear (+0.7%), Transport and Communication (+0.3%), Recreation and Education (+0.6%) and Miscellaneous (+0.4%). Whereas the categories Housing (-1.6%), Household furnishing & appliances (-0.1%) and Medical Care (-0.5%) became cheaper. Noteworthy is that the price increases per category were all below 1 percent; except food which was slightly above.

### *A Closer Look*

The categories with the largest influence in the basket are Food (10%), Housing (39%) and Transport & Communication (20%). In December 2011 the expenditure category Housing impacted the overall index the most with a significant decline (-1.6%) in consumer prices of this category. Even though the expenditure category Food has the third largest weight factor; it recorded the second largest price increase (+1.2%) in December compared to October 2011.

## Food

### FOOD EXPENDITURE CATEGORY 10% of CPI



1

Within the expenditure category Food it can be noted that eight of the nine food groups became more expensive, while two food groups became cheaper. Amongst the more expensive were the food groups Grain (+2.4%), Meat & Fish (+0.4%), Fats & Oils (+3.7%), Dairy Products (+5.0%), Sugar & Chocolate (+1.5%), Pre-cooked dishes (+0.1%), Eating-out (+0.4%) and other food resources (+1.2%). Whilst in the food group Potatoes, Vegetables & Fruit price reduction of -0.3 percent was recorded.

More specifically the following products largely influenced the total price change within the food group: Grains largely influenced by; Pasta (+7.6%), Cereal (+2.5%) and Flour (+8.2%). The food group Meat & Fish was largely influenced by; Beef (+14.7%), Spare ribs (+4.3%), Pork Meat (+25.3%), Goat Meat (+14.2%), Chicken & Chicken Organs (-2.1%), Fish (+-25%) and other Fish (-10.8%).

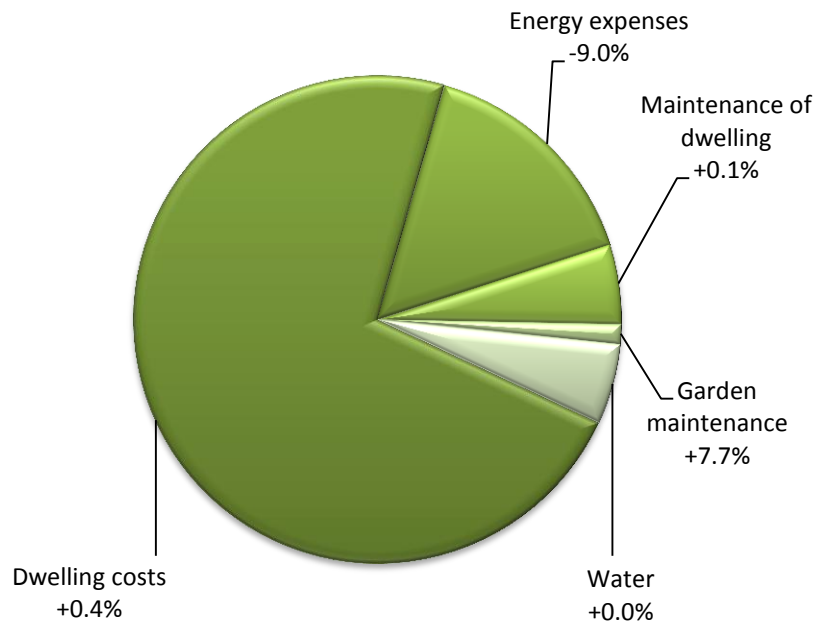
The food group Fats & Oils was largely influenced by; Cooking oil (+4.8%). The food group Dairy Products was largely influenced by; Canned Milk (+3.3%), Powder Milk (+10.3%), Ice cream (+14.3%) and Eggs (+4.7%). The food group Potatoes, Vegetables & Fruit was largely influenced by; Potatoes (-4.2%), Onions & Garlic (-13.4%), Tomatoes (-8.5%), Paprika (-8.8%), Fresh Spices and Herbs (+19.6%), Apples and pears (+3.9%) and Grapes (+5.1%).

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1 Please note that the pie chart above depicts the share (*weight*) each food group carries toward the entire Food expenditure category, whilst the percentages indicate the price change within that food group.

## Housing

### HOUSING EXPENDITURE CATEGORY 39% of CPI



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Within the expenditure category Housing it is observed that three of the five product groups became more expensive whilst one remain unchanged and one became cheaper. Although the product groups Dwelling costs (+0.4%), and House maintenance (+0.1%), Garden maintenance (+7.7%) became more expensive it must be emphasized that the decrease in Energy expenses (-9.0%) had an overall more significant effect on this expenditure category.

More specifically it must be noted that the products Electricity (-10.8%) largely influenced the total price percentage change recorded in the product group Energy Usage. Note that this decline is directly related to a Christmas special rate implemented by the electric company of St. Maarten; the overall impact of this product on the consumer budget and total index is approximately 0.05 percent.

## Transport & Communication

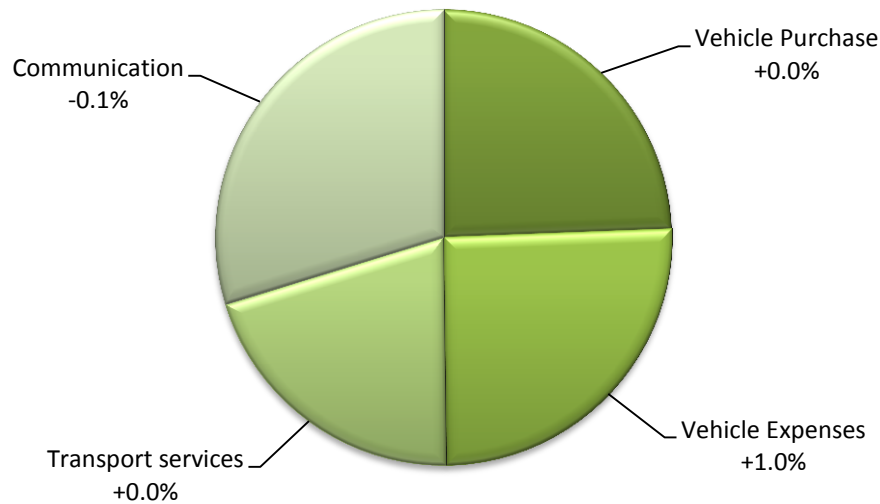
Within the expenditure category Transport & Communication one of the four product groups became more expensive whilst two remain stable and one became cheaper. The product group Vehicle Expenses became 1.0 percent more expensive whilst the product group Communication became 0.1 percent cheaper.

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2 Please note that the pie chart above depicts the share (*weight*) each food group carries toward the entire Housing expenditure category, whilst the percentages indicate the price change within that product group.

Note that the following products of the product group Vehicle Expenses largely influenced the total price change within this category; Gasoline (+2.6%).

**TRANSPORTATION AND COMMUNICATION  
EXPENDITURE CATEGORY  
20% of CPI**



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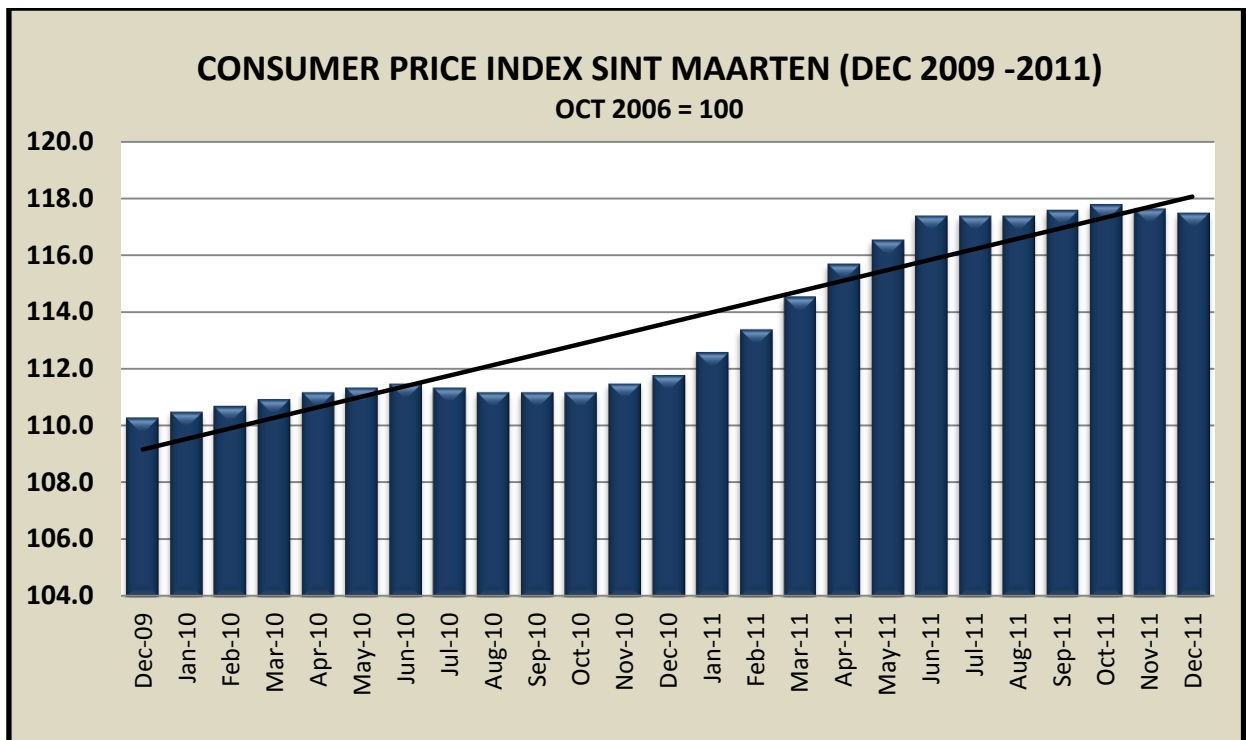
**Sint Maarten Consumer Price Index 2011 Broader Perspective**

Consumer prices on Sint Maarten has shown an increasing trend over the last 2-year period as depicted in the bar graph below. Note that there was a 5.7 percent increase in consumer prices recorded in December 2011(111.8) compared to those recorded in December 2010(117.5).

The monthly consumer price index changes were more volatile in 2011 than in 2010. In 2011 the average fluctuation ranged between -0.3 percent and +2.0 percent, whereas in 2010 the average fluctuation ranged between -0.1 and +0.5 percent.

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3 Please note that the pie chart above depicts the share (*weight*) each food group carries toward the entire Transport & Communication expenditure category, whilst the percentages indicate the price change within that product group.



## Long-term inflation

### *General*

Inflation can be defined as the average increase of the consumer price index (CPI) over a 12-month period compared to the previous term. A chief measure of price inflation is the inflation rate.

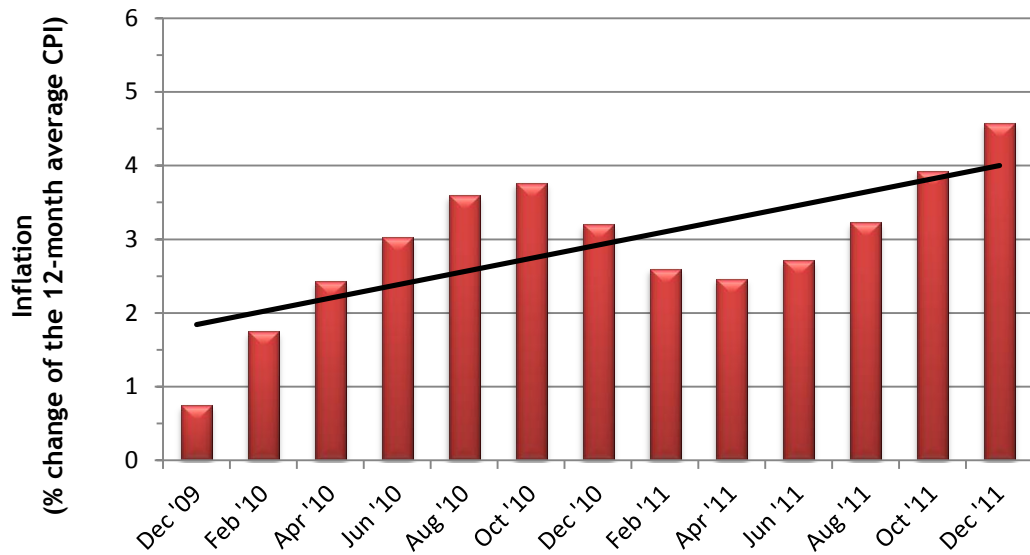
### *Inflation Sint Maarten 2010*

The 12-month average of consumer prices in December 2011 was 4.6 percent higher than in December 2010. This represents an increase in the inflation rate of 43.75 percent within this period mentioned.

### *2-year Overview*

The trend line depicted on the bar chart below indicates that inflation on Sint Maarten over the prior 2-year period has been climbing. Inflation has shown a step like incline since April of this year growing from 2.5 percent to 4.6 percent in December 2011. The current inflation represents the highest peak over the past 2-year period.

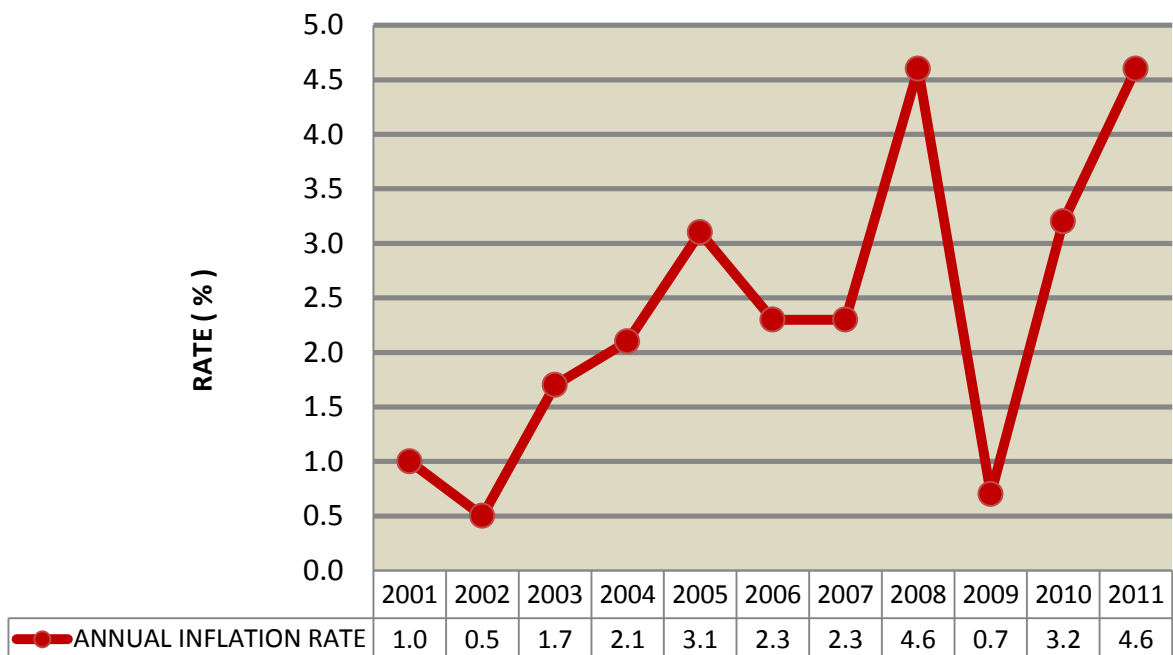
## Inflation Sint Maarten during the past 2 years



### Sint Maarten Inflation 2001-2011

Looking at the line graph below it must be noted that the inflation rate recorded in 2011 (4.6%) is comparable to that recorded in 2008 (4.6%). Over the past 3-year period, inflation on Sint Maarten has been steeply climbing; from 0.7 percent in 2009 to 4.6 percent in 2011.

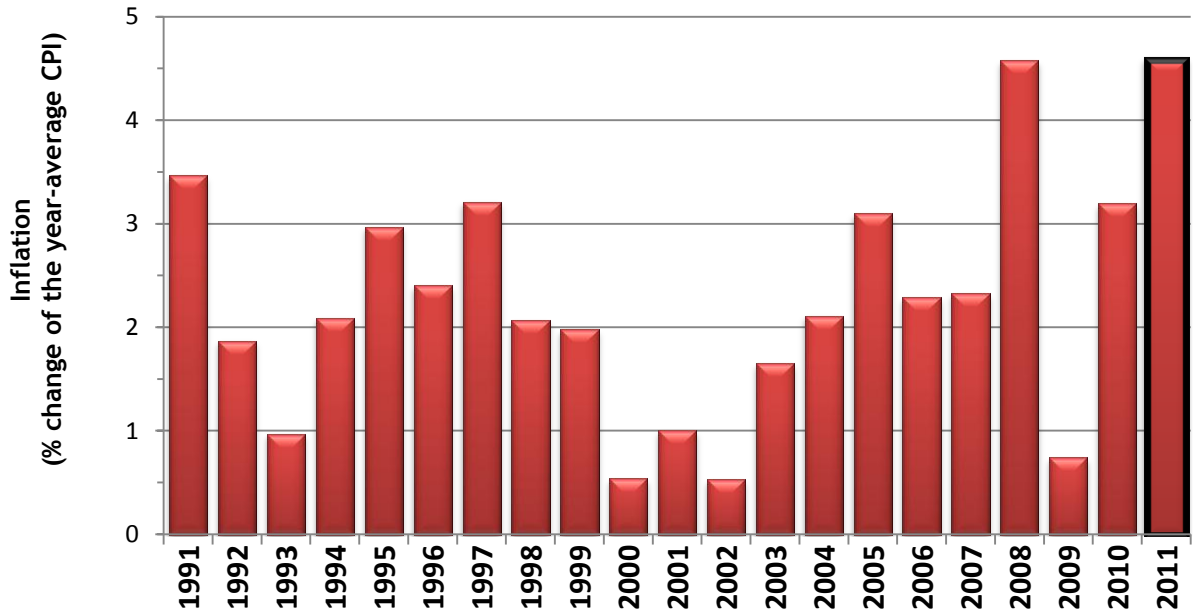
### SINT MAARTEN'S ANNUAL INFLATION RATE 2001-2011



## 20-year Overview

Over the past 20 years there are six years in which the recorded inflation rate exceeded 3.0 percent, namely; 1991(3.5%), 1997 (3.2%), 2005 (3.1%), 2008 (4.6%), 2010 (3.2%) and 2011 (4.6%).

### Inflation Sint Maarten in the past 20 years

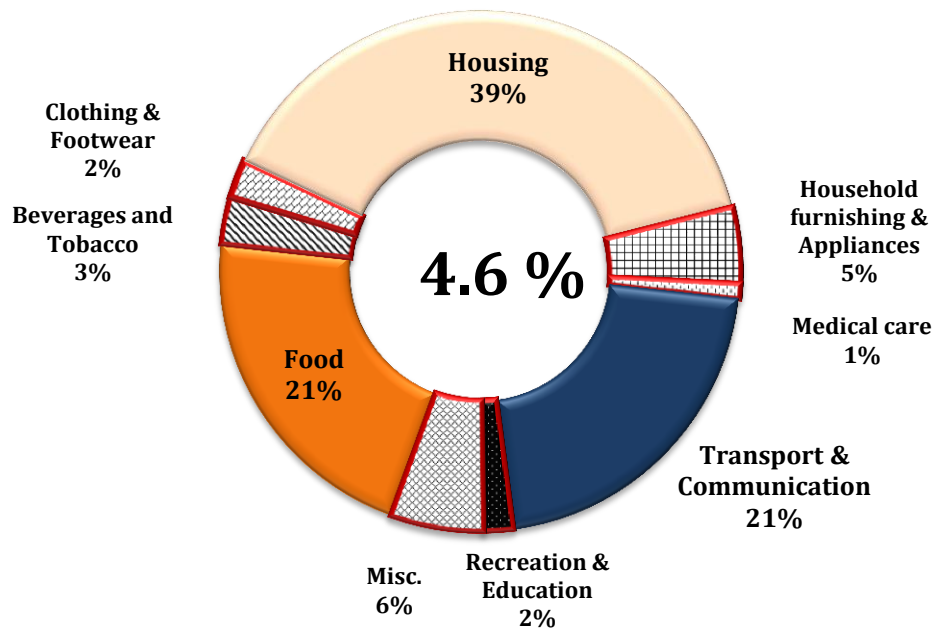




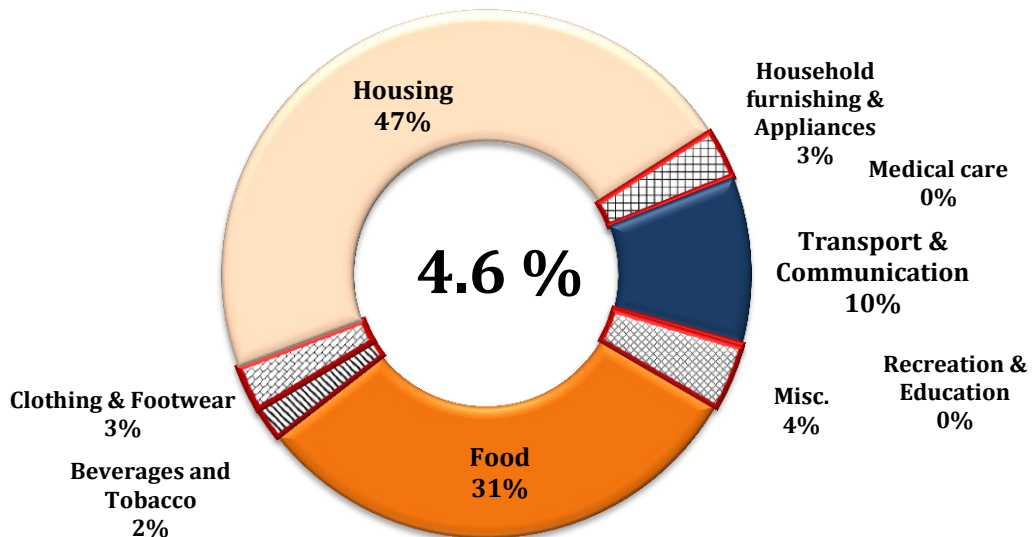
## A closer look at Inflation

It was observed that the inflation rate of 2011 (4.6%) is equal to that recorded in 2008 (4.6%). When looking at the relative contributing factors of the inflation rate 2011 versus 2008, some significant differences in the share of these contributing factors were noticed. Note that, illustrated in the doughnut charts below, the share the housing and the food expenditure categories are more significant in 2008 versus 2011. Yet the expenditure category Transport & Communication had greater influence in 2011 than it had in 2008.

### Contributing parts of Inflation Sint Maarten 2011



### Contributing parts of Inflation Sint Maarten 2008



### *Sint Maarten Inflation by Category*

The table below presents the inflation rate recorded over the past 6-year period in each of the nine expenditure categories. It must be noted that the categories Food, Housing and Transport & Communication have the largest influence percentage upon the total inflation rate; namely 10%, 39% and 20% respectively.

Significant fluctuations in the annual inflation recorded for the expenditure category food; ranging from 3.0 percent to 13.7 percent was observed over the past 6-year period. Notable is that four of the nine expenditure categories have reached record high inflation in 2011 compared to the past 6-year period.

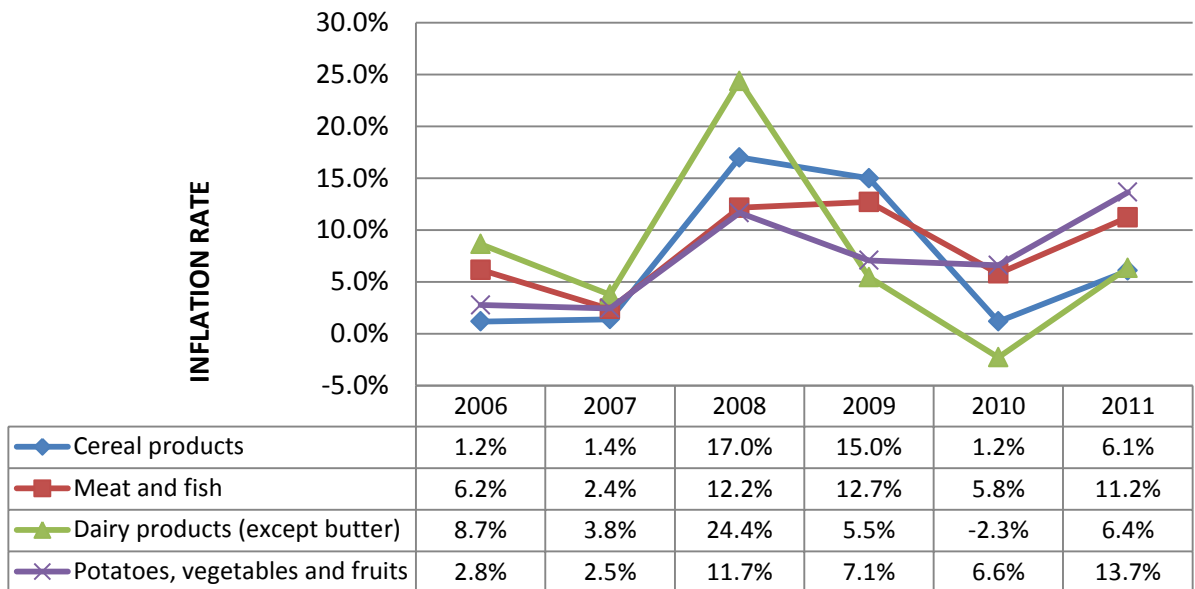
<b>Inflation by Expenditure Category</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Food</b>	3.9%	2.7%	13.7%	9.3%	3.0%	9.1%
<b>Beverages and Tobacco</b>	1.8%	0.4%	7.1%	6.1%	2.1%	9.8%
<b>Clothing &amp; Footwear</b>	-1.6%	0.6%	1.8%	1.5%	0.4%	1.5%
<b>Housing</b>	2.3%	3.6%	5.5%	-1.9%	5.8%	4.5%
<b>Household furnishing &amp; Appliances</b>	1.9%	2.3%	2.3%	4.4%	1.0%	3.6%
<b>Medical care</b>	0.0%	0.0%	0.2%	1.4%	0.7%	1.5%
<b>Transport &amp; Communication</b>	3.6%	1.4%	2.3%	-1.2%	1.3%	4.7%
<b>Recreation &amp; Education</b>	1.4%	0.7%	-0.2%	0.2%	0.8%	1.4%
<b>Misc.</b>	0.9%	0.8%	2.1%	2.7%	1.9%	3.1%
<b>Annual Total</b>	<b>2.3%</b>	<b>2.3%</b>	<b>4.6%</b>	<b>0.7%</b>	<b>3.2%</b>	<b>4.6%</b>

#### Food

The expenditure category Food is the third largest group comprising the consumer basket on Sint Maarten. In 2011 the product prices within this group has inflated by 9.1 percent. Relative to the inflation recorded in this category over the previous 5 years this is comparable to that recorded in 2009 (9.3%). Noteworthy is, although inflation recorded for the expenditure category Food in 2011 is similar to 2009, given its lower overall influence; the 2009 inflation rate was still lower than in 2011.

Within this category the food groups Cereal products, Meat & Fish, Dairy products and Potatoes, Vegetables & Fruit carry the largest influence. The line graph below presents a 6-year overview of the inflation recorded amongst these food groups. In 2011 each of these four food groups experienced a sharp inflation in price. Significant is the high inflation recorded amongst the food groups; Meat & Fish and Potatoes, Vegetables & Fruit with 11.2 percent and 13.7 percent respectively.

### CLOSER LOOK AT INFLATION WITHIN EXPENDITURE CATEGORY FOOD

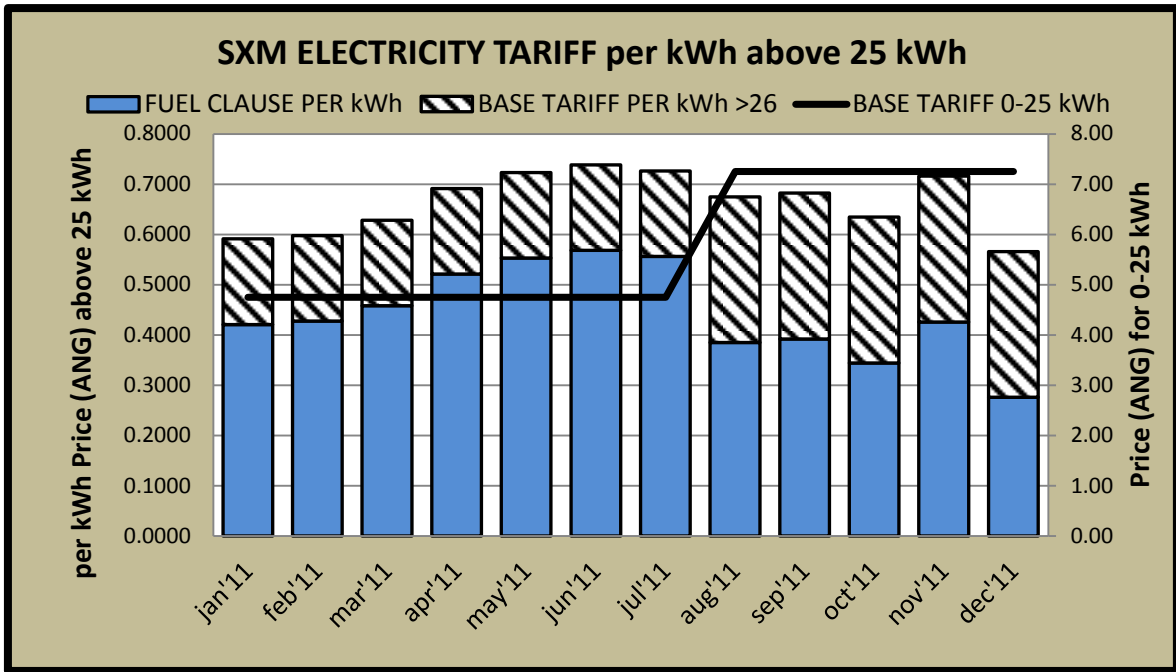


### Housing

The expenditure category Housing is the largest group comprising the consumer basket on Sint Maarten. In 2011 the product prices within this group has inflated by 4.5%. Within this category the product groups Dwelling costs (72.5%) and Energy expenses (16%) carry the largest influence upon the total. The inflation rate recorded over the past 6-year period in the group Energy expenses is very volatile whereas this is not the case in the group Dwelling costs.

	Inflation %					
	2006	2007	2008	2009	2010	2011
Dwelling costs	2,4%	2,4%	2,3%	2,3%	2,3%	2,3%
Energy expenses	1,3%	7,1%	20,8%	-17,9%	24,7%	13,2%

Energy expenses is mostly influenced (~83%) by the rate of Electricity; depicted in the bar graph below we record the movement in the rate of electricity for 2011. Note that after the new tariff structure was implemented in august 2011, we observe more fluctuations in the rate per kWh; prior to this change the price was steadily increasing.



### Transport & Communication

The expenditure category Transport & Communication is the second largest group comprising the consumer basket on Sint Maarten. In 2011 the product prices within this group has inflated by 4.7 percent; this is a significant increase compared to the rate recorded in 2010 (1.3%). The 2011 rate is mostly influenced by the product groups Vehicle purchase (+9.4%) and Vehicle expenses (9.1%). Within the product group Vehicle expenses the product Gasoline carries the largest influence (34%) the bar chart below illustrates the fluctuation in its index price.

### SINT MAARTEN GASOLINE INDEX OCT 2006 =100

