

FACT RS

STATISTICAL MAGAZINE



Topics:

Sint Maarten
Business Cycle
Survey Results
2011

St. Maarten:
Duty Free!
Import-Export
Survey Results
2009

CPI 2nd Trimester
Report 2011

VOLUME 2

July-2012

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FACTORS

Preface

The Department of Statistics (STAT) is pleased to present the second-issue of its statistical magazine – Factors. This publication will be made available to the public twice yearly, as STAT maintains its objective to keep the resident and international community abreast of its research findings.

Factors comprises of articles written by STAT researchers, on varying topics linked to our latest available results. The current issue covers information on the business environment, developments of local imports & exports and price developments of consumer goods & services. It is meant to offer a more in-depth analysis of the data within the relevant time-period.

We do hope that you will enjoy this issue, and feel encouraged to support our upcoming releases and other publications on general, economic & social statistics of St. Maarten.

Makini K. Hickinson

Department Head

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BUSINESS CYCLE SURVEY RESULTS 2011

By Shiraz Karsowidjojo

Introduction

STAT conducts the Business Cycle Survey twice a year, with the purpose of collecting up-to-date information on business and economic developments for industries and the business sector as a whole. Furthermore, the results give information about expectations and opinions of entrepreneurs. The survey was conducted among all businesses with more than ten employees, and from a sample drawn for businesses with three to ten employees. In total 279 companies were approached.

The results presented in this article are related to expectations and opinions of the non-financial businesses of St. Maarten, for the full year 2011.

Summary of Results

Shortage of financial resources remains the leading investment obstacle, the investment climate has deteriorated, business confidence has decreased and expected business results are showing a dip.

The survey shows that 43 percent of the entrepreneurs have indicated that they experience investment obstacles.

Results also show that the business sector's confidence in the future economy has decreased compared to June 2011. According to the opinions of entrepreneurs the investment climate has changed and is deteriorating. Fewer companies expected to have a positive business result in 2011, thus implying that more companies anticipated a loss in that year.

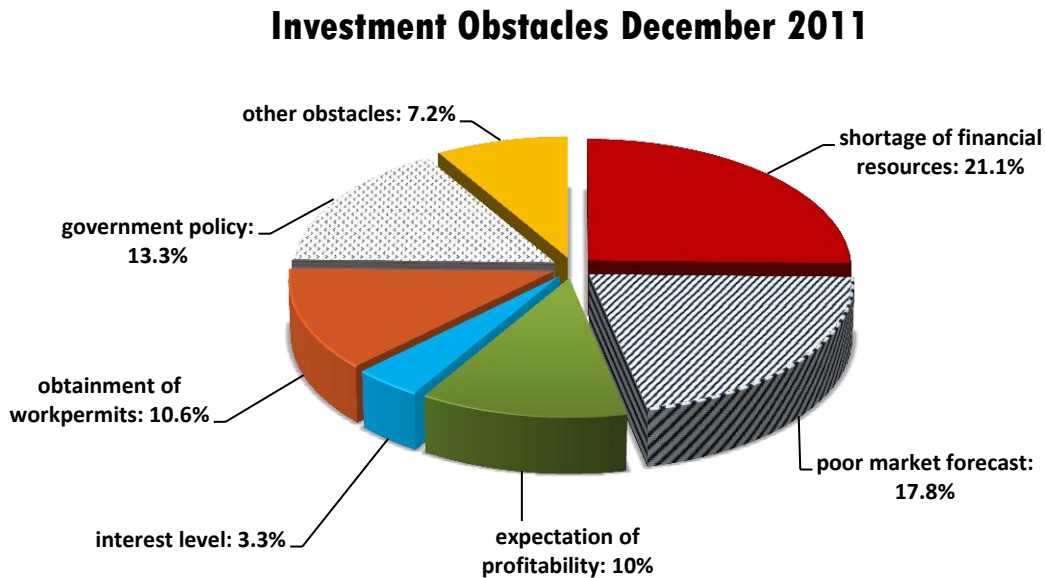
The survey results presented in this article are based on the following themes:

1. Investment obstacles
2. Competitive position
3. Change in company's confidence
4. Confidence in the future
5. Perception towards the investment climate
6. Business Results

Increase in Investment Obstacles

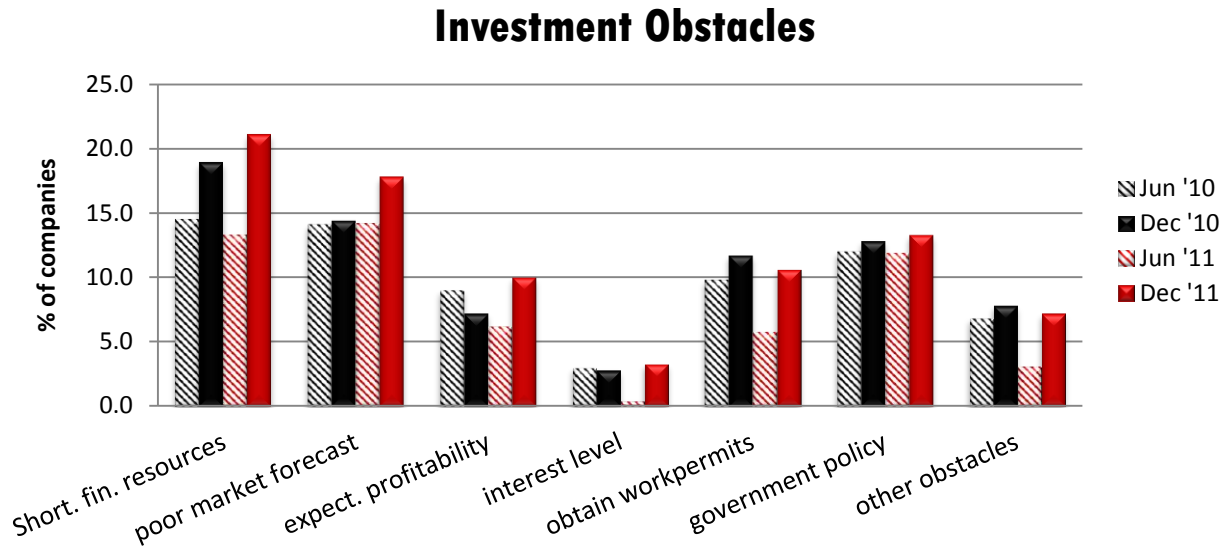
A significant amount (43 percent) of the entrepreneurs indicated that they experience investment obstacles. This marks the highest percentage in the 8 years since the start of this survey. Figure 1, refers to the factors contributing to the investments obstacles for the year 2011.

Figure 1



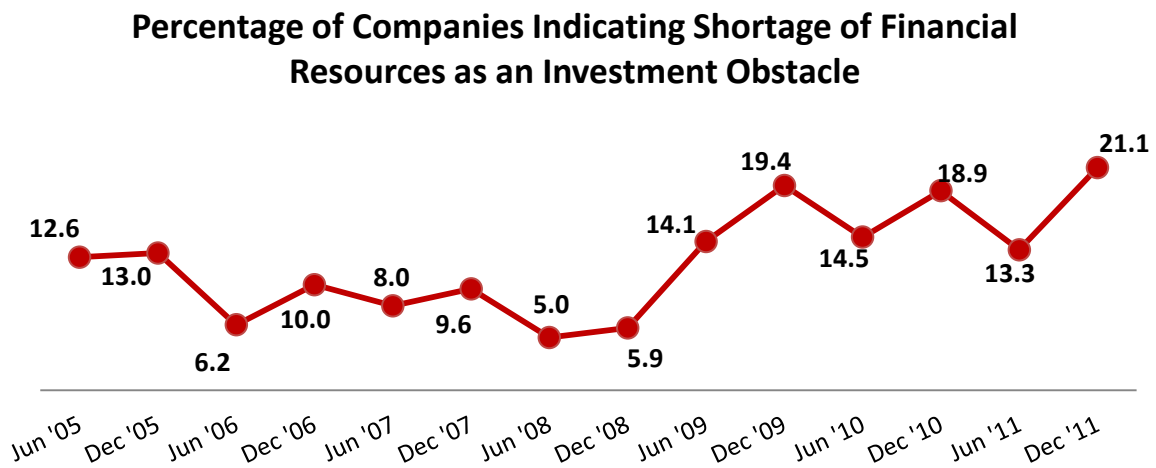
These obstacles are mainly due to a shortage of financial resources which has increased with 8 percent points compared to June 2011 (13 percent). A poor market forecast of about 18 percent has also contributed to one of the main investment obstacles. Government policy and obtainment of work permits also add to obstacles for investments, the latter increased with 5 percent compared to June 2011 (see figure 2).

Figure 2



Compared to 2010, investment obstacles experienced by entrepreneurs have increased by 2 percent. So far, during the period of 2005-2010, the shortage of financial resources has always been one of the main factors influencing this indicator (see figure 3). The graph below depicts the increase in the “shortage of financial resources”, reaching its highest peak in December 2011 and its lowest in June 2008.

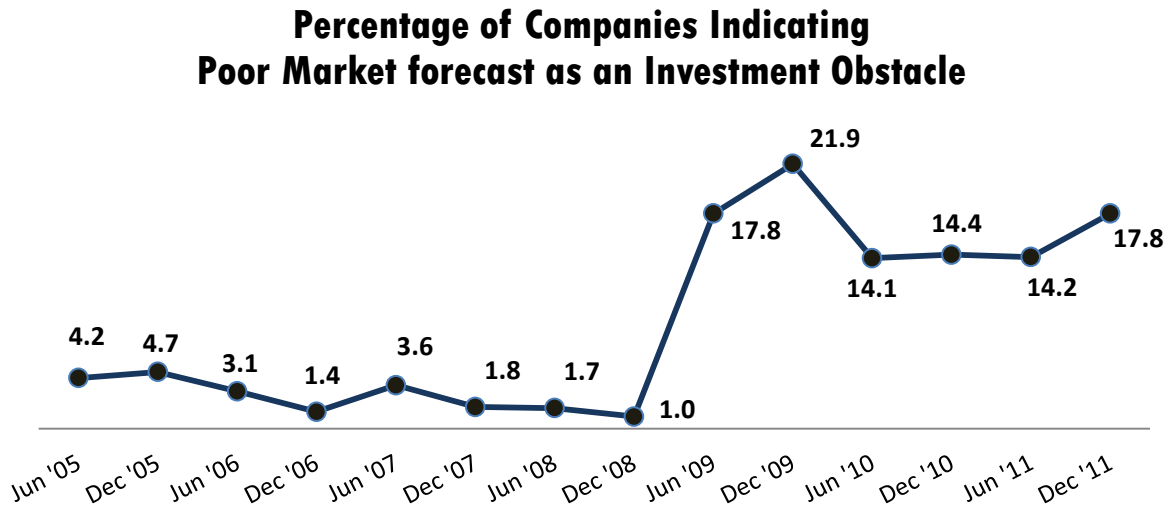
Figure 3



Poor Market Forecast

The chart below depicts the movement of “poor market forecast” ranked as the second highest investment obstacle in December 2011 with 18 percent, reaching its highest peak in December 2009 and its lowest in December 2008 (see figure 4).

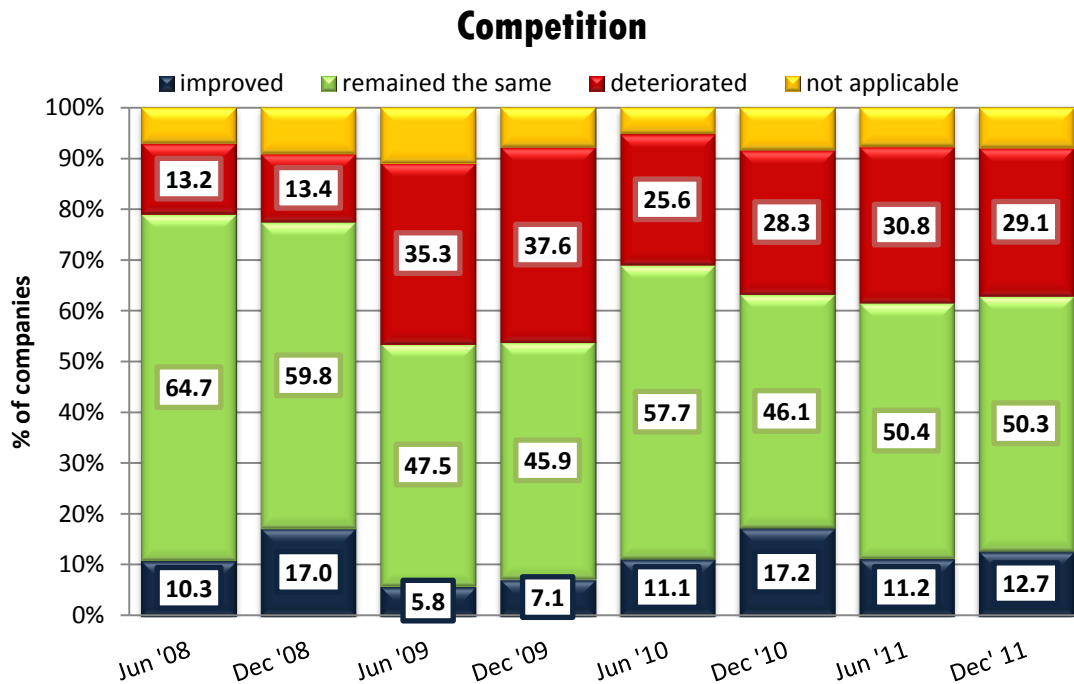
Figure 4



Competitive Position

In June 2008, competition was also registered as one of the indicators. The perception towards competition within the domestic market has changed, compared to December 2010 (see figure 5). The graph below depicts that half of the entrepreneurs, 50 percent, are of the opinion that their position in the market has remained the same. The percentage of enterprises that has an improved position in the market has decreased with 4 percent, compared to December 2010. An increase of approximately 1 percent of the entrepreneurs (compared to 28 percent in December 2010) have experienced a deteriorated market position in 2011. Roughly 8 percent of the interviewed businesses have stated that this question was 'not applicable', which was also the case in December 2010.

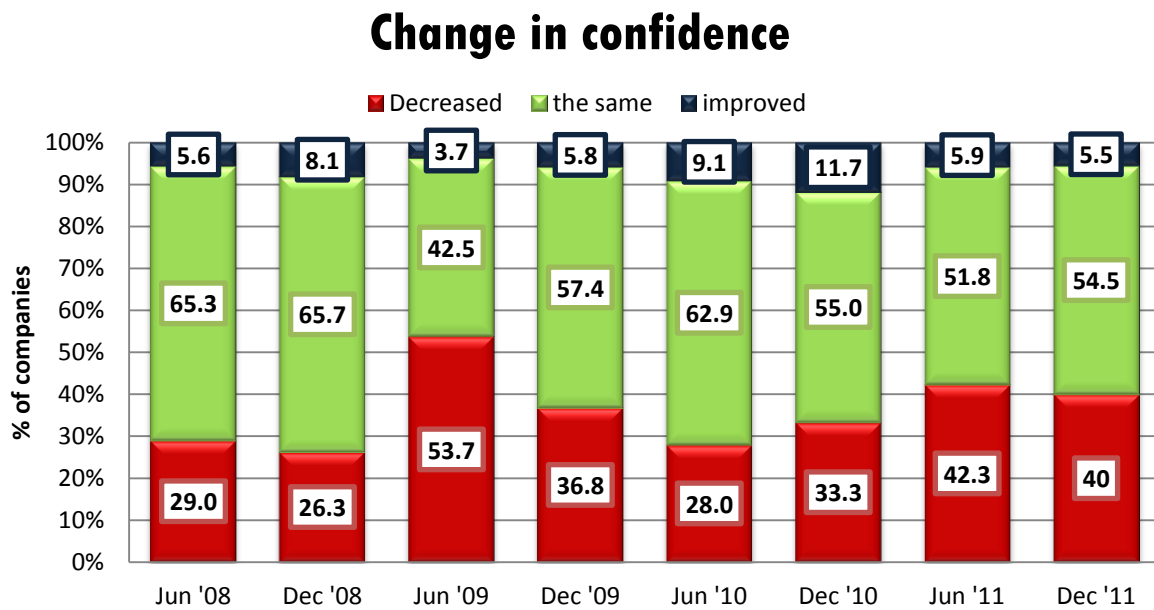
Figure 5



Change in the company's confidence

Also important is the entrepreneur's opinion about their company's confidence in the economy. Relative to December 2010, fewer businesses (6 percent) have experienced an improvement in 2011. The number of companies that have no confidence in the economy has increased with 7 percent, compared with December 2010 (from 33 percent to 40 percent). Due to these changes, the number of businesses that have indicated that their confidence has remained the same, did not change for the period of December 2010-2011 (see figure 6).

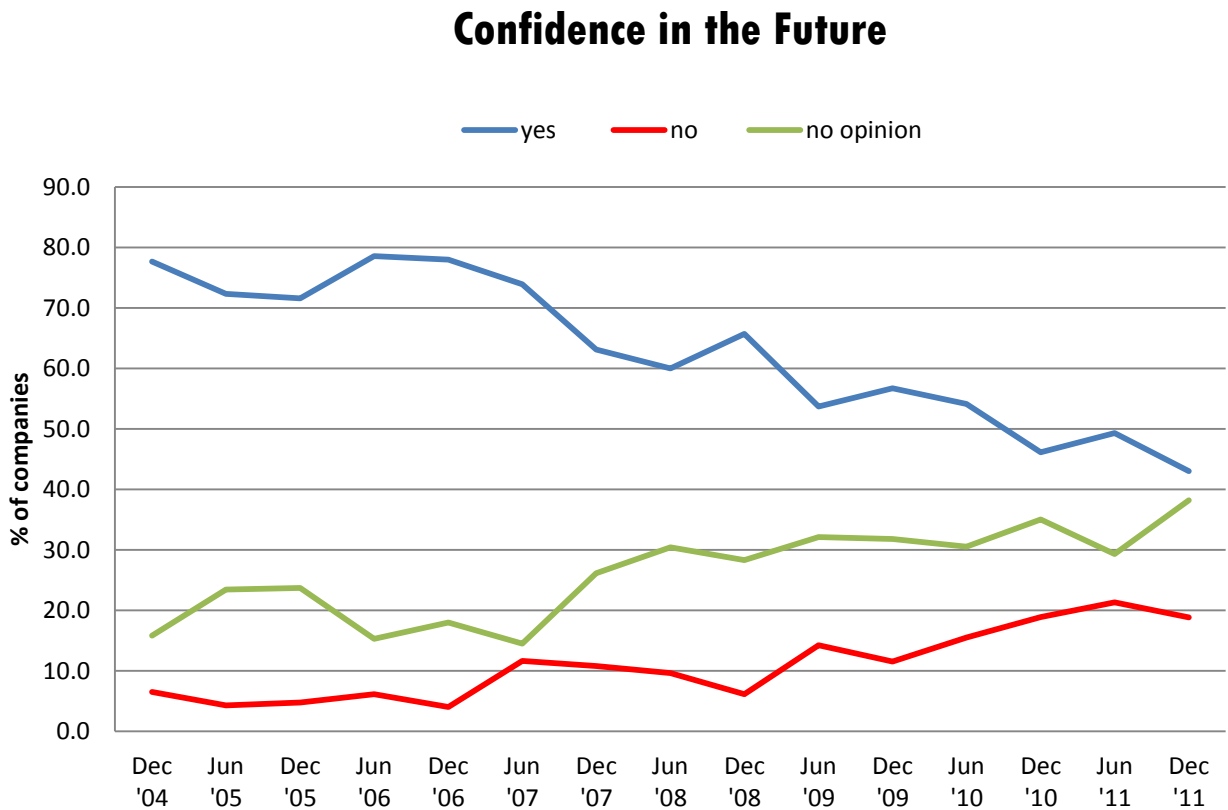
Figure 6



Confidence in the future

In June 2006, 79 percent of the companies had confidence in the future, which is the highest percentage in the history of this survey being conducted. Nonetheless in December 2011, the entrepreneur's confidence in the future has decreased slightly, with 3 percent points, to 43 percent of companies compared to December 2010. In accordance to this, the number companies that have lost confidence in the future have remained the same for that period (19 percent). Companies with 'no opinion' increased with 3 percent points to 38 percent (see figure 7).

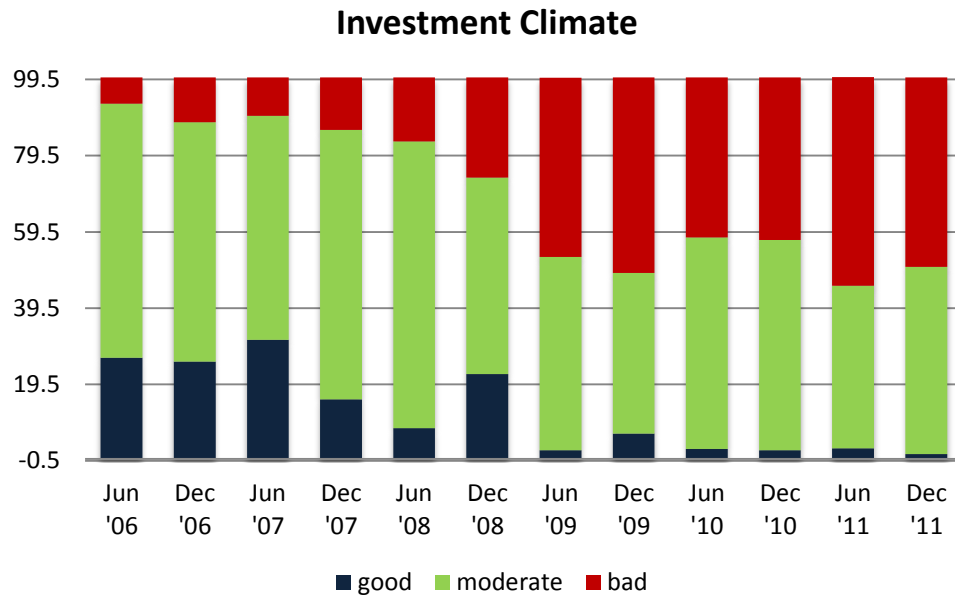
Figure 7



Investment Climate

Most of the entrepreneurs consider the investment climate on Sint Maarten to be 'bad'; an increase of 7 percent is registered in December 2011 compared to the previous year (see figure 8). However, in December 2010 the percentage of companies considering the investment climate to be 'moderate' decreased with 6 percent points, relative to December 2010. Throughout the years, it can be seen that the business' opinion towards investment is perceived to be more negative. The number of companies that regard the investment climate to be 'good' have decreased with 1 percent point, from 2 to 1 percent, compared to December 2010, making this section very crucial to the economic development.

Figure 8

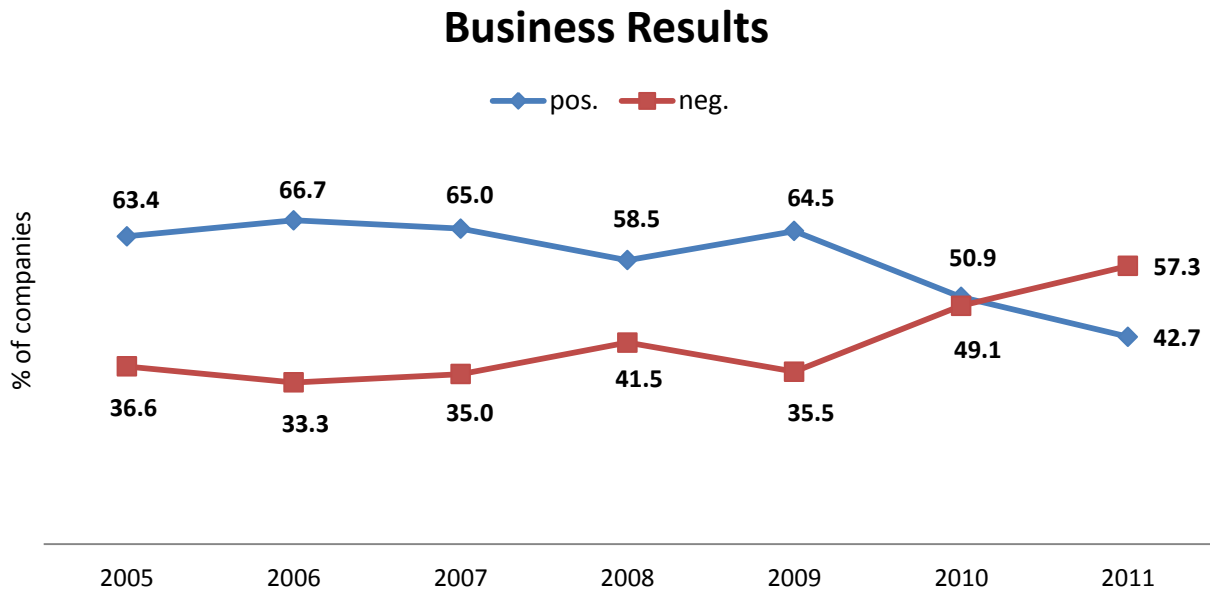


According to the entrepreneurs, the investment climate was experienced at its best at 31 percent in June 2007 during the period 2006-2011 and at its worst in June 2011 with 55 percent.

Business Results

An important property of the economy is the expected profit for the year. The percentage of companies that anticipated positive results decreased from 51 to 43 percent in 2011 compared to 2010. In accordance to this, more companies, 57 percent, expected to have made a loss in 2011 (see figure 9).

Figure 9



The overall situation, based on the opinion of entrepreneurs, is rather bleak. In order to improve the situation, combined efforts from the government and private sector are expected.

St. Maarten: Duty-free!

By Shiraz Karsowidjojo

Based on the results of the Import and Export Survey 2009

St. Maarten is the only completely duty free port in the Caribbean! Of course this has a positive effect on shoppers. The island has become a shopper's haven not only for international tourists but also for residents of the surrounding islands. Goods sold on the island are without import taxes added; importers are not obliged by law to declare any invoices upon entry to the country. Consequently, a systematic means of collecting import and export data by type and volume, at our port of entries is non-existent.

Due to the unavailability of specific import and export data, STAT conducts an Import and Export Survey among businesses in St. Maarten, on a yearly basis. With the results of this survey, STAT is able to present information about the import and export of merchandise specified by industry and commodity. All enterprises with 10 or more employees are included in the survey, and a selected sample is taken from companies with less than 10 employees. In order to cover the entire wholesale and retail trade sector, all companies in this sector are included in the survey. This article contains the main preliminary results of the import and export survey from the year 2009.

Overall the imports and exports in St. Maarten have decreased in 2009

Imports

The total imports of merchandise in St. Maarten have decreased from 886 million guilders in 2008 to 819 million guilders in 2009, showing a decline of about 8 percent. Analysis by industry shows that the imports of "Agriculture, Hunting and Forestry" has increased throughout the years, reaching its highest peak in 2009, and showing a significant increase of 9 percent compared to 2008. "Manufacturing" and "Transport, Storage and Communications" show significant declines relative to 2008, of 14 & 9 percent points respectively. "Wholesale and

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retail trade” has the biggest share of about 84 percent of the total imports of merchandise in 2009. From the data presented in the table below, it can also be seen that aforementioned industry is St. Maarten’s main import industry, however a decline of 8 percent is noted in 2009 compared to 2008. The total import for the “Wholesale and retail trade” industry has amounted to 685 million guilders.

The “Real estate, renting and business activities” industry has the second highest share of about 5 percent of total imported merchandise in 2009. The import value of this industry grew by about 1 million guilders in 2009. This industry reached its highest peak in 2007, with an import value of about 40 million guilders.

So far, within the five years of conducting this survey, the “Agriculture, hunting and forestry” industry has reached its highest peak in 2009.

Imports by Industry 2005-2009

Industry	Description	2005 (' 000) Ang.	2006 (' 000) Ang.	2007 (' 000) Ang.	2008 (' 000) Ang.	2009 (' 000) Ang.	2008-2009 % change
A / B	Agriculture, Hunting, and Forestry	711	850	894	1,061	1,161	9.43%
D / E	Manufacturing	40,504	11,817	20,022	19,499	16,784	-13.92%
F	Construction	20,980	14,948	22,284	25,278	24,019	-4.98%
G	Wholesale and Retail Trade	581,680	609,917	67,0132	746,435	684,949	-8.24%
H	Hotels and Restaurants	17,396	17,405	19,973	19,868	19,429	-2.21%
I	Transport, Storage and Communications	13,966	22,996	20,345	21,989	20,040	-8.86%
K	Real Estate, Renting and Business Activities	11,276	34,814	39,830	37,477	38,184	1.89%
N	Health and Social Work	325	3,468	3,458	4,592	4,716	2.70%
O	Other Social and Related Community Services	8,218	9,592	10,721	9,758	9,333	-4.36%
TOTAL		695,056	725,807	807,659	885,957	818,615	-7.60%

Analysis by commodity shows an import value increase of 12 percent in “Mineral fuels” , in 2009 relative to 2008 (see table below). A major decline is noted in the imports of “Manufactured articles” with 19 percent; the import of this commodity has dropped from 284 million to 229 million guilders in 2009.

Imports by Commodity 2005-2009

SITC		2005	2006	2007	2008	2009	2008-2009
Section	Description	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	%change
0	Food and live animals	74,143	53,802	70,040	129,738	122,682	-5.44%
1	Beverages and tobacco	63,255	63,809	44,894	117,714	109,629	-6.87%
2	Crude materials, inedible, except fuels	9,591	5,452	12,416	5,950	6,104	2.59%
3	Mineral fuels, lubricants and related materials	121,278	98,017	142,403	143,844	160,470	11.56%
4	Animal and vegetable oils, fats and waxes	861	733	1,507	2,169	2,050	-5.49%
5	Chemicals and related products, n.e.s.	25,360	25,431	16,607	20,592	21,247	3.18%
6	Manufactured goods classified chiefly by material	78,806	110,136	112,981	123,771	117,002	-5.47%
7	Machinery and transport equipment	122,865	68,631	98,369	58,469	50,598	-13.46%
8	Miscellaneous manufactured articles	198,674	299,798	307,853	283,529	228,834	-19.29%
9	Commodities and transactions not classified elsewhere in the SITC	223	-	589	181	-	-100.00%
	TOTAL	695,056	725,809	807,659	885,957	818,616	-7.60%

Exports

The total export of merchandise in St. Maarten has decreased from 117 million guilders in 2008 to 111 million guilders in 2009, which is a decline of about 5 percent compared to the previous year.

Even though the exports of commodities declined in 2009, analysis by industry depicts that “Manufacturing” has the highest export increase in 2009 of 33 percent, it is also one of the industries in which the exports have been increasing throughout the years (see table below).

In 2009, the industry with the highest share of merchandise export is the “Wholesale and retail trade” with a value of 99 million guilders. This industry has a share of 89 percent of the total exports from St. Maarten. The “Wholesale and retail trade” industry has declined by almost 6 percent compared to 2008. This could be the effect of the economic crisis resulting in less demand from the surrounding islands.

The industries of “Hotel and restaurant” and “Construction”, both have a share of about 4 percent of the total export in merchandise from St. Maarten. The merchandise export in the “Construction” industry has decreased with 8 percent in 2009, while the merchandise export in the “Hotel and restaurant” industry has decreased with 4 percent.

Exports by Industry 2005-2009

Industry	Description	2005	2006	2007	2008	2009	2008-2009
		(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	% change
A / B	Agriculture, Hunting, and Forestry	32	36	38	41	54	31.71%
D / E	Manufacturing	198	2,266	2,352	2,656	3,544	33.43%
F	Construction	1,280	2,551	3,764	5,000	4,594	-8.12%
G	Wholesale and Retail Trade	63,842	83,622	97,347	104,496	98,517	-5.72%
H	Hotels and Restaurants	4,629	4,320	3,940	4,675	4,489	-3.98%
	TOTAL	69,981	92,795	107,441	116,868	111,198	-4.85%

The commodity export of “Machinery and transport equipment” has increased with almost 1 million guilders in 2009. The export of “Manufactured articles” has augmented with approximately 1 million guilders (4 percent) in 2009.

The highest value decline is registered in the merchandise export of “Beverages and tobacco” with more than 7 million guilders in 2009, however it still holds the highest share of export commodity in 2009; 63 million guilders.

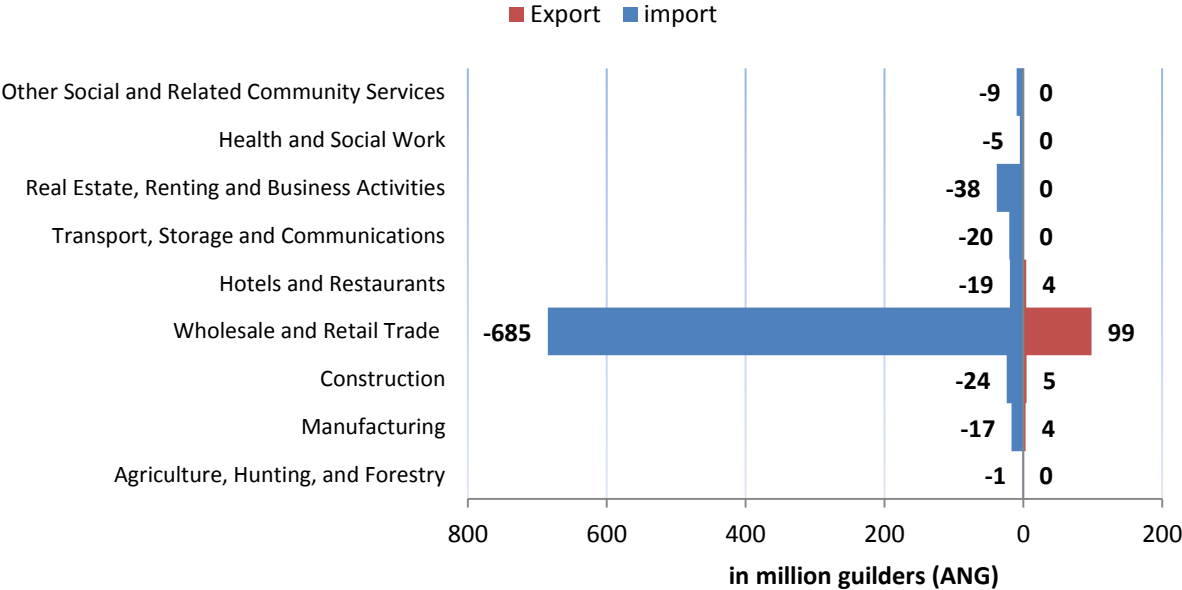
Exports by Commodity 2005-2009

SIT C		2005	2006	2007	2008	2009	2008-2009
Sect ion	Description	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	(' 000) Ang.	%change
0	Food and live animals	7,887	6,866	6,008	10,995	11,189	1.76%
1	Beverages and tobacco	22,207	27,218	28,313	69,832	62,591	-10.37%
2	Crude materials, inedible, except fuels	638	36	441	667	695	4.20%
3	Mineral fuels, lubricants and related materials	-	-	-	-	-	
4	Animal and vegetable oils, fats and waxes	186	238	306	683	699	2.34%
5	Chemicals and related products, n.e.s.	3,186	3,579	2,000	1,878	1,923	2.40%
6	Manufactured goods classified chiefly by material	7,789	16,532	9,850	9,567	9,138	-4.48%
7	Machinery and transport equipment	5,039	14,551	10,092	8,092	9,141	12.96%
8	Miscellaneous manufactured articles	23,036	23,743	50,431	15,139	15,806	4.41%
9	Commodities and transactions not classified elsewhere in the SITC	13	32	-	15	16	6.67%
	TOTAL	69,981	92,795	107,441	116,868	111,198	-4.85%

From the data presented above it can be concluded that both the imports and exports for St. Maarten have declined in 2009. The decline can be related to the economic crisis that started in the last quarter of 2008.

The graph below depicts the ratio of imports compared to exports. St. Maarten does not produce its own products; hence the high amounts of imports. It should also be noted that the overall exports from St. Maarten include goods which have been previously imported. St. Maarten is used as import harbor for the surrounding islands especially Saba and St. Eustatius.

Imports and Exports by Industry 2009



Definition:

Manufactured articles:

“The production of articles for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand-labor or by machinery.”

Mineral fuels:

“A carbonaceous fuel mined or stripped from the earth, such as petroleum, coal, peat, shale oil, or tar sands.”

CPI

CONSUMER PRICE INDEX

2ND TRIMESTER REPORT 2011



By Saskia Thomas-Salomons

Consumer Price Index (CPI) is an index of the variation in prices paid by consumers for retail goods and other items. On St. Maarten, prices are collected every two months and are used to calculate the CPI. It is a useful economic measure, used to determine inflation and to adjust salaries, pensions, rental contracts, etc.

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The CPI is determined on the basis of price developments within a set basket of consumer goods and services. This basket is divided into nine expenditure categories each carrying a specific weight. Note the pie chart (fig.1) below illustrates the weight of each expenditure category.

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

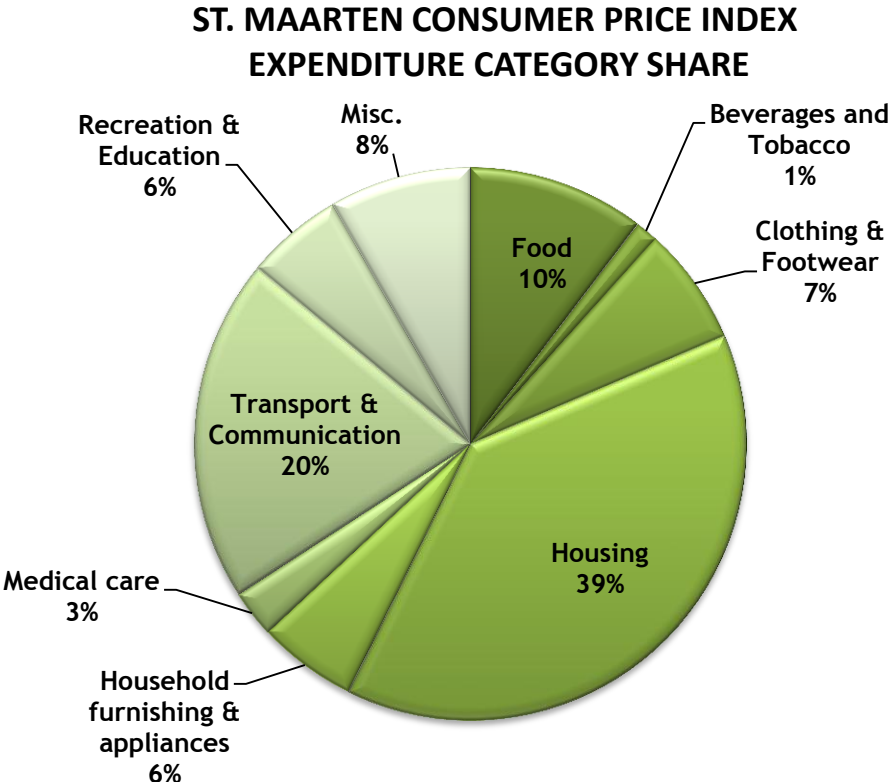


Figure 1



EXPENDITURE CATEGORY

FOOD

1 Food

The expenditure category Food is one of three largest contributing categories, it carries a 10% weight of the total CPI. The Food category is further sub-divided into nine food groups. Each of the food groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

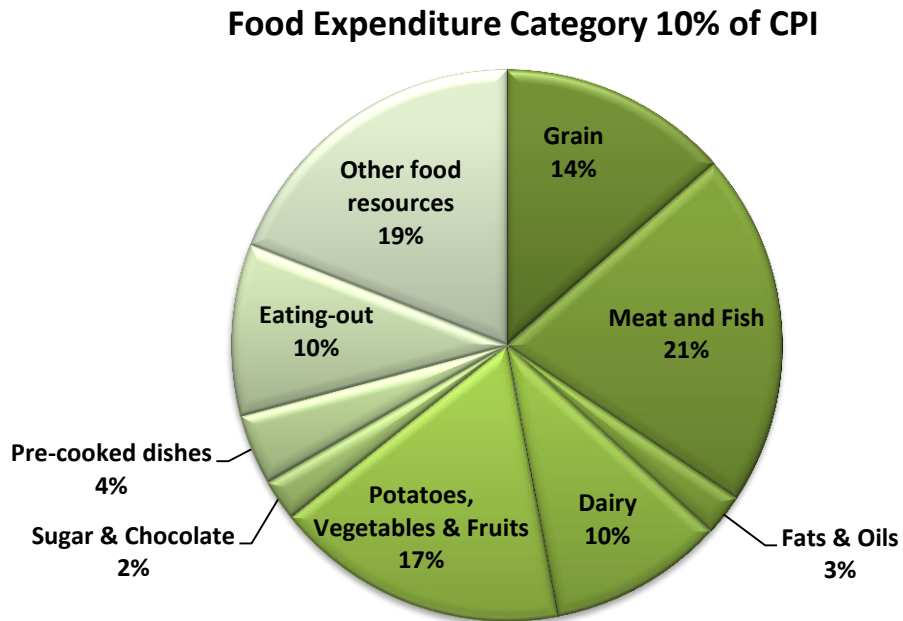


Figure 2

Illustrated in the cone chart (*fig.3*) below are the average inflation rates recorded in the expenditure category Food over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Note that, during the years 2006 through 2009 there was an upward trend in the average inflation, which peaked in 2009 (14.7%). However, 2010 (4.7%) has shown a sharp drop in average inflation; decrease with approximately 68 percent compared to the previous year.

In the following section we take a closer look into the average index for each of the nine food groups over the 2nd trimester period (May-Aug) for the years 2006 through 2011. In some cases food products that are considered of interest were highlighted and the average price recorded during June and August over the last 5 years was depicted in a line chart.

Ave. Inflation for the Expenditure Category Food in the period (May - Aug) 2006 - 2011

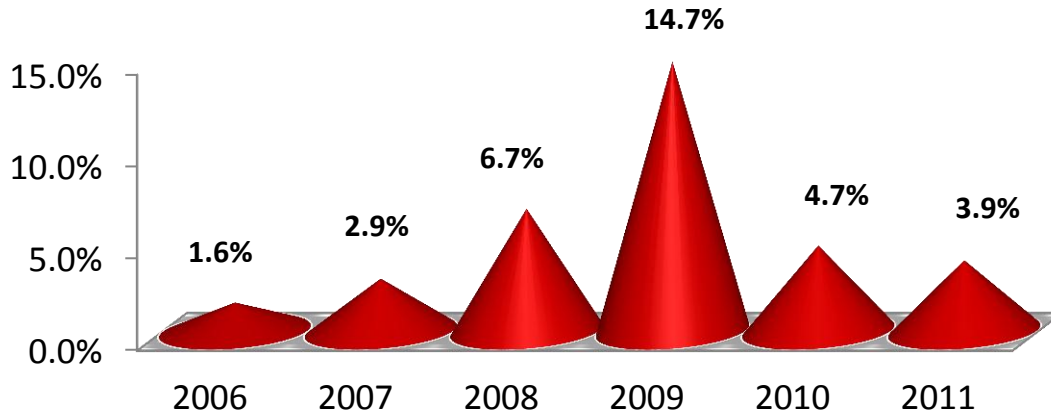


Figure 3

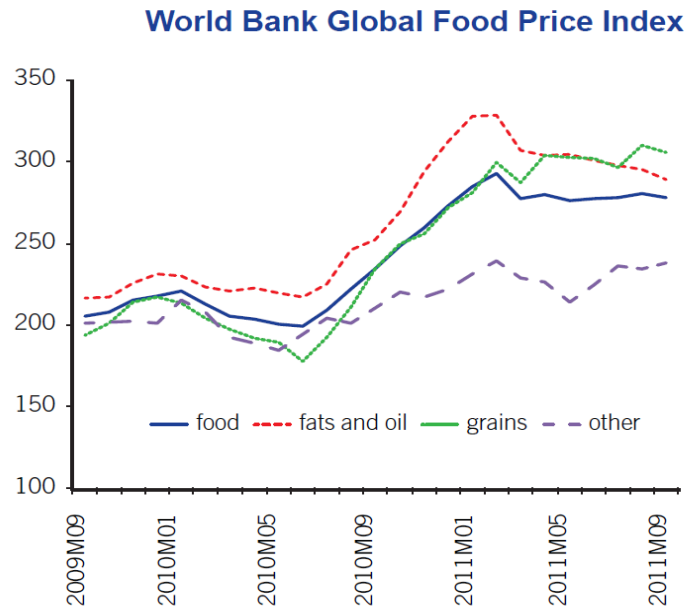
1.1 World Outlook: Continued High Food Prices

Mr Alan Bojanic (*Deputy Regional Representative of Latin America and the Caribbean for the Food and Agriculture Organization of the United Nations*), stated that the global food situation will continue to deteriorate as demand is outstripping supply and productivity has declined. He suggested that food prices will not return to levels experienced before the food crisis of 2007/2008 and they will continue to be extremely volatile. With food inflation driving general inflation, a large selection of the population will have substantially less resources to address other basic human requirements such as health, housing and education, and in this context he suggested that it was very likely that the Millennium Development Goal (MDG) of reducing poverty and hunger by 2015 will not be achieved.¹

The World Bank states (*in their Food Price watch November 2011 edition*) that, Global Price remains high even though the global food price Index remained unchanged between July and September of 2011 (*depicted in fig.4 below*). It was further stated that a favourable outlook on supply and stocks is likely to relieve some of the pressure on global food prices. They also believe that the troubled world economy – particularly in the US and the Euro Zone – have generally dampened demand. Yet coupled to a global economic crisis are decisions on medium- to long-term investments in agriculture research and more productive agricultural techniques. Global food markets have become tightly entwined with energy markets in recent years; and

¹ FAO (Food and Agriculture Organization), “Regional Consultation on Policy and Programmatic Actions to address High Food Prices in the Caribbean”, 13-14 June 2011 Port of Spain, Trinidad and Tobago.

uncertainties in the global economy and supply of oil add to the concerns regarding the global food price volatility.



Source: World Bank DECPG.
 Note: The Global Food Price Index weighs export prices of a variety of food commodities around the world in nominal U.S. dollar prices, 2000=100.

Figure 4²

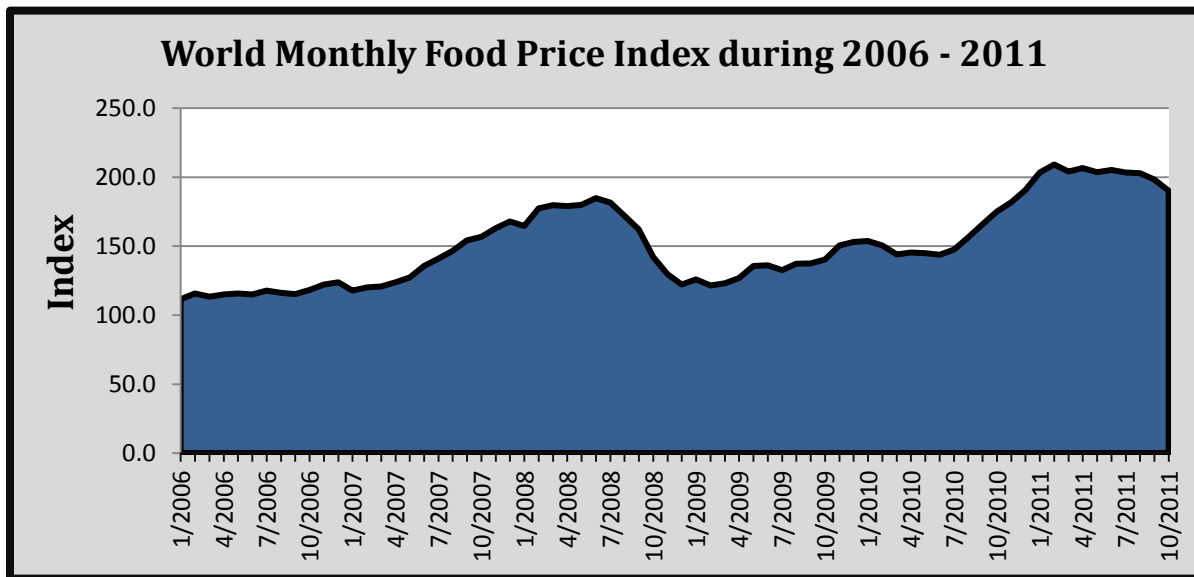


Figure 5³

² The World Bank; <http://www.worldbank.org>

When comparing the movement in index prices of the food commodity for Sint Maarten to that of the World we note the index of Sint Maarten shows a continued upward trend whilst the world's food index begins to decline during April and October of 2011.

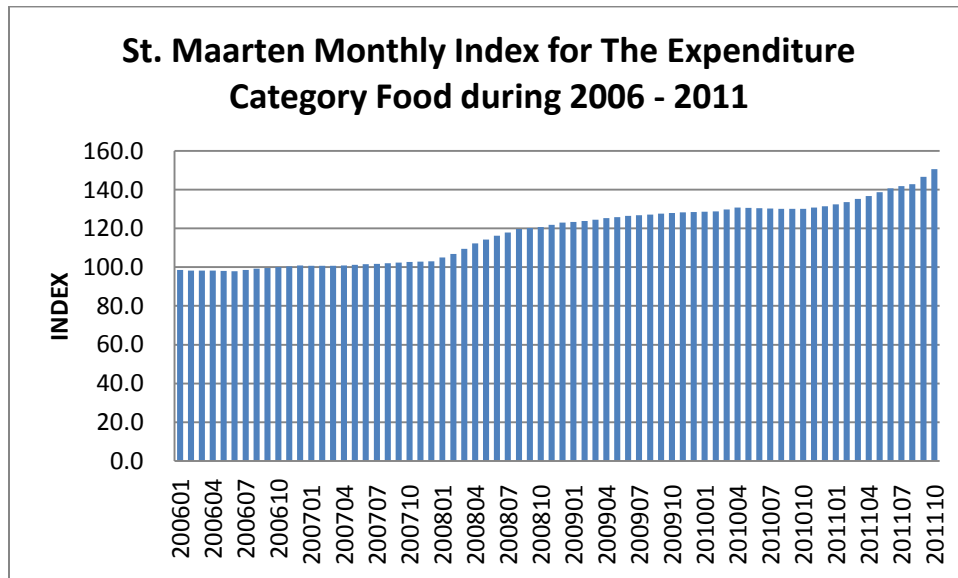


Figure 6

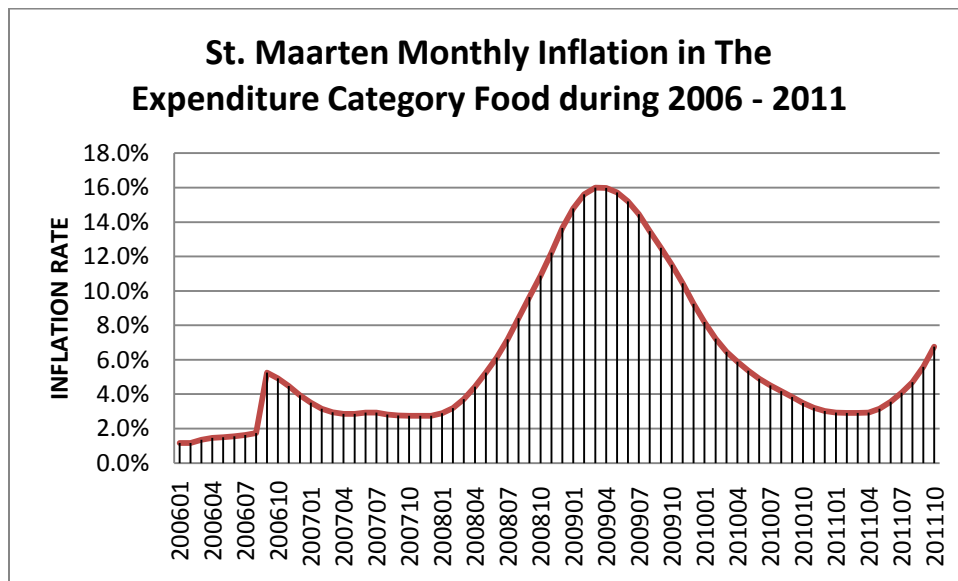


Figure 7

We notice in figure 8 below that GDP per capita on Sint Maarten has shown slight growth in 2010 compared to 2009. However, this growth in GDP per capita is directly related to a decline

³ Food and Agriculture Organization of the United Nations; <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

in population. Notable is that Sint Maarten's GDP has further contracted in 2010 with 1.6 percent (depicted in fig.9 below).

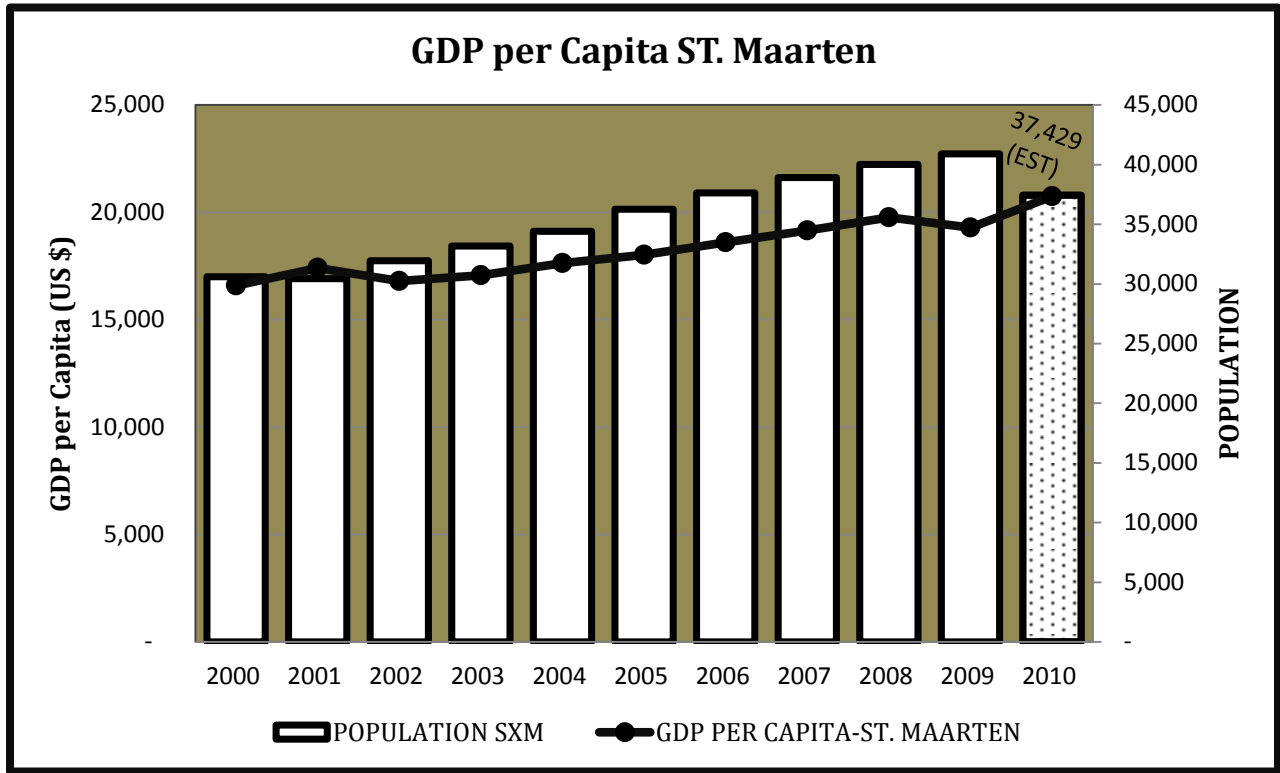


Figure 8

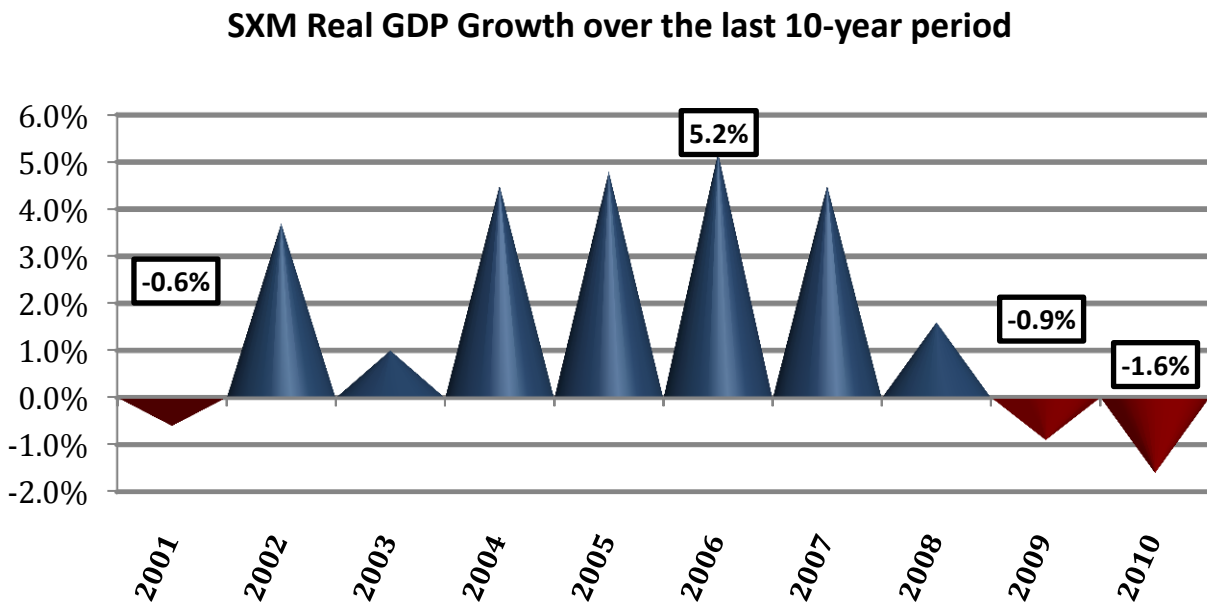


Figure 9

1.2 Grains

The bar chart (*fig.10*) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has consistently been increasing. Note that 2008 compared to 2009 recorded that largest jump, recording above 16.5 points increase in the average index. The large increase in prices within the food group grain was also noted in the average inflation of the entire Food category during this period.

The following section will highlight average prices recorded in June and August over the last 5 years for the food products Bread, Rice and Flour.

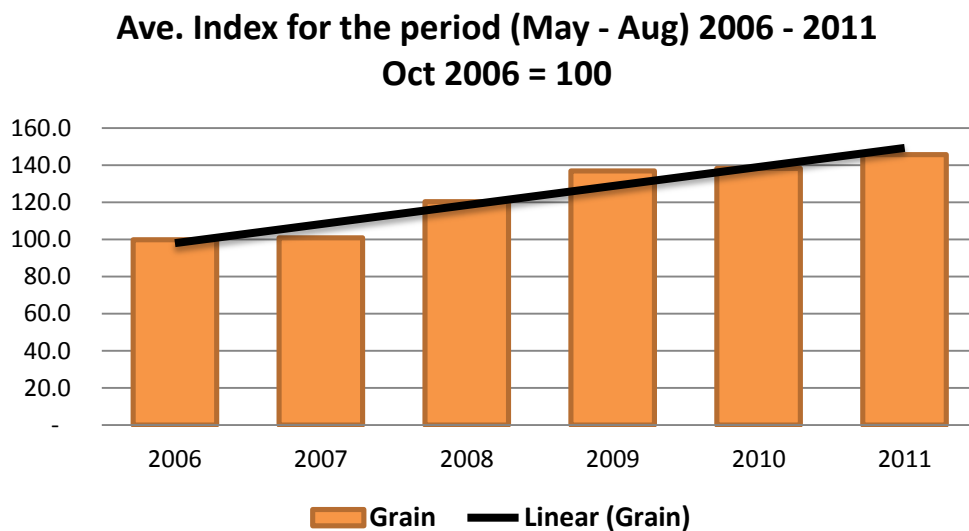


Figure 10

Note that the average price of white bread has shown a slight increase in 2007 compared to the same period in 2008. Notable is the spike in the average price of white bread between June and August of this year; during which the highest average price (ANG 3.72) for white bread was recorded. Notice that brown bread has a more volatile movement in the average price; however the trend indicates a consistently increasing average price. Notable also is the step increase in the average price of brown bread between 2010 compared to the same period in 2011. The highest average price (ANG 5.18) for brown bread was recorded in August 2011.

1.2.1 Bread

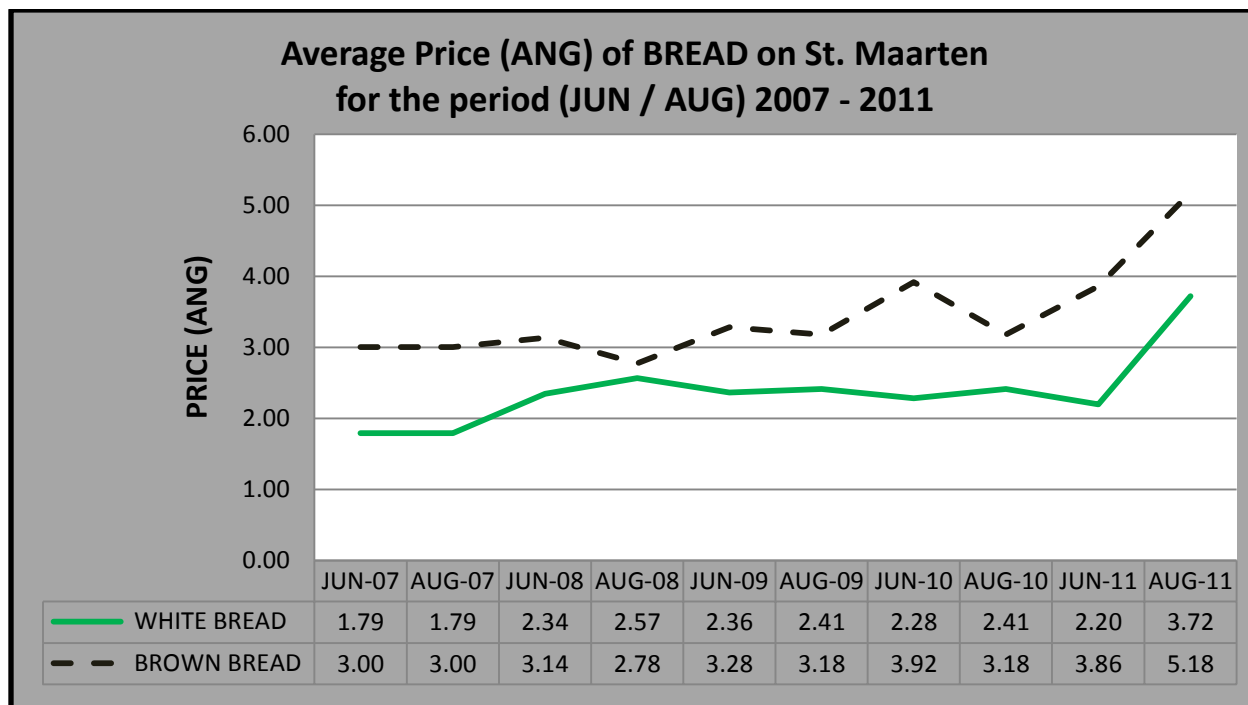


Figure 11

Note that the average price of white and brown rice has been following very similar movements; mostly the variation in price between white and brown rice is under ANG 1 (*depicted in fig.12 below*).

The 3-pound bag of white and brown rice has been fairly stable in 2007 after which recorded a period of growth during 2008 and 2009. After June 2009 the 3-pound bag of white and brown rice recorded a gradual decline in average price during. The highest average price (ANG 4.62; ANG 5.20) for a 3-pound bag of white and brown rice was recorded in June 2009.

The 5-pound bag of white and brown rice has been fairly stable in 2007 after which recorded a period of growth during 2008 remaining fairly stable through to 2010. A slight increase was recorded in the average price of the 5-pound bag of brown rice between June and August of this year; during which the highest average price (ANG 8.70) was recorded. The highest average price (ANG 7.66) for a 5-pound bag of white rice was recorded in June 2009.

The 10-pound bag of white and brown rice has been fairly stable in 2007 after which recorded a period of growth during 2008 remaining fairly stable through to 2011. The highest average price (ANG 17.21; ANG 16.37) for a 10-pound bag of white and brown rice was recorded in June 2009.

1.2.2 Rice

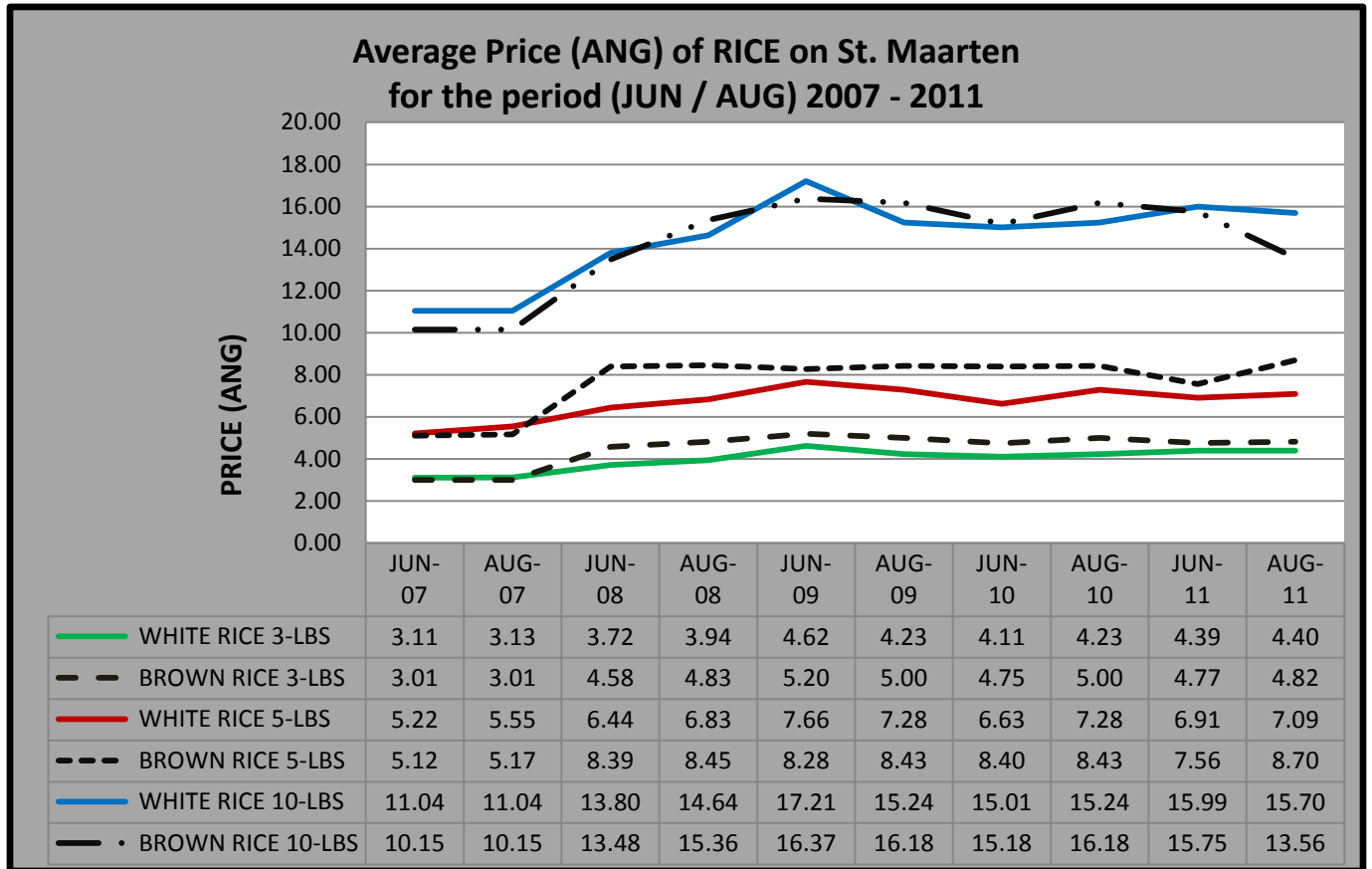


Figure 12

1.2.3 Flour

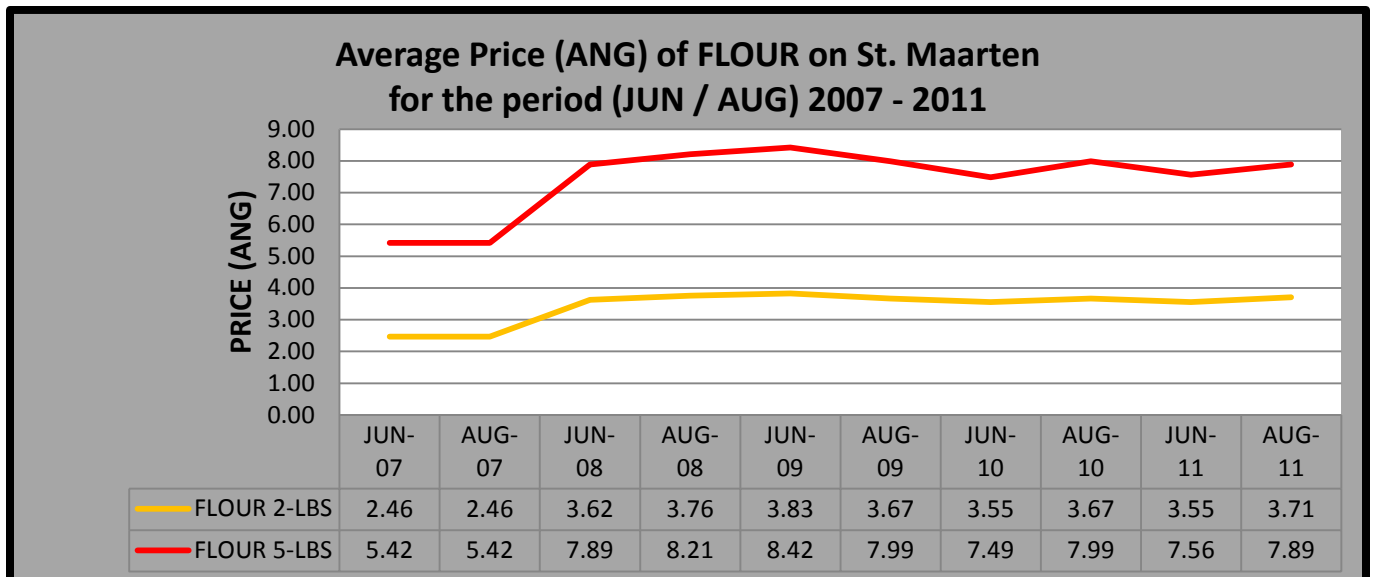


Figure 13

Note that Flour has shown a steep increase in average price in June 2008 compared to August 2007, this was followed by a period of stability. The highest average price (ANG 3.83; ANG 8.42) for the 2-pound bag and 5-pound bag of Flour was recorded in June 2009.

1.2.4 World Outlook: Rice and Wheat

The US wheat supplies for 2011/12 has been lowered based on the updated production estimates (*derived from the Sept. 30th small grains report*). An increase in the white wheat production has partly offset the lowered production estimates of hard red spring (HRS) wheat and drum. Projected use for 2011/12 is unchanged for all wheat; yet, ending stocks are lowered in relation to the lowered production levels. The world wheat production is projected to increase to near record-high, just below the all-time high production levels in 2009/10. World wheat use is also projected to increase in 2011/12; 40 percent of which is expected to be in greater feed and residual use. The world's wheat ending stocks 2011/12 are projected to have slightly increased. High world grain production and supplies are lowering prices making grain imports for many countries more attractive.⁴

Global rice production forecast for 2011/12 has decreased, despite the decrease production levels remains at record highs. Severe flooding in Southeast Asia largely the decreased production levels. Global trade in 2012 is projected to fall 4 percent from the 2011 record high. Global rice ending stocks 2011/12 are projected to increase for the fifth consecutive year.⁵

The US cereal and bakery product prices were up 0.4 percent from August to September 2011 and are up 5.6 percent from last year at this time with bread prices up 7.3 percent and breakfast cereal prices up 6.2 percent over the past year. Flooding in Midwest has raised wheat prices to historical high levels.⁶

⁴ USDA (United States Department of Agriculture); "Wheat Outlook", Nov.14, 2011

⁵ USDA (United States Department of Agriculture); "Rice Outlook", Nov.10, 2011

⁶ USDA (United States Department of Agriculture); Briefing Room, "Food CPI and Expenditures"

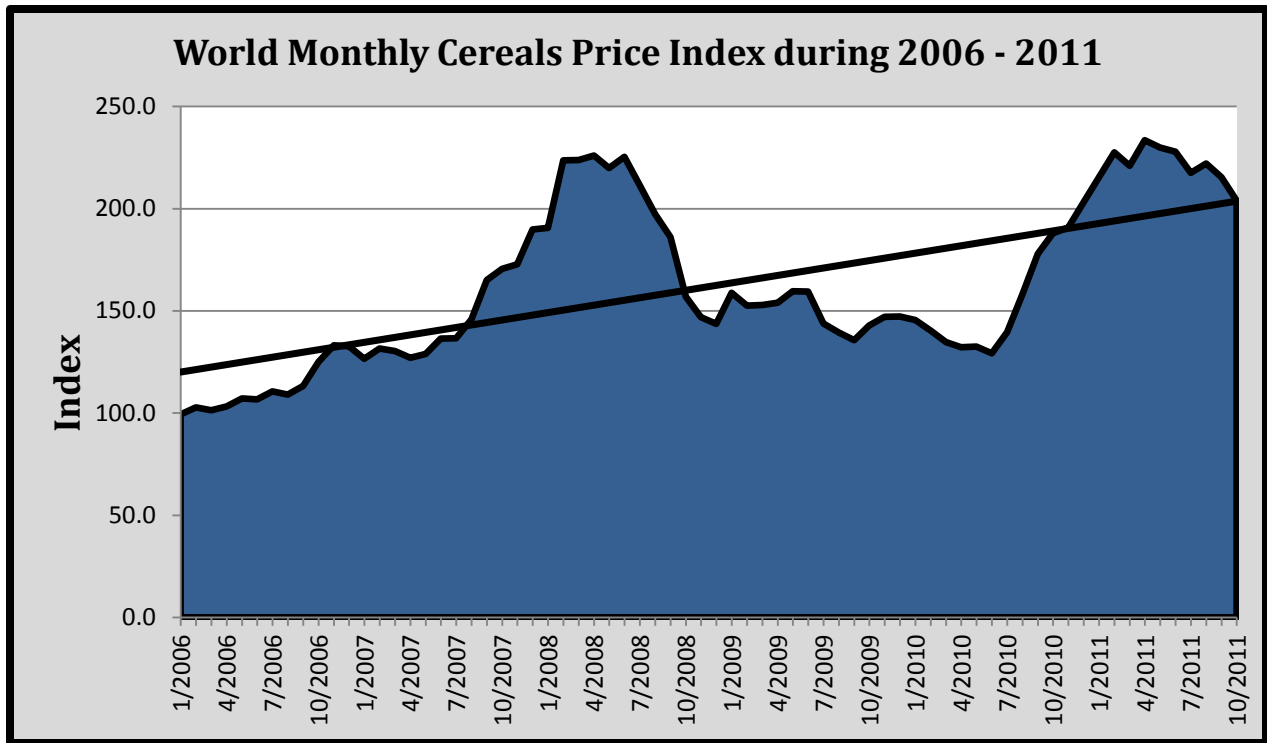
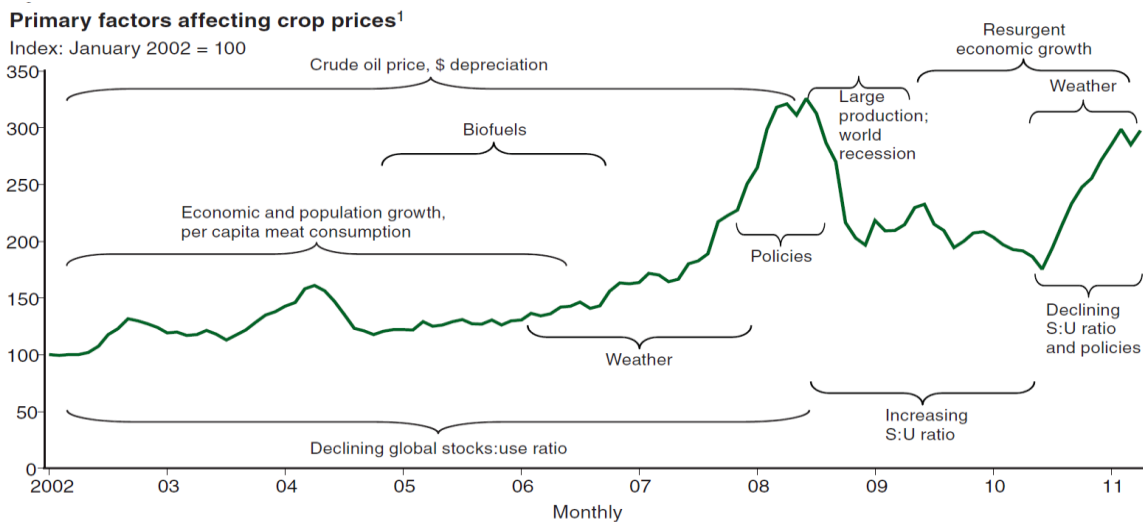


Figure 14⁷



S:U=Stocks-to-use ratio.

¹Four-crop price index for wheat, rice, corn, and soybean prices weighted by trade shares.

Source: USDA, Economic Research Service calculations based on International Monetary Fund, International Financial Statistics.

Figure 15⁸

⁷ Food and Agriculture Organization of the United Nations; <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

1.3 Meat, Poultry & Fish

The bar chart below (*fig.16*) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. Note that 2010 compared to 2011 recorded that largest jump, recording above 14 points increase in the average index; equivalent to the increase recorded in 2008 compared to 2009. The large increase in prices within the food group meat, poultry & fish was also observed in the monthly inflation of the overall Food category (*illustrated in fig.7*).

The following section will highlight average prices recorded in June and August over the last 5 years for the food products canned meat and canned fish.

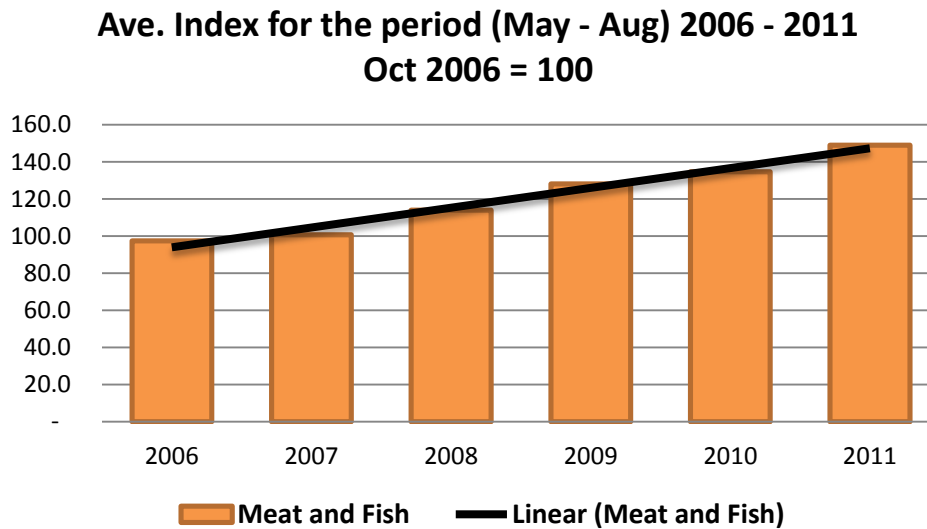


Figure 16

1.3.1 Canned Meat

Note that the average price of corn beef recorded a sharp increase during 2008 and 2011 compared the same period a year (*depicted in fig.17 below*). The highest average price (ANG 4.27; ANG 4.30) for the 7-ounce and 12-ounce can of corn beef was recorded in June 2009 and June 2011 respectively.

The 5-ounce can of vienna sausage remained fairly stable throughout the last 5 years; recording the highest average price (ANG 1.34) in August 2011.

Note that the 12-ounce can luncheon meat recorded a gradual increase during 2007 to 2011. Whereas, the 7-ounce can luncheon meat recorded a sharp increase in 2007 followed by a decline in 2008; remained fairly stable in 2009 and 2010 and increased again in 2011. The

highest average price (ANG 4.89; ANG 5.78) for the 7-ounce and 12-ounce can of luncheon meat was recorded in August 2011.

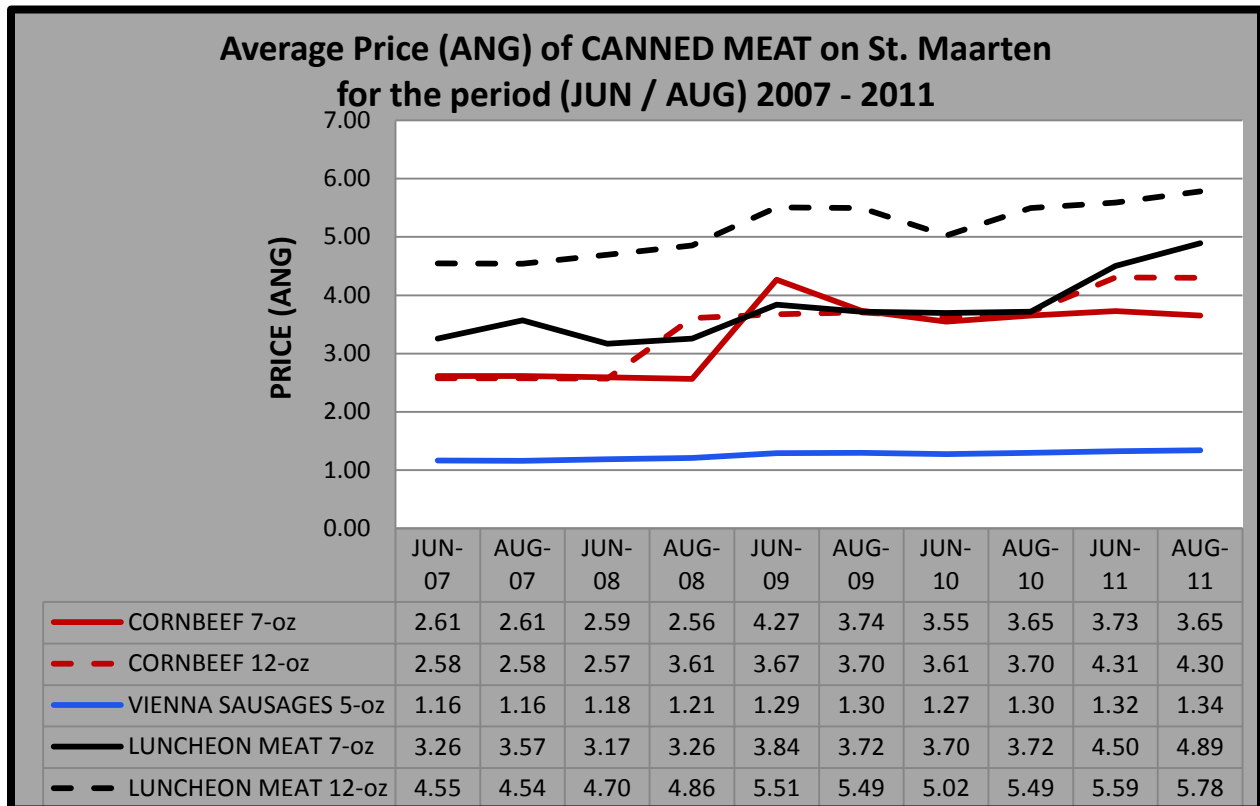


Figure 17

1.3.2 Canned Fish

Note that the average price of tuna increased sharply during 2009; followed by a slight decline in 2010. The highest average price (ANG 2.73) was recorded in June 2009. The average price for a 3.75-ounce can of sardines has shown a gradual upward movement during the period 2007 to 2011. The highest average price (ANG 2.27) was recorded in August 2011.

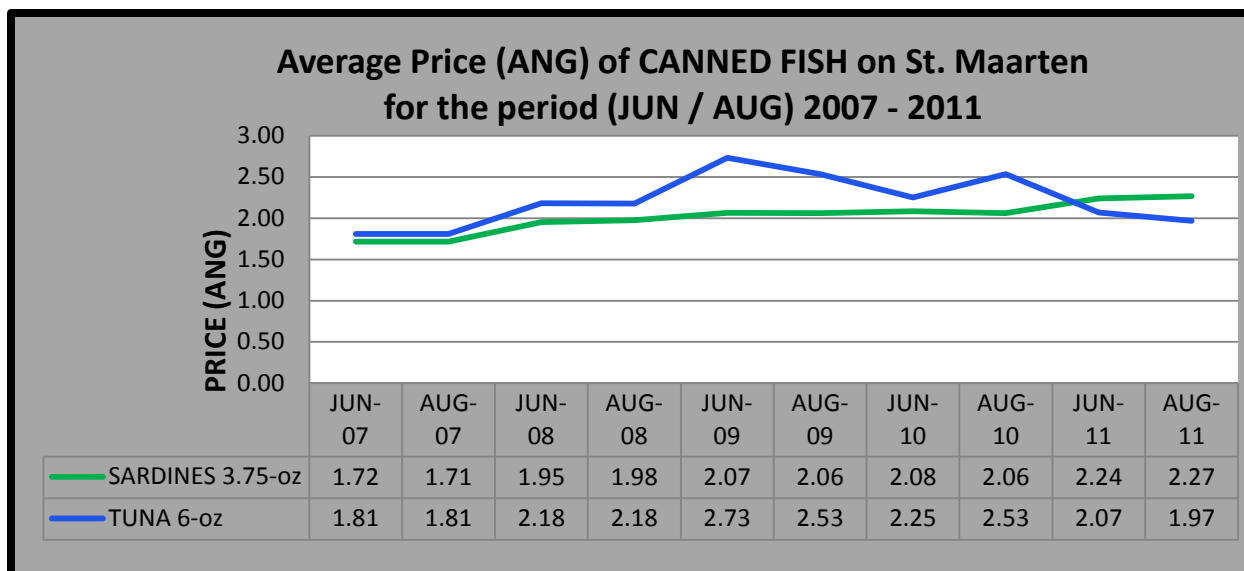


Figure 18

1.3.3 World Outlook: Animal Products

Drought has caused increased sales of feeder for cattle and cows. The high prices in grain is somewhat offset by lower prices in corn to reduce pressure on feeding costs. Continued accelerating pork export levels maintain pork prices. Turkey meat production over the first 5-months of 2011 is up compared to the same period in 2010; even with higher production prices of frozen turkeys are up in June 2011 compared to 2010.⁹

The US Beef, Pork and Poultry prices increased in September 2011 compared to September 2010; due to continued higher input costs and the relatively low supply levels of pork and beef resulting from the high price inflation of 2007/08. Higher prices in have also been noted Fish and seafood during august and September 2011, related to Japanese supply shocks and rising feed prices.

⁹ USDA (United States Department of Agriculture); "Livestock, Dairy and Poultry Outlook", July 18, 2011, Aug. 17, 2011.

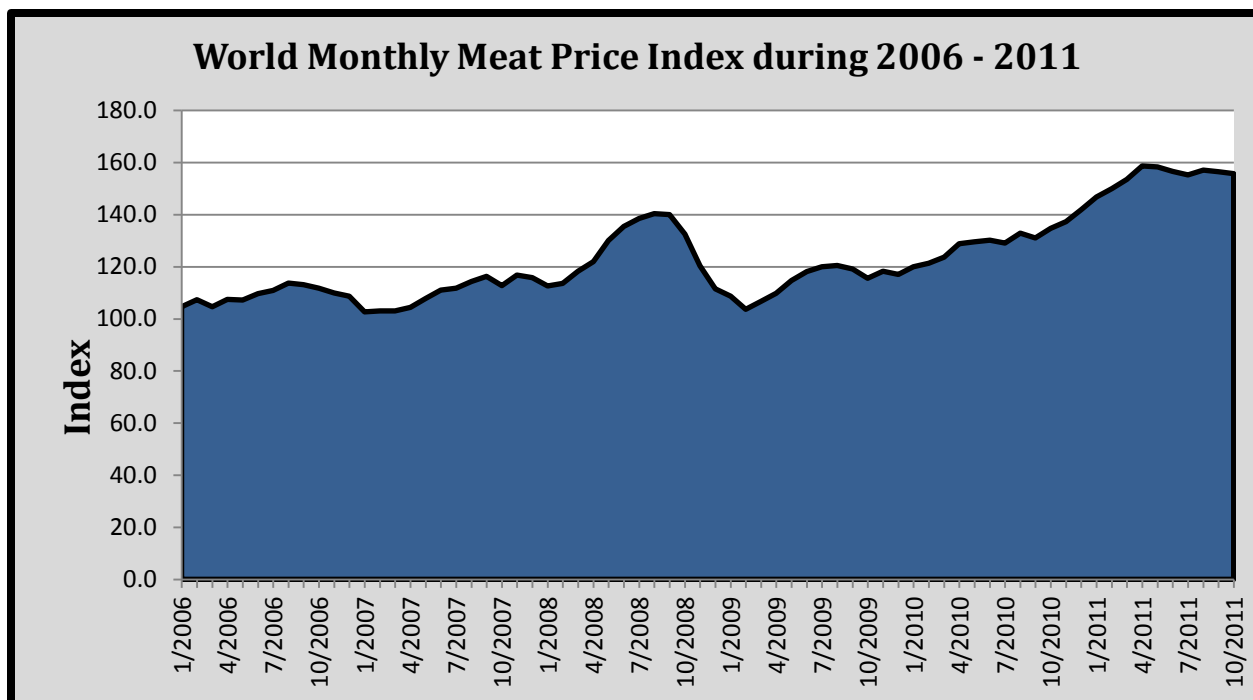


Figure 19¹⁰

1.4 Fats & Oils

The bar chart (*fig.20*) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has progressively been increasing. Note that 2007 compared to 2008 recorded that largest jump, recording 28.5 points increase in the average index. The large increase in prices within the food group grain was also noted in the average inflation of the entire Food category during this period. Though there has been a slight decline in the average index of Fats & Oils in 2009 compared to 2010; the overall trend is a rising average index.

The following section will highlight average prices recorded in June and August over the last 5 years for the food products Margarine and Cooking Oil.

¹⁰ Food and Agriculture Organization of the United Nations; <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

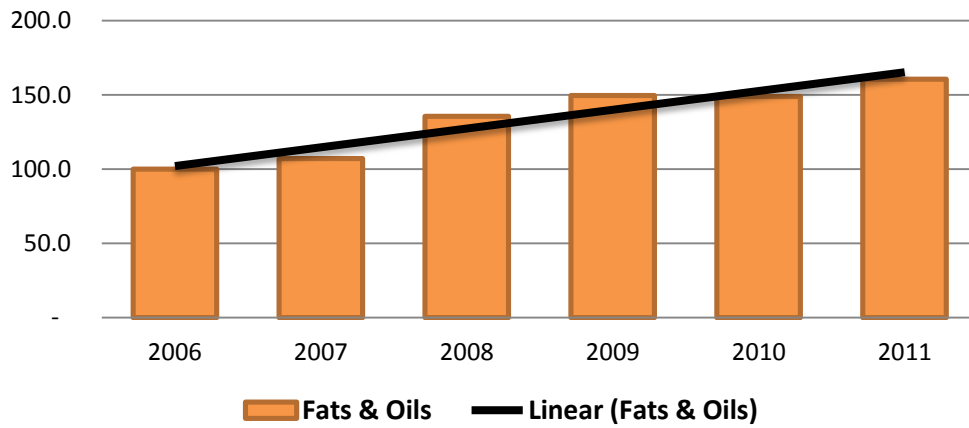


Figure 20

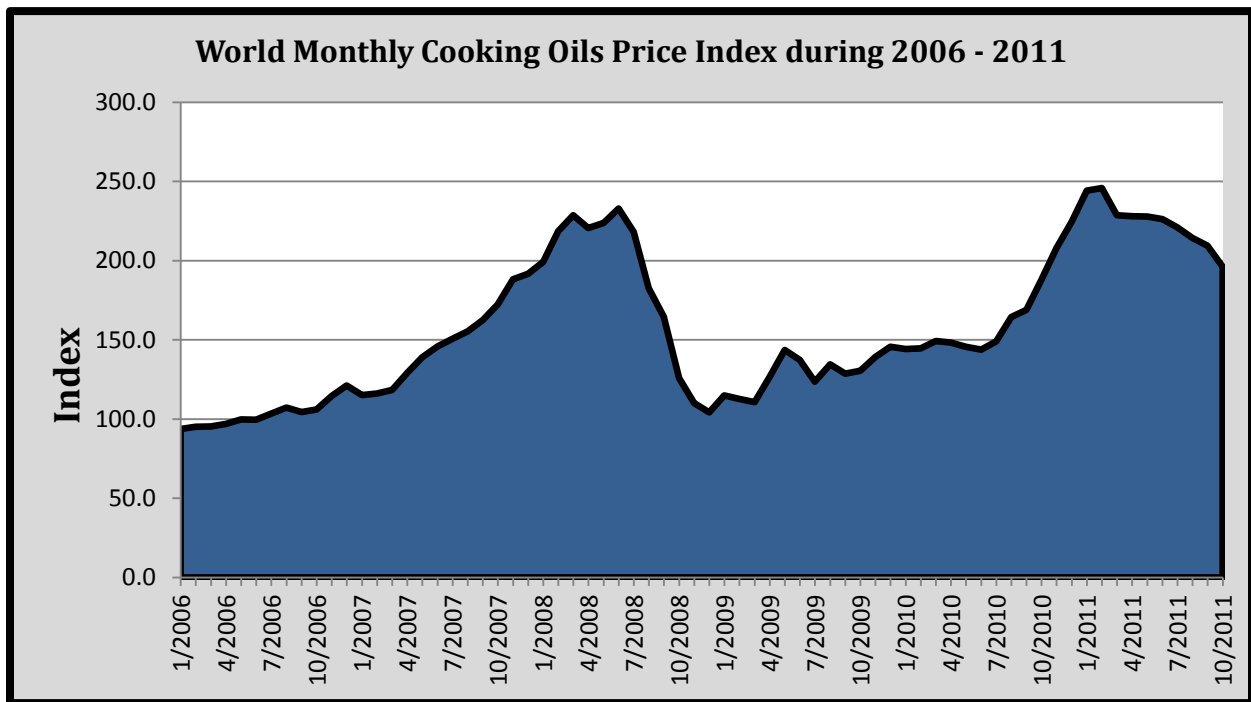


Figure 21¹¹

The FAO (Food and Agriculture Organization) of the United Nations calculates the world monthly oil price index depicted in the figure 21 above. Note the peak and subsequent decline in price index recorded in 2010-2011 was similar to that recorded in 2007-2008. Though the

¹¹ Food and Agriculture Organization of the United Nations; <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

world price index has declined during April and October of 2011; the US records price increases from August to September 2011.

1.4.1 Margarine

Note that the average price of a 450-gram can and 900-gram can of margarine has been fairly stable in 2007 after which prices recorded a period of growth during 2008 and 2009 remaining fairly stable through to June 2011. The highest average price (ANG 5.48; ANG 6.69) for the 450-gram and 900-gram can of margarine was recorded in June 2011.

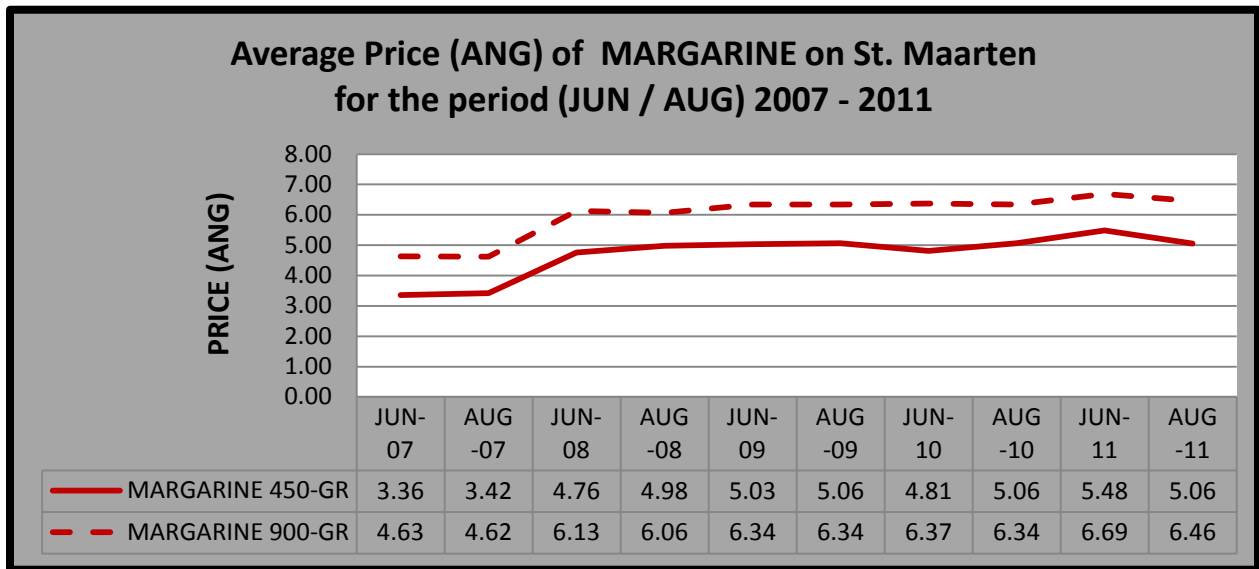


Figure 22

1.4.2 Cooking Oil

Note that the average price of a 16-ounce bottle has had a gradual increase over the last 5 years. The average price of the 32-ounce bottle has recorded volatile fluctuations during 2007 to 2009. However, in 2009 and 2010 the average price remained fairly stable followed by an increase in 2011. The average price of the 48-ounce bottle has recorded a step like increase over the 2007 to 2009 period after which volatile fluctuations in the average price has been recorded. The highest average price (ANG 5.58; ANG 7.00; ANG 9.10) for the 16-ounce, 32-ounce and 48-ounce can of margarine was recorded in August 2011, June 2008 and August 2009/10 respectively.

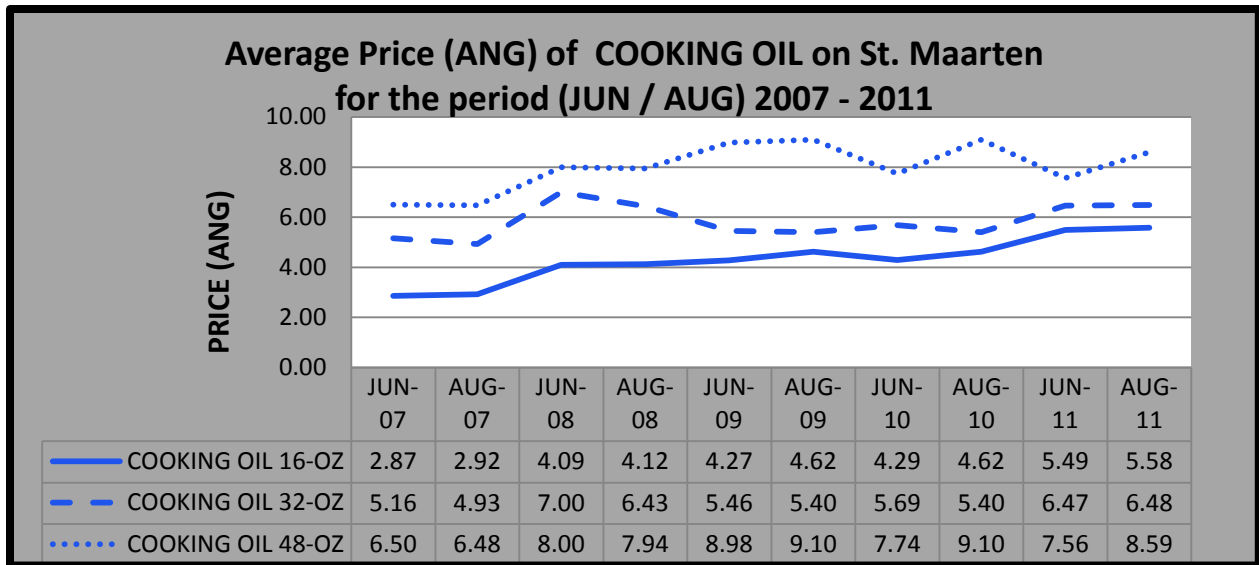


Figure 23

1.5 Dairy

The bar chart (fig.24) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has gradually been increasing. Note that 2007 compared to 2008 recorded that largest jump, recording approximately 28 points increase in the average index. Notably 2011 compared to 2010 has recorded an increase in the average index after a decline in 2010 compared to 2009.

The following section will highlight average prices recorded in June and August over the last 5 years for the food products; Powder milk, Can milk, Baby milk and Eggs.

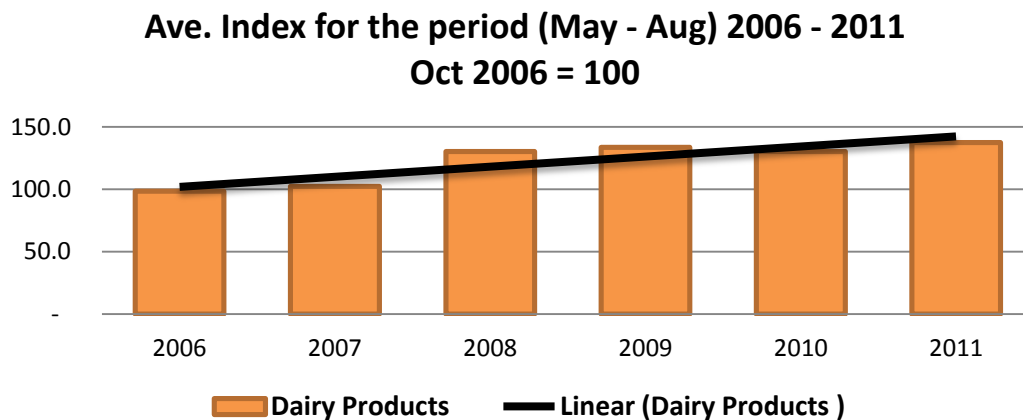


Figure 24

1.5.1 World Outlook: Dairy

Milk production continues to rise despite high feed prices. Climbing domestic commercial use and exports act to keep milk and dairy product prices high. Cattle numbers are forecasted to increase slightly in 2012, whilst production is expected to climb, likely reducing milk and product prices in 2012.¹²

Dairy prices were up 0.1 percent from September to October 2011, compared with a 1.2-percent increase from August to September 2011. Dairy prices are now 9.0 percent above the October 2010 level. In 2010, dairy prices were up only 1.1 percent from 2009 (following a 6.4-percent *decline* from 2008 to 2009). Due to higher projected prices for farm milk in 2011, ERS (*Economic Research Service*) forecasts that retail dairy prices will increase 5 to 6 percent in 2011.¹³

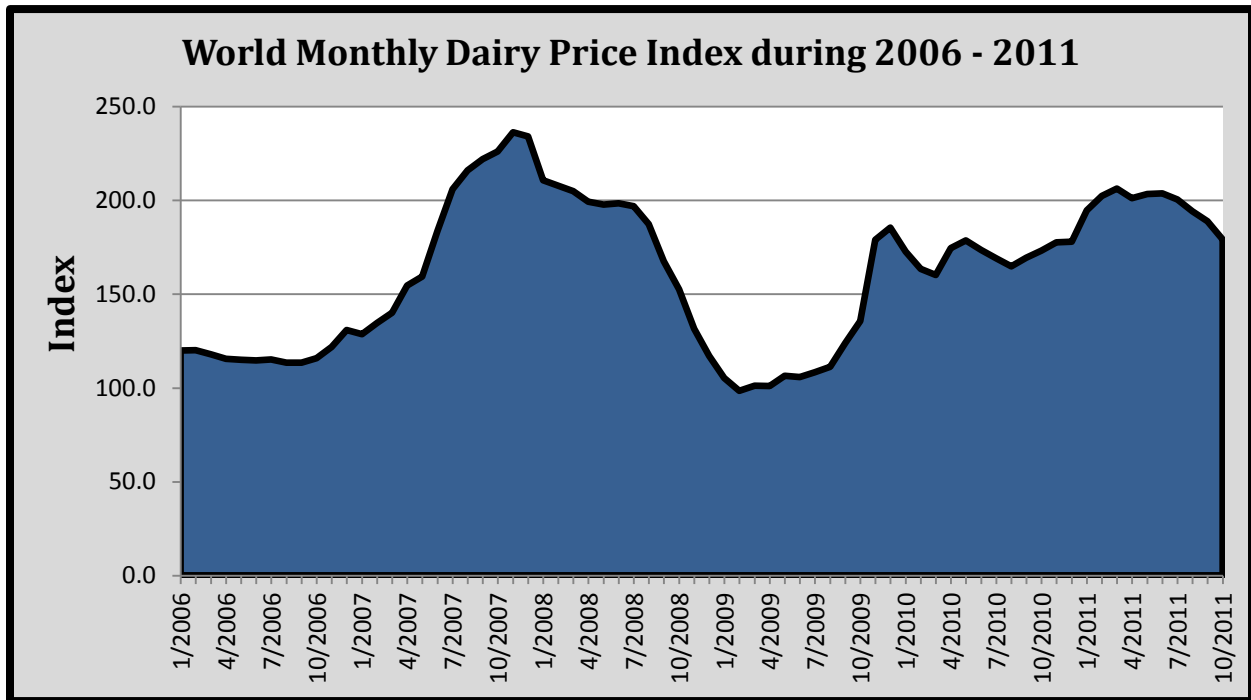


Figure 25

¹² USDA (United States Department of Agriculture); "Livestock, Dairy and Poultry Outlook", July 18, 2011.

¹³ USDA (United States Department of Agriculture); Briefing Room, "Food CPI and Expenditures"

1.5.2 Powdered Milk

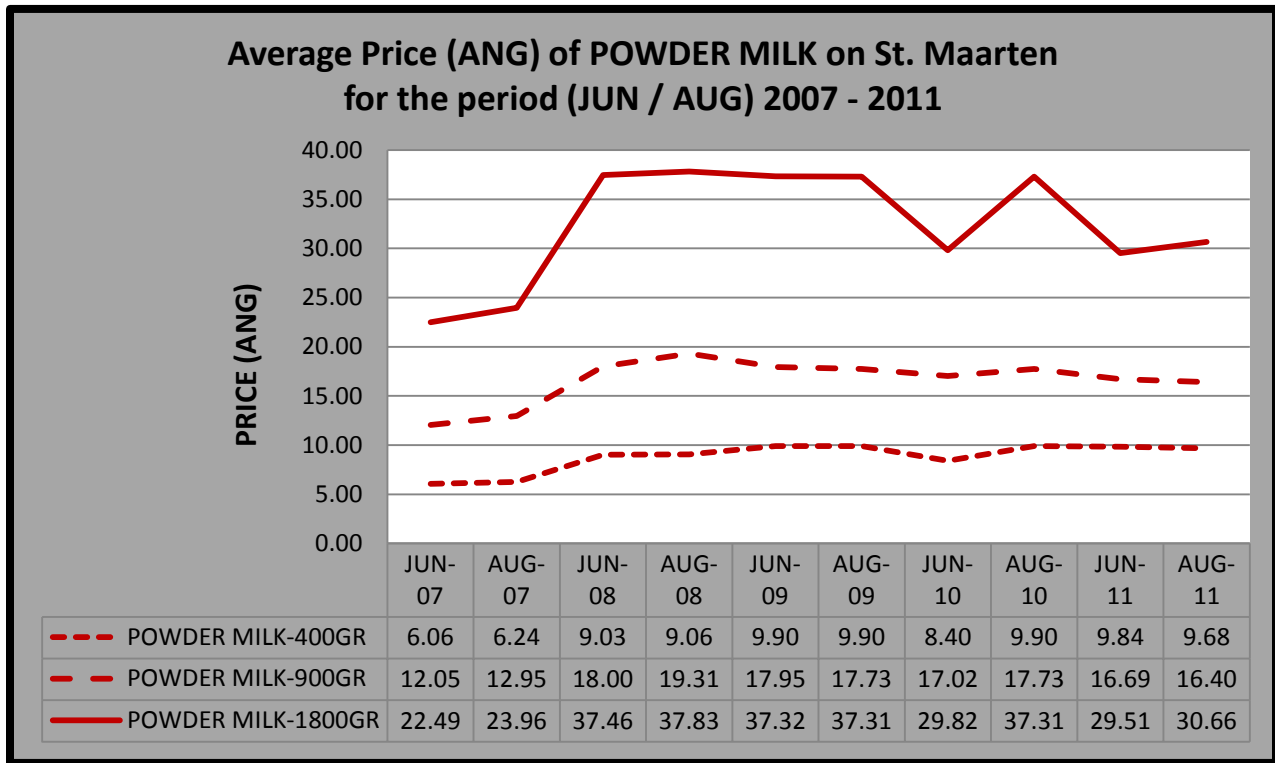


Figure 26

Note that the average price of a 400-gram tin of powder milk has had a increase in 2008 compared to 2007, after which remained stable. The average price of the 900-gram tin of powder milk has recorded an increase during 2007 to 2008 however, in 2009 through to 2011 the average price gradually declined. Notable is the sharp increase in the average price of 1800-gram tin of powder milk over the 2007 to 2008 period after which a period of stability in 2008 and 2009. Notable are the volatile fluctuations in the average price over the 2010 and 2011 period. The highest average price (ANG 9.90; ANG 19.31; ANG 37.83) for the 400-gram, 900-gram and 1800-gram tin of powder milk was recorded in June 2009, August 2008 respectively.

1.5.3 Can Milk

Note that the average price of can milk has had a gradually increased over the last 5 years. The highest average price (ANG 2.89) for can milk was recorded in August 2011.

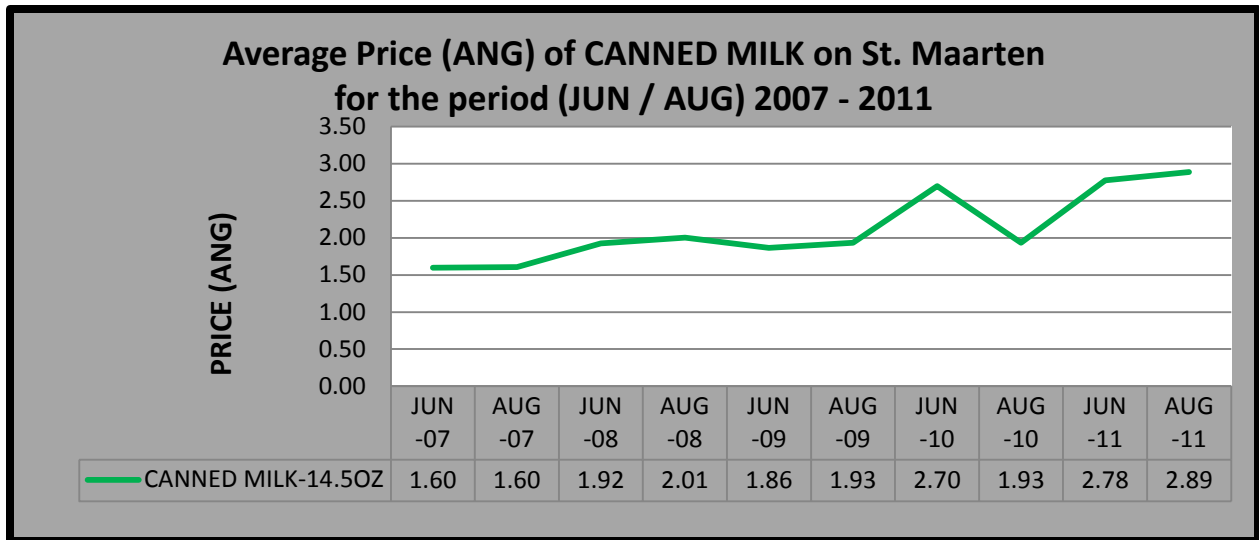


Figure 27

1.5.4 Baby Milk

Note that the average price of a 400-gram tin of powder milk has remained fairly stable over the last 5 years (depicted in fig.28 below). . The average price of the 900-gram can of baby milk has recorded volatile fluctuations in the average price over the last 5 years. The highest average price (ANG 16.69; ANG 33.85) for the 400-gram and 900-gram tin of Baby milk was recorded in August 2011.

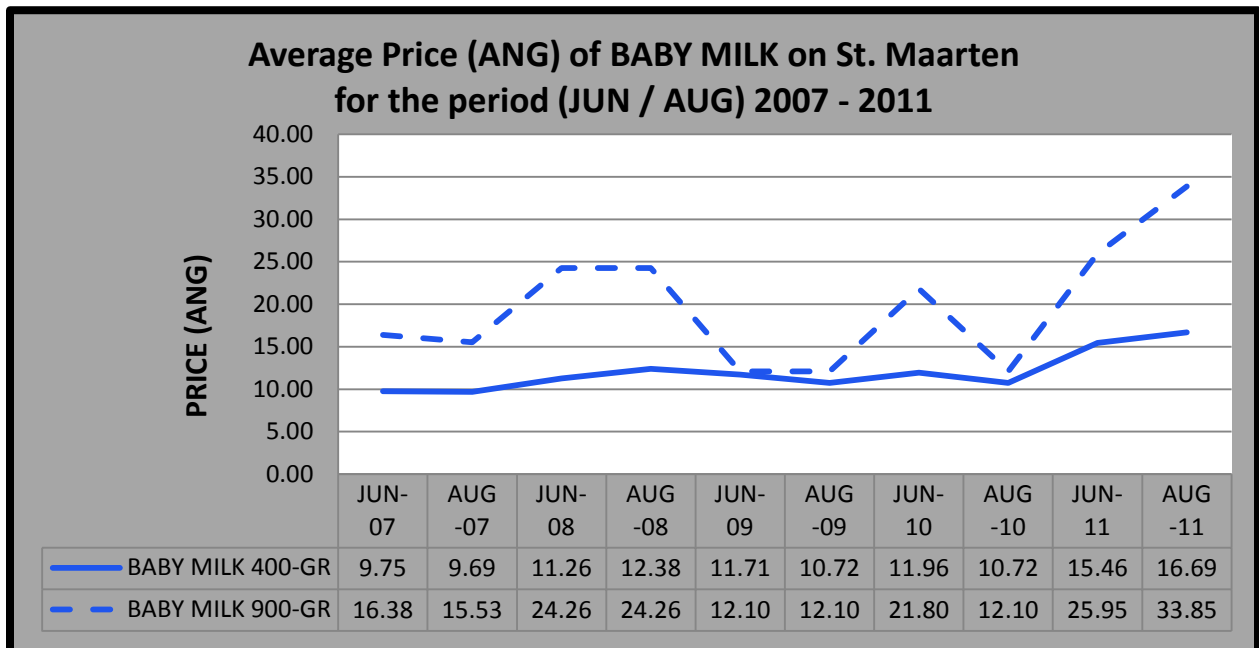


Figure 28

1.5.5 Eggs

Note that, the average price of 1 dozen eggs increased in 2008 compared to 2007, after which remained fairly stable; declining slightly in August 2011. The highest average price (ANG 3.85) for eggs was recorded in June 2011.

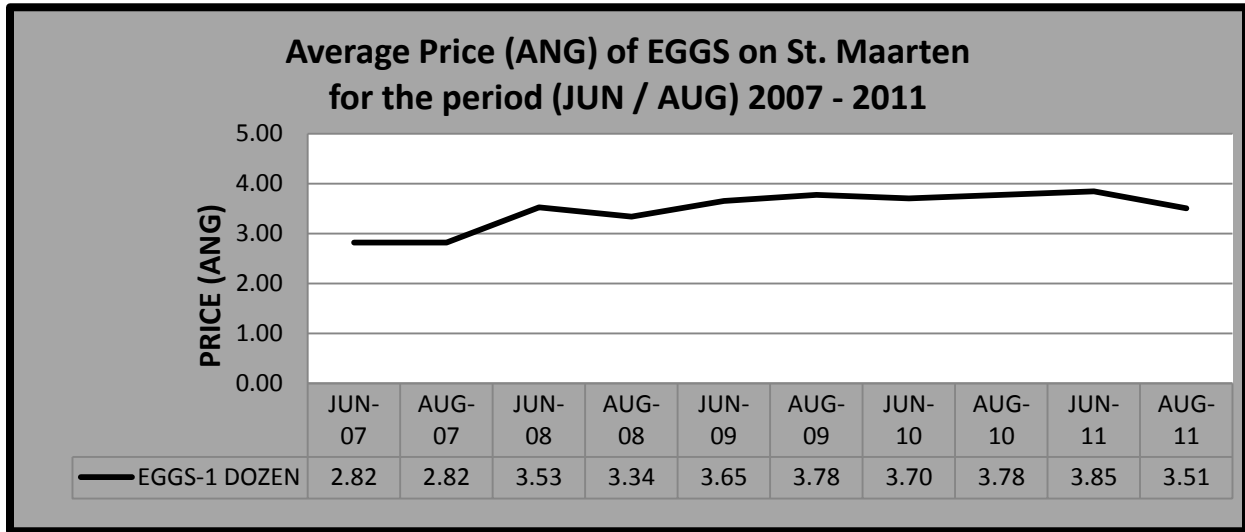


Figure 29

1.6 Starchy Vegetables, Non-Starchy Vegetables & Fruit

The bar chart (*fig.26*) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. Between 2010 and 2011 the largest increase in the average index was recorded; above 14 points.

The following section will highlight average prices recorded in June and August over the last 5 years for the food products; Potato, Beans and Canned Fruit & Vegetables.

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

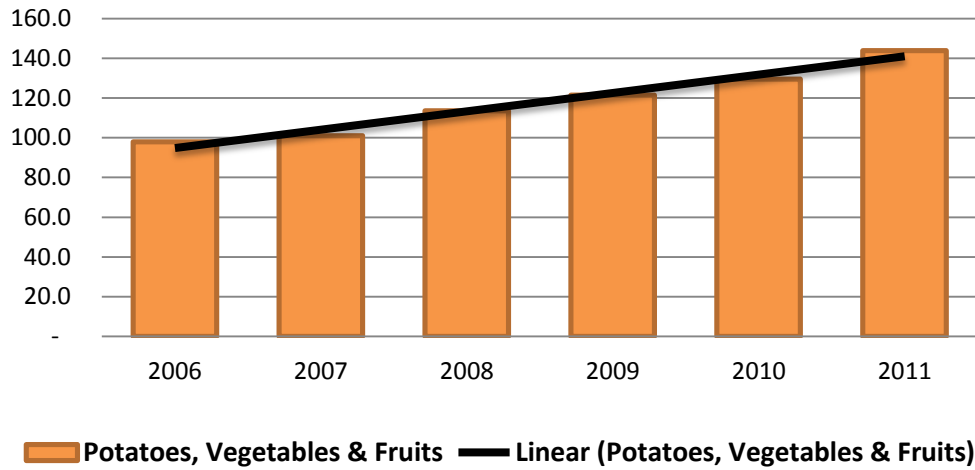


Figure 30

1.6.1 Potato

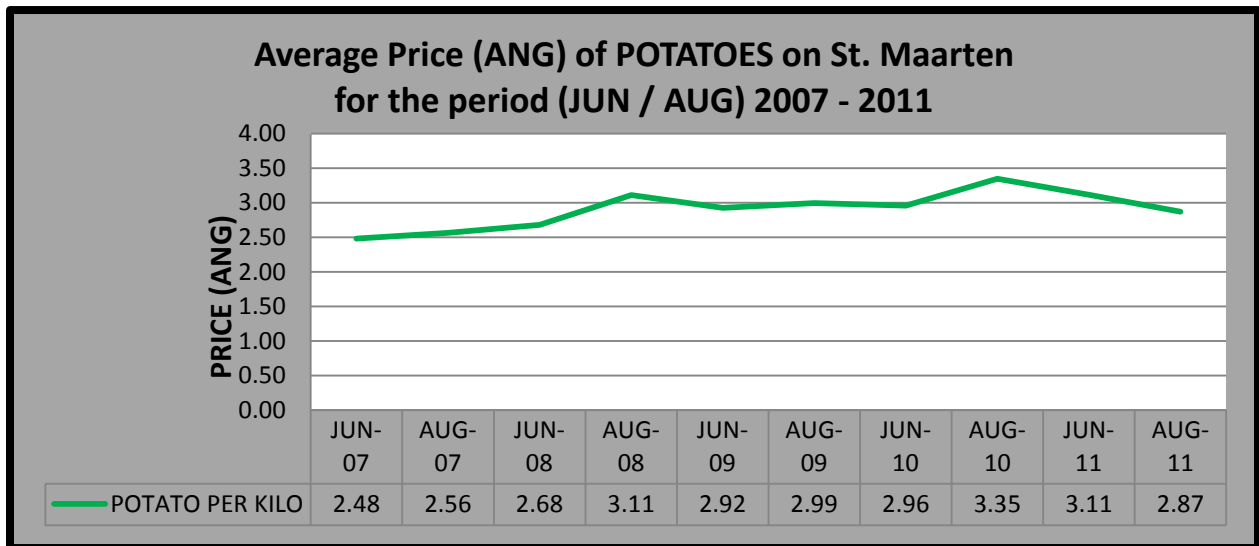


Figure 31

Note that, the average price per kilo of Potatoes has slightly fluctuated between ANG 2.48 and ANG 3.11 over the last 5 years. The highest average price (ANG 3.11) for a kilo of Potatoes was recorded in August 2008 and June 2011.

1.6.2 Beans

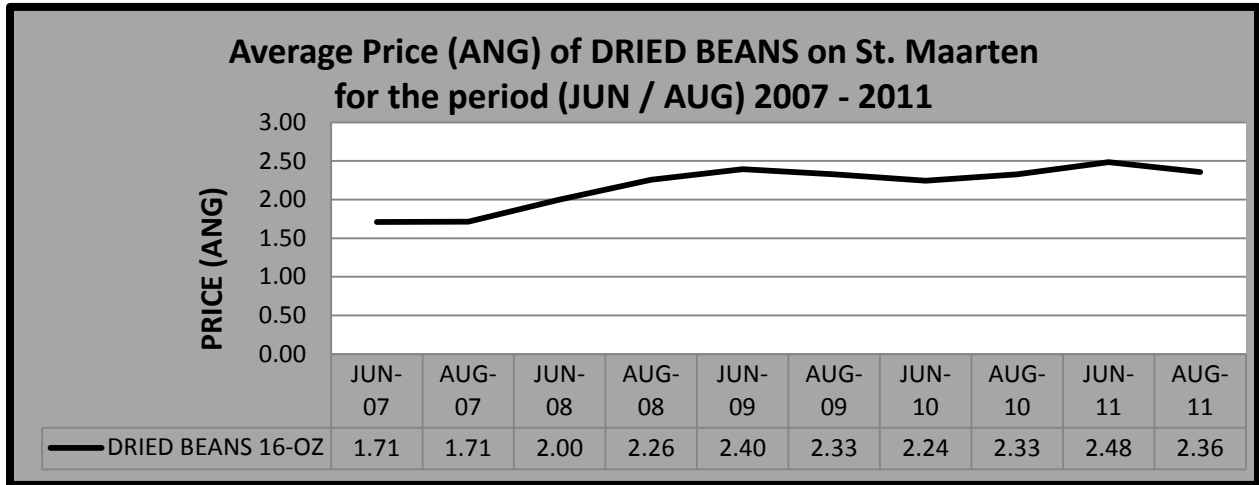


Figure 32

Note that, the average price for a 16-ounce bag of dried beans has steadily increased over 2007 to 2010; where after a slight decline in the average price was recorded. The highest average price (ANG 2.48) for a 16-ounce bag of dried beans was recorded in June 2011.

1.6.3 Canned Fruit & Vegetables

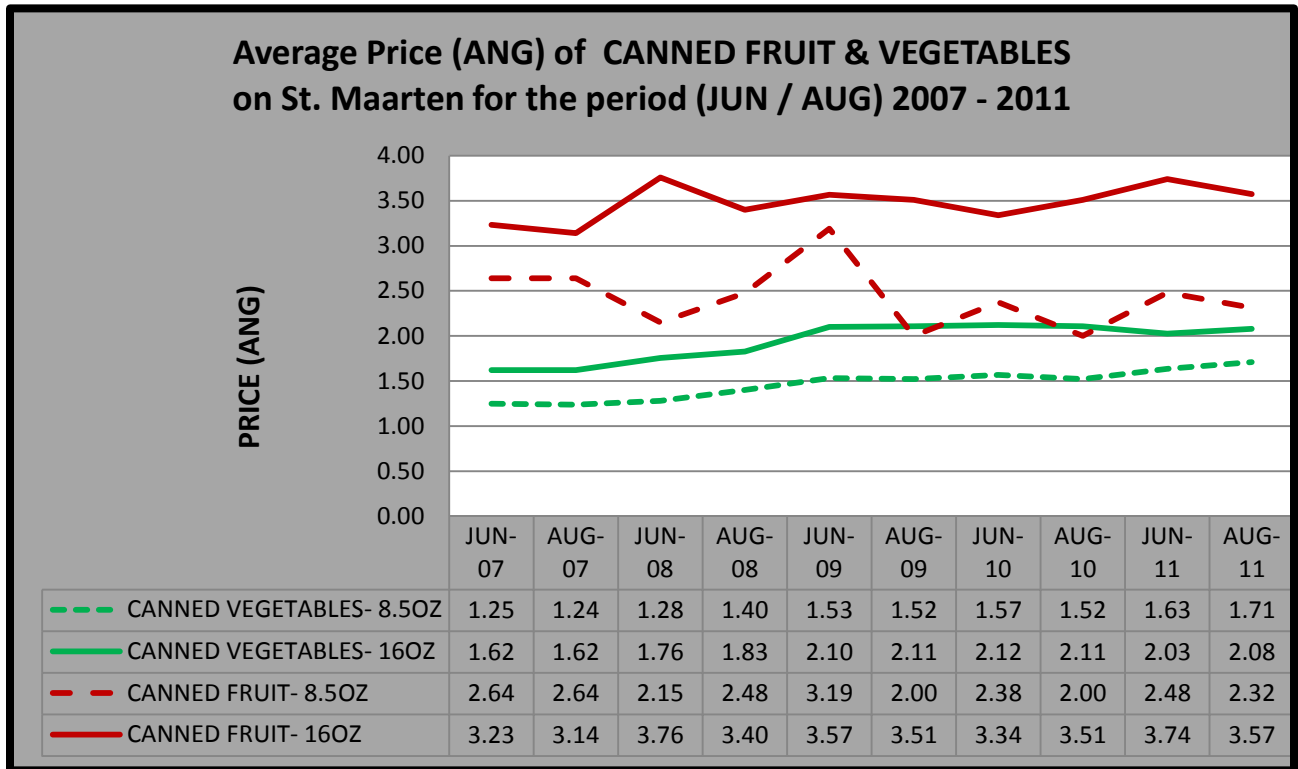


Figure 33

The average price of an 8.5-ounce of canned fruit recorded volatile fluctuations over the last 5 years (depicted in fig.33 above). Whereas 16-ounces of canned fruit slightly increased over 2007 and 2008; after which slight fluctuations in average price were recorded. The highest average price (ANG 3.19; ANG 3.57) for the 8.5-ounces and 16-ounces of canned fruit was recorded in June 2009 and August 2011 respectively.

Note that, the average price for the 8.5-ounces and 16-ounces of canned vegetables recorded similar movement in the average price during the 2007 to 2010 period; both recorded a gradual increase in average price. The highest average price (ANG 1.71; ANG 2.12) for the 8.5-ounces and 16-ounces of canned vegetables was recorded in August 2011 and June 2010 respectively.

1.7 Sugar & Chocolate

The bar chart (fig.34) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. Between 2009 – 2010 and 2010 - 2011 the largest increase in the average index was recorded; above 13 points.

The following section will highlight average prices recorded in June and August over the last 5 years for Sugar.

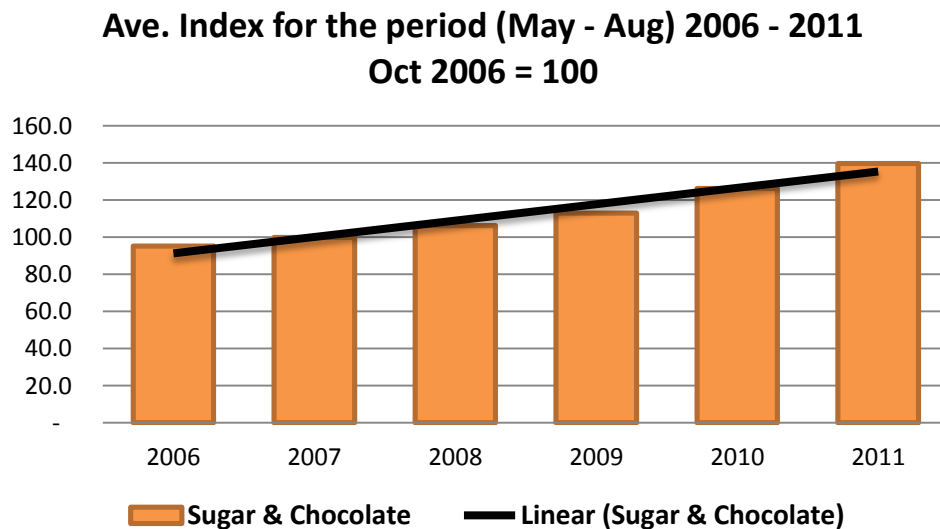


Figure 34

Note the world index price for sugar also records growth in prices; illustrated in figure 35 below. USDA also reports that prices for sugar and sweets were up 1.7 percent in September and are 5.4 percent above last September.¹⁴

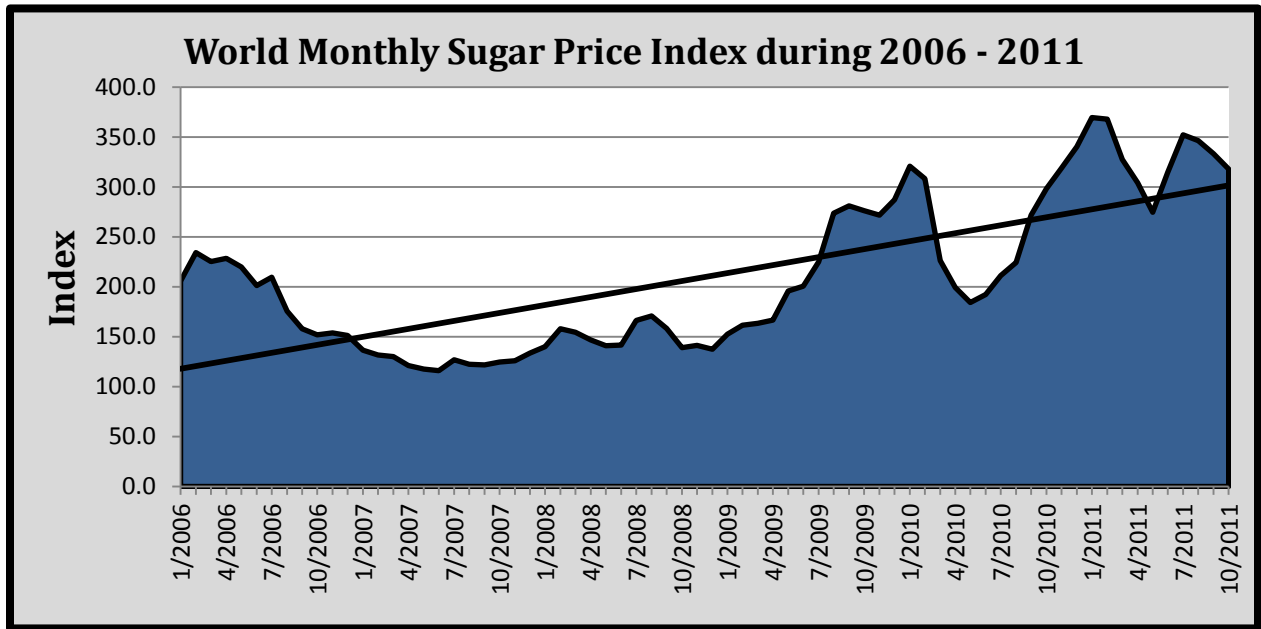


Figure 35

The 2-pound bag of sugar recorded a fairly stable average price over the 2007 to 2009 period after which the average price gradually increased. Similarly the 4-pound bag of Sugar has remained fairly stable in 2007 through to 2009; after which the average price recorded volatile fluctuations during 2010 and 2011. The highest average price (ANG 2.89; ANG 6.62) for the 2-pound and 4-pound bag of Sugar was recorded in June 2011.

¹⁴ USDA (United States Department of Agriculture);Briefing Room, “Food CPI and Expenditures”

1.7.1 Sugar

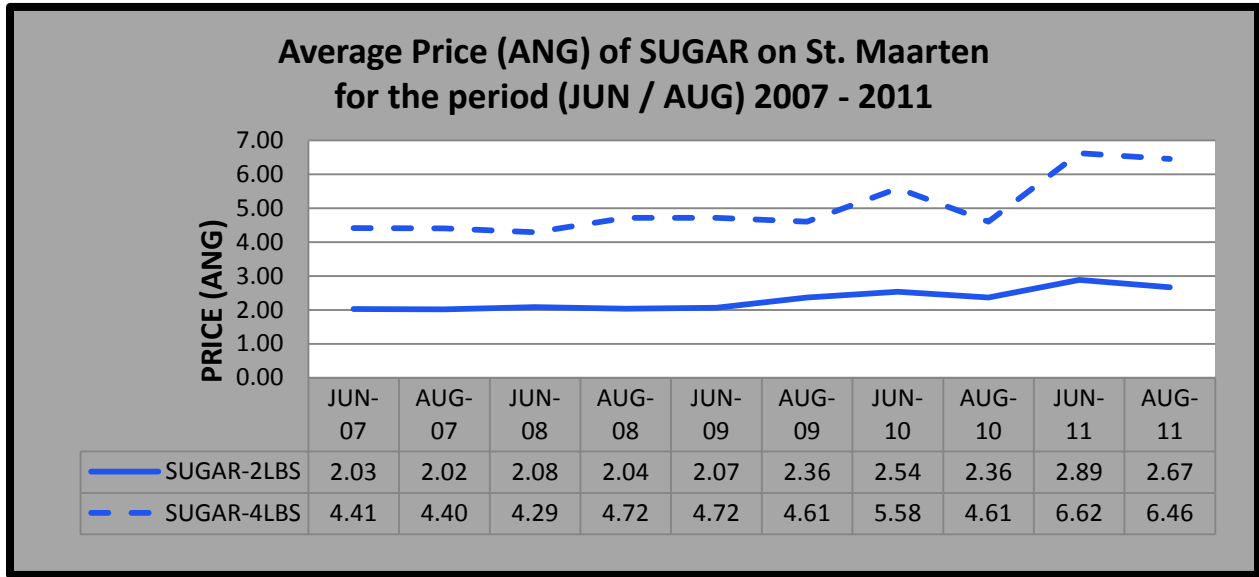


Figure 36

1.8 Pre-cooked Dishes

The bar chart (fig.37) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has progressively been increasing. The largest increase in the average index was recorded between 2010 and 2011; above 12 points.

The following section will highlight average prices recorded in June and August over the last 5 years for Baby food.

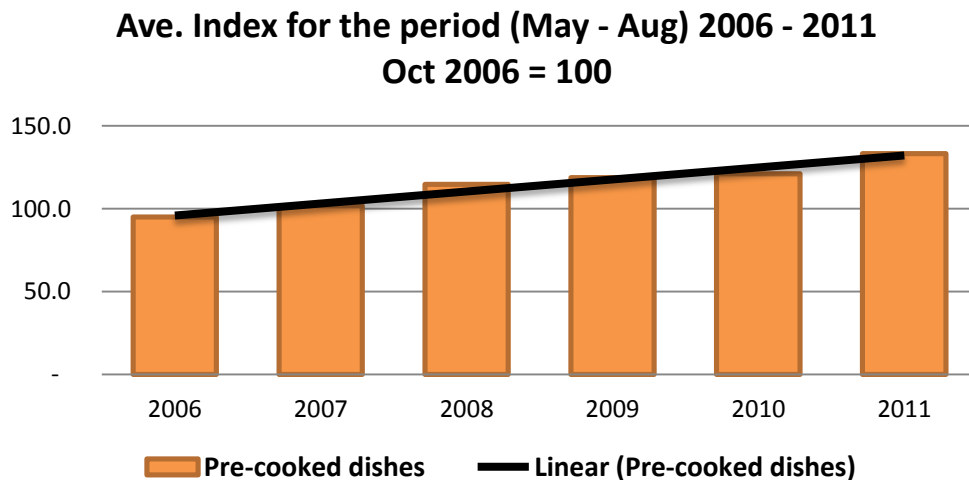


Figure 37

1.8.1 Baby Food

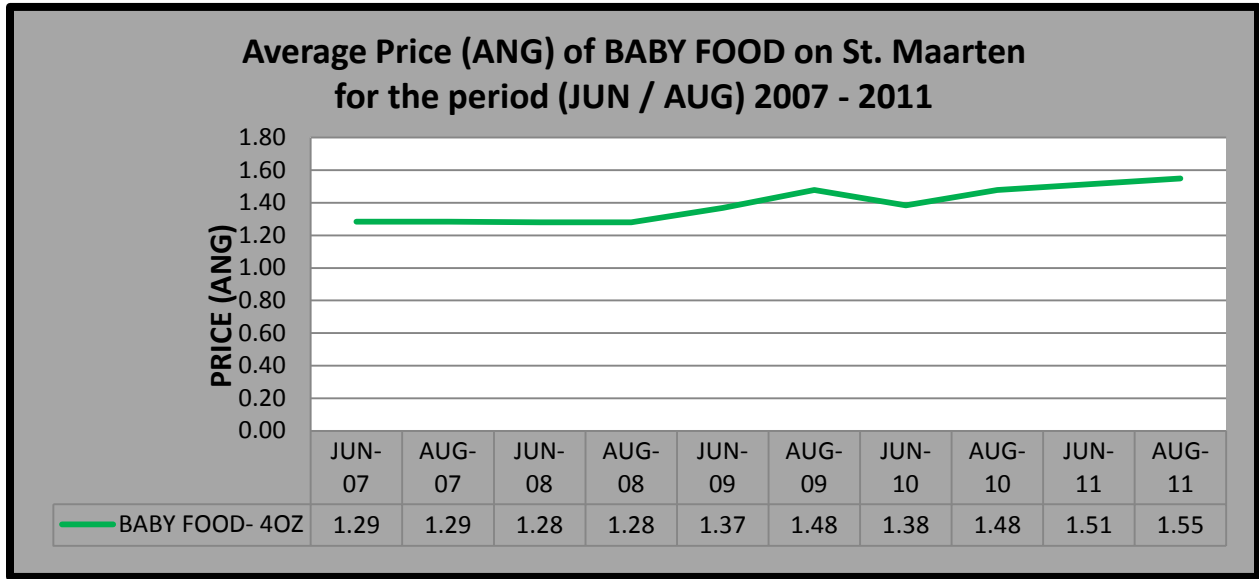


Figure 38

The average price of 4-ounce pot of Baby Food has gradually increased over the last 5 years. The highest average price (ANG 1.55) for the 4-ounce pot of Baby Food was recorded in August 2011.

1.9 Eating-Out

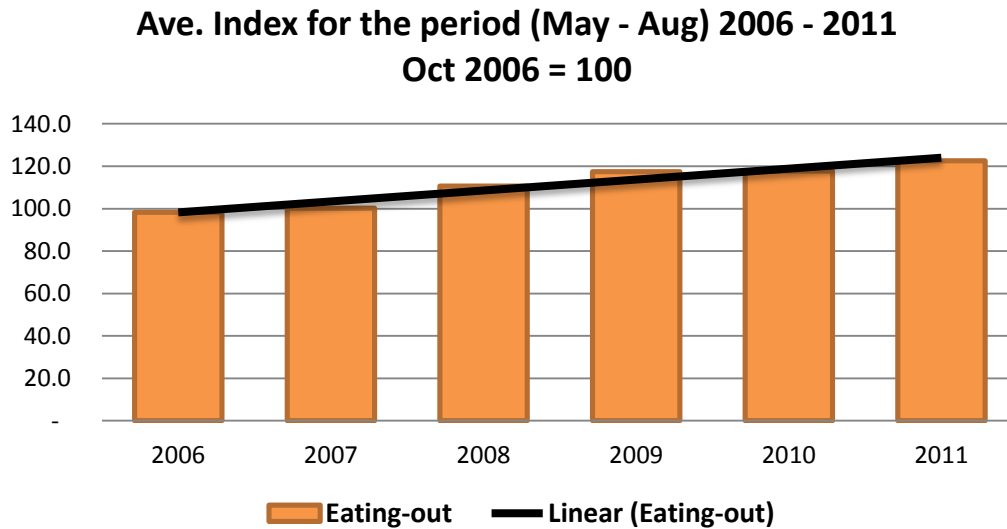


Figure 39

The bar chart above (*fig.39*) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has gradually been increasing. The largest increase in the average index was recorded between 2007 and 2008; above 9 points.

1.10 Other Food Resources

The bar chart below (*fig.40*) shows that the average index during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. The largest increase in the average index was recorded between 2010 and 2011; above 10 points.

The following section will highlight average prices recorded in June and August over the last 5 years for the food products; Tea and Coffee.

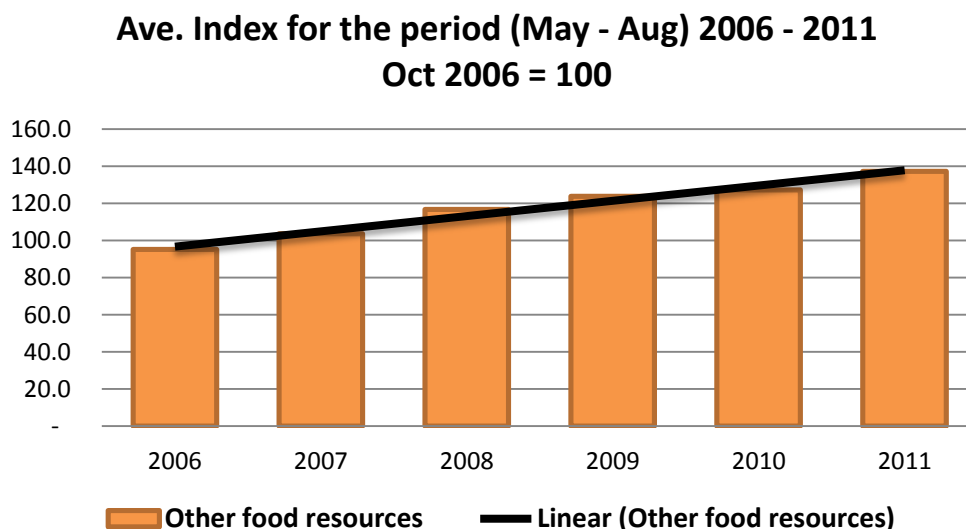


Figure 40

The average price for 20, 50 and 100 bags of Tea has remained fairly stable over the last 5 year. The highest average price (ANG 3.98; ANG 6.50; ANG 12.31) for the 20, 50 and 100 bags of Tea was recorded in August 2011 and June 2010 respectively.

1.10.1 Tea

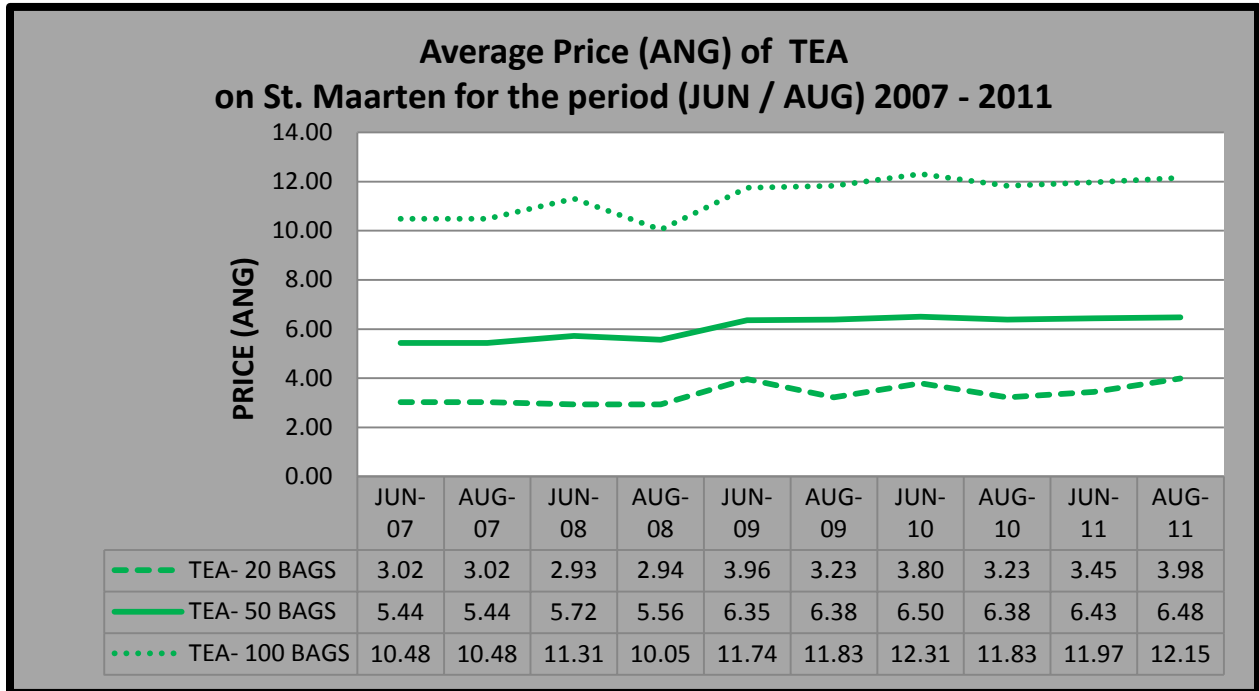


Figure 41

1.10.2 Coffee

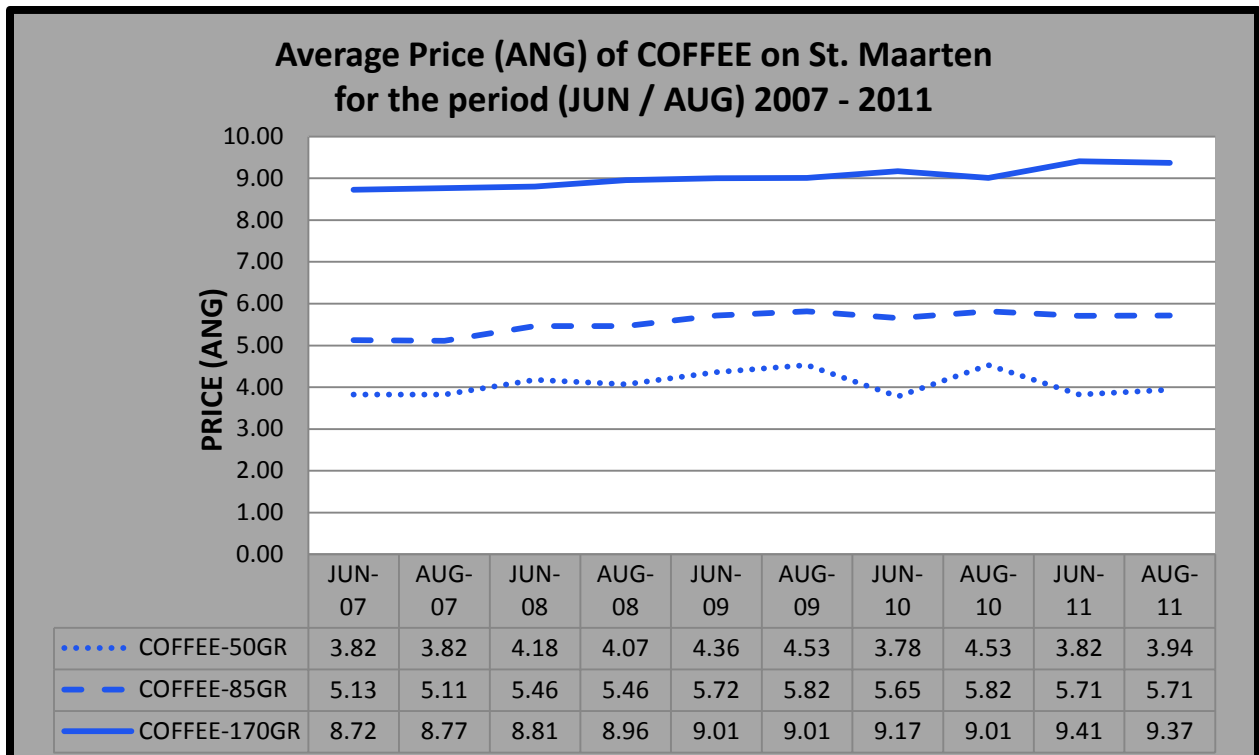


Figure 42

The average price for 85-gram and 170-gram jar of coffee of Coffee has remained fairly stable over the last 5 year (*illustrated in fig.12 above*); whilst the 50-gram jar of coffee has gradually declined over the same period. The highest average price (ANG 4.53; ANG 5.82; ANG 9.41) for the 50-gram, 85-gram and 170-gram jar of Coffee was recorded in August 2010 and June 2011 respectively.



EXPENDITURE CATEGORY

BEVERAGE & TOBACCO

2 Beverage and Tobacco

The expenditure category Beverage & Tobacco carries a 1% weight of the total CPI; it is further sub-divided into two product groups. Each of the product groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below (*fig.43*).

Beverage & Tobacco Expenditure Category 1% of CPI

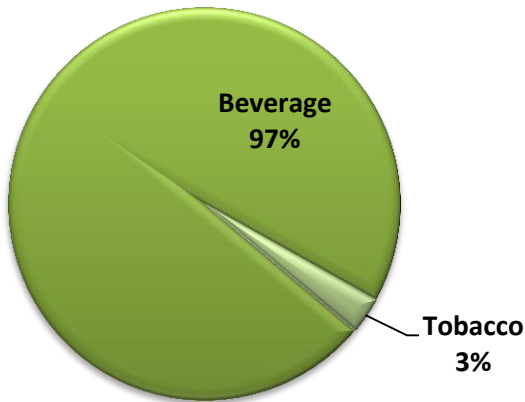


Figure 43

Illustrated in the cone chart below (*fig.44*) are the average inflation rates recorded in the expenditure category Beverage & Tobacco over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Note that, over the past 5-years the average inflation recorded volatile fluctuations, ranging from its lowest point in 2007(0.4%) to its highest point in 2009(8.7%).

In the following section a closer look is taken at the average index for the Beverage product group and Tobacco product group over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

**Ave. Inflation for the Expenditure Category
Beverage & Tobacco
in the period (May - Aug) 2006 - 2011**

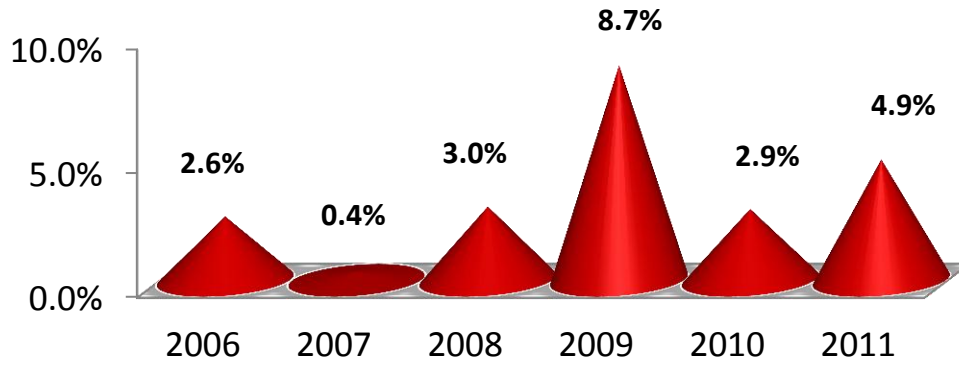


Figure 44

2.1 Beverage

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

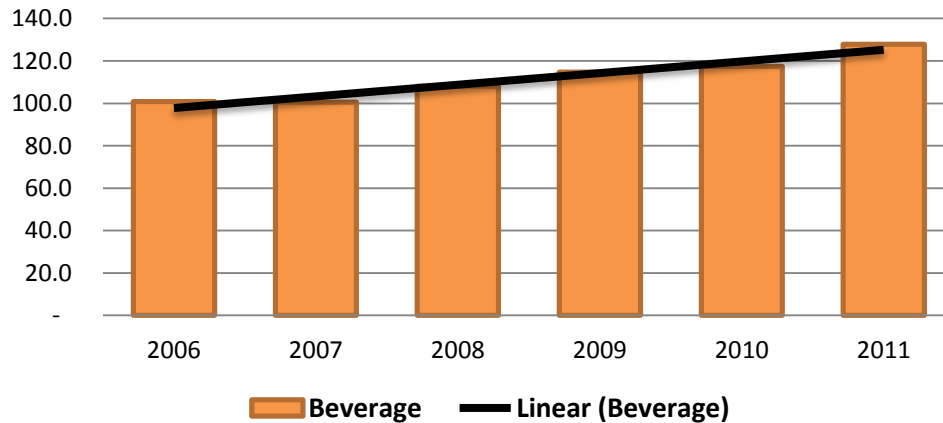


Figure 45

The bar chart (*fig.45*) above shows that the average index for Beverage during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. The largest increase in the average index was recorded between 2010 and 2011; above 10 points.

2.2 Tobacco

When observing the bar chart (*fig.41*) below note the average index for Tobacco during the 2nd trimester period (May-Aug) of 2006 through to 2011 has progressively been increasing. The largest increase in the average index was recorded between 2010 and 2011; above 12 points.

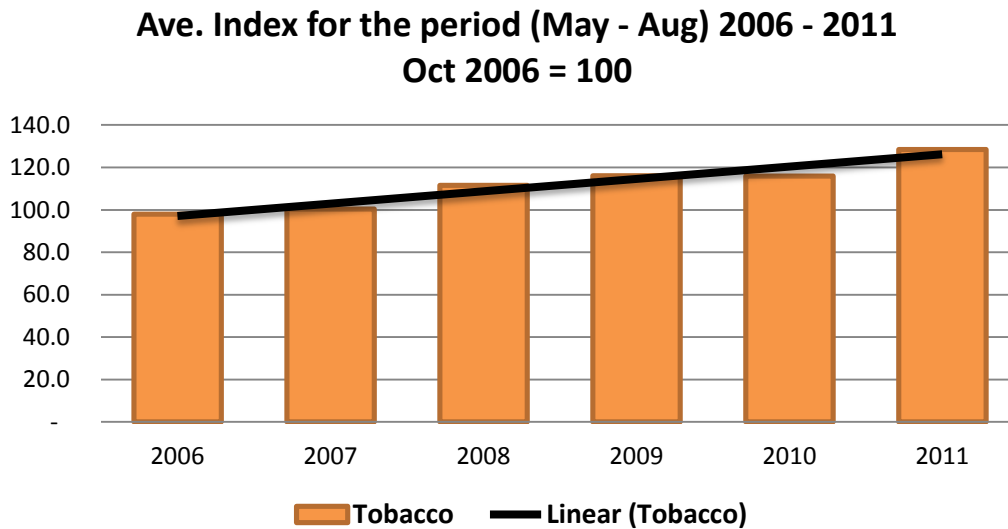


Figure 46



EXPENDITURE CATEGORY CLOTHING & FOOTWEAR

3 Clothing & Footwear

The expenditure category Clothing & Footwear carries a 7% weight of the total CPI; it is further sub-divided into two product groups. Each of the product groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

**Clothing & Footwear Expenditure Category
7% of CPI**



Figure 47

Illustrated in the cone chart below (*fig.48*) are the average inflation rates recorded in the expenditure category Clothing & Footwear over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Fluctuation in the average inflation rates was recorded when comparing the 1st trimester period over the last 6 years. Note that the lowest point was in 2007; were deflation in the average rate of 0.1 percent was recorded. Notable is that overall the trend over the past 3 years was a descending average inflation rate.

In the following section a closer look is taken at the average index for the Clothing product group and Footwear product group over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

FACTORS

**Ave. Inflation for the Expenditure Category
Clothing & Footwear
in the period (May - Aug) 2006 - 2011**

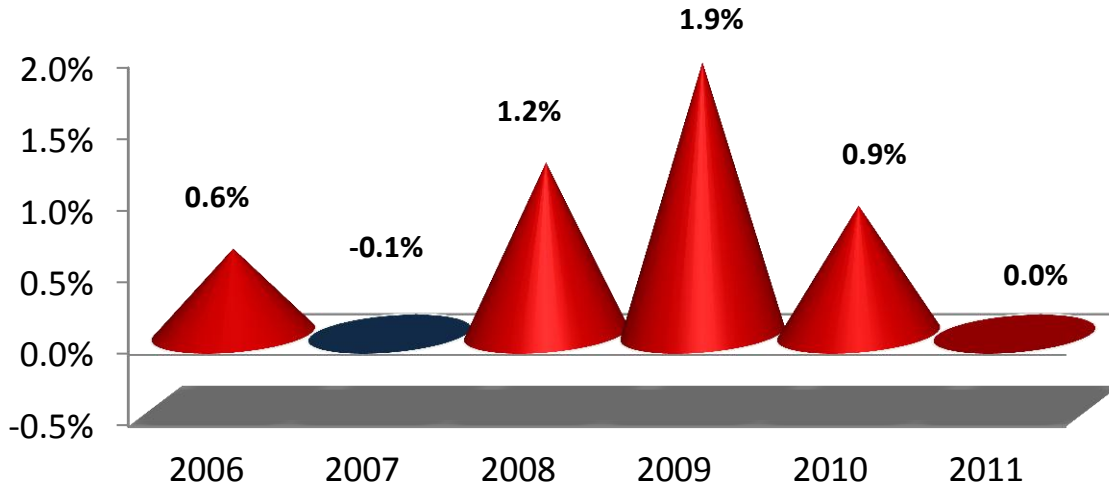


Figure 48

3.1 Clothing

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**



Figure 49

The bar chart (*fig.49*) above shows that the average index for Clothing during the 2nd trimester period (May-Aug) of 2006 through to 2009 has aggressively been increasing. However, it must

FACTORS

be noted that the fluctuations in the average index is relative to clothing as large movements in the prices aren't historically recorded. The largest increase in the average index was recorded between 2007 and 2008; 1.7 point.

3.2 Footwear

When observing the bar chart (*fig.50*) below note the average index for Footwear during the 2nd trimester period (May-Aug) of 2007 through to 2011 has recorded a steady increase. The largest increase in the average index was recorded between 2008 and 2009; above 6.5 points.

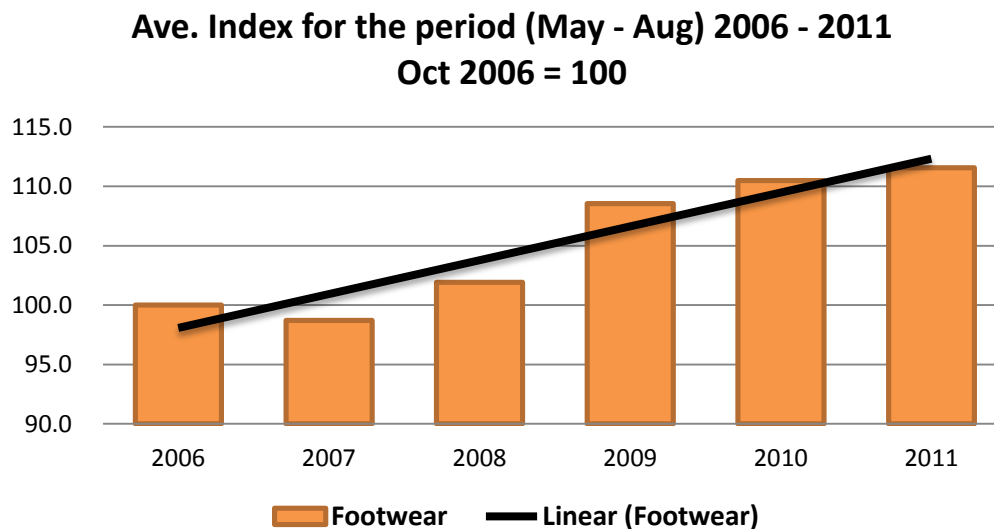


Figure 50

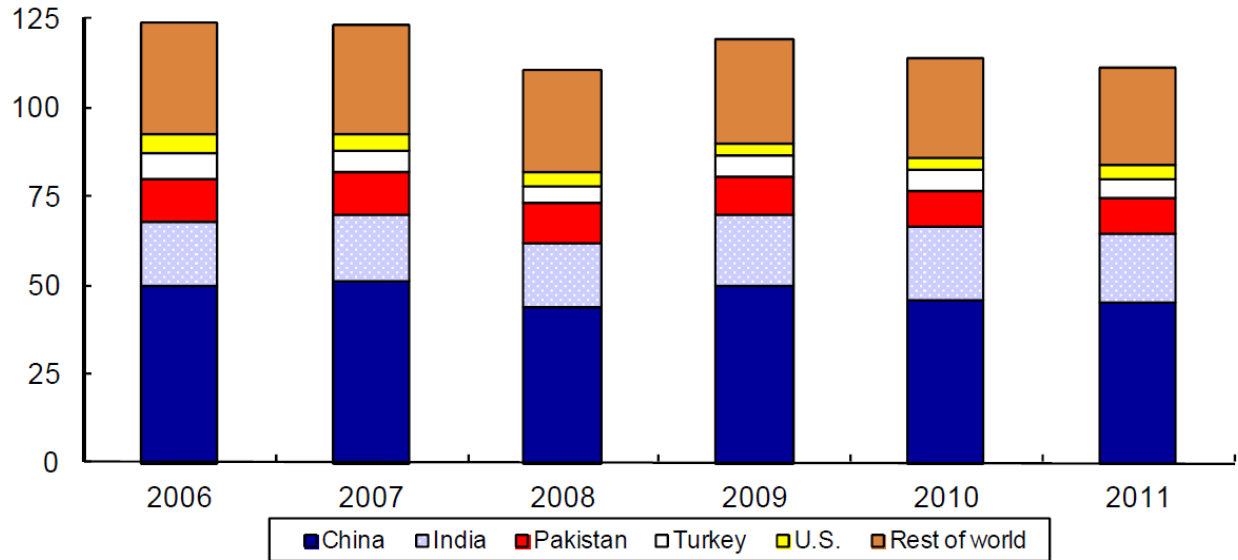
3.3 World Outlook: Cotton

The US, China and India account for 2/3 of the world's cotton supply; US ranks third amongst the three. They are the leading exporter accounting for 1/3 of global trade in raw cotton. World consumption of Cotton is expected to decline by 2.5 percent from the last season as the global economy remains sluggish. The US textile trade shrank during the first 9-months of 2011; however, the world cotton trade is expected to rise in 2011/12.¹⁵

¹⁵ USDA, "Cotton & Wool Outlook", A report from the Economic Research Service, December 2011

Global cotton consumption

Million 480-lb bales



Source: USDA, *World Agricultural Supply and Demand Estimates* reports.

Figure 51¹⁶

¹⁶ USDA, "Cotton & Wool Outlook", A report from the Economic Research Service, December 2011



EXPENDITURE CATEGORY

HOUSING

4 Housing

The expenditure category Housing is the largest contributing category, it carries a 39% weight of the total CPI. The Housing category is further sub-divided into five product groups. Each of the product groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

HOUSING EXPENDITURE CATEGORY 39% of CPI

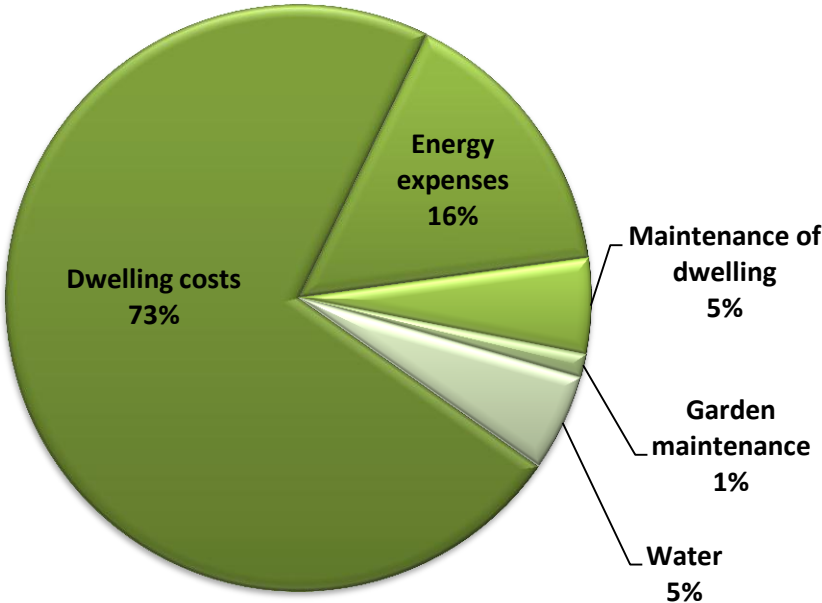


Figure 52

Illustrated in the cone chart below (*fig.53*) are the average inflation rates recorded in the expenditure category Housing over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Fluctuation in the average inflation rates was recorded when comparing the 2ND trimester period over the last 6 years. Note that the lowest point was in 2009(-0.9%); after which the average inflation spiked to 4.8 percent in 2010. In 2008 the average inflation recorded was at its highest point; 7.0 percent.

In the following section a closer look is taken at the average index for four of the five product groups with the Housing category over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

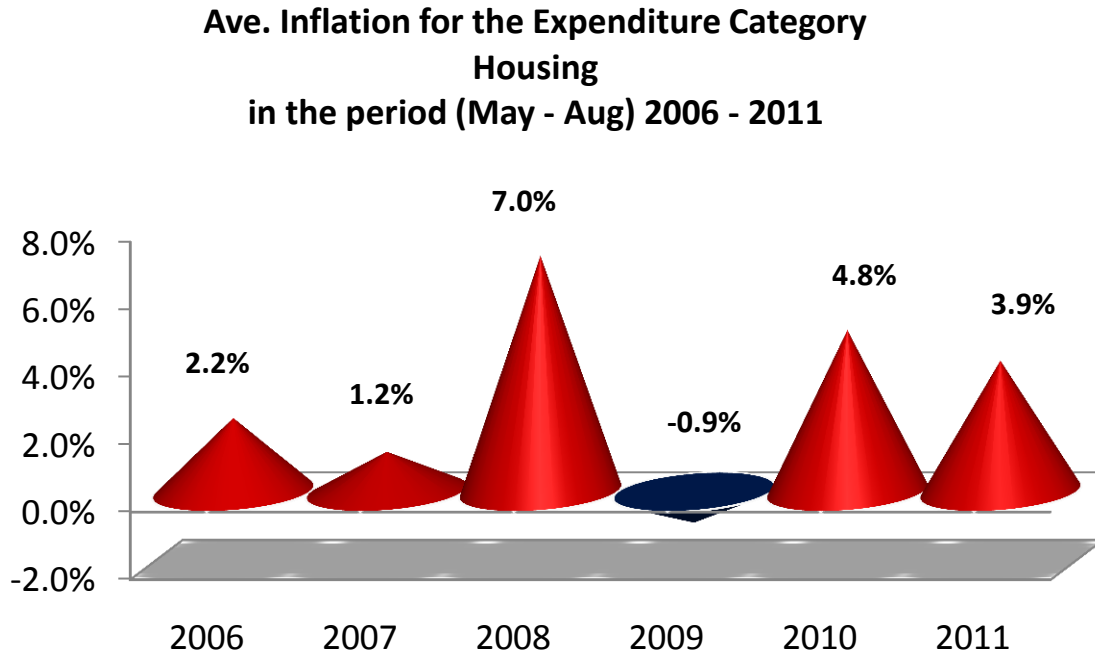


Figure 53

4.1 Dwelling costs

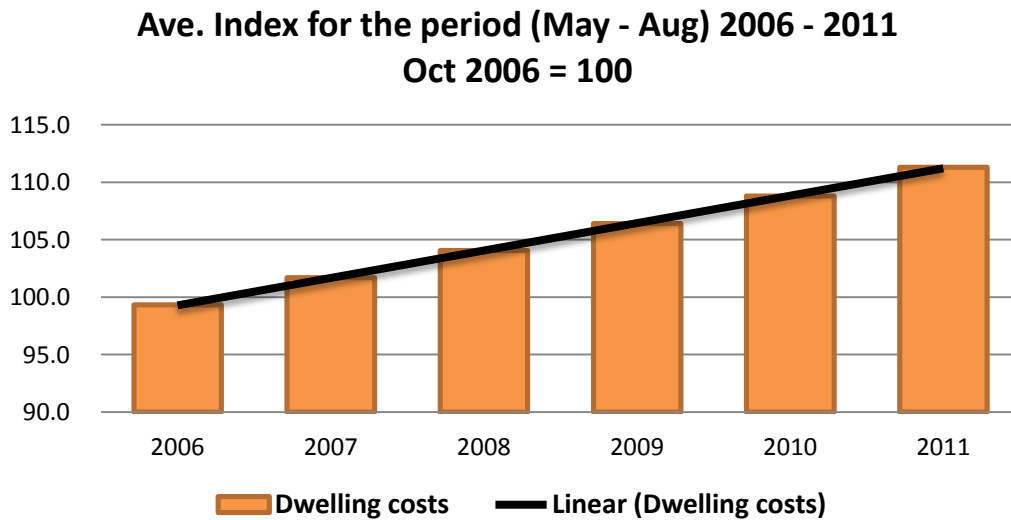


Figure 54

The bar chart above (*fig.54*) shows that the average index for dwelling costs during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. The change recorded between the average indexes of each year over the last 6 years has been a constant above 2 point increase.

4.2 Energy Expenses

When observing the bar chart (*fig.55*) below note the average index for Energy Expenses during the 2nd trimester period (May-Aug) of 2006 through to 2011 has shown much fluctuation; recording an increase over 2009 to 2011. The lowest recorded average index was during the 2nd trimester period of 2006 (117.2); exceeding 7 point below the base determined in October 2006. The largest increase in the average index was recorded between 2007 and 2008; above 39 points.

The following section will highlight prices recorded over the last 5 years for Electricity on Sint Maarten as well as a region comparison of Electricity and Cooking Gas over a 2-year period.

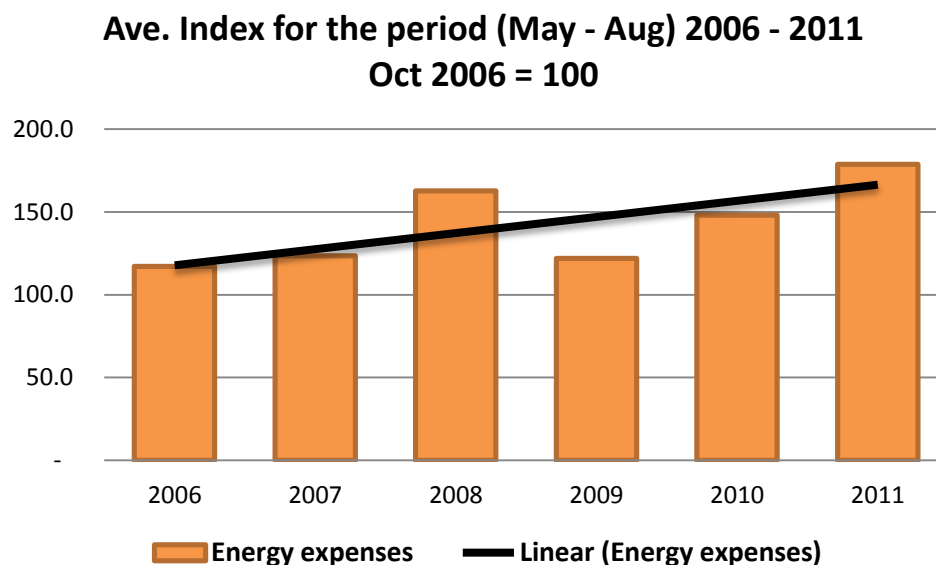


Figure 55

4.2.1 Electricity

The area graph below (*fig.56*) depicts the bi-monthly price recorded for the Electricity over the last 5 years. The tariff structure for electricity has changed per August 1st 2011; the base tariff increased whilst the fuel clause decreased.

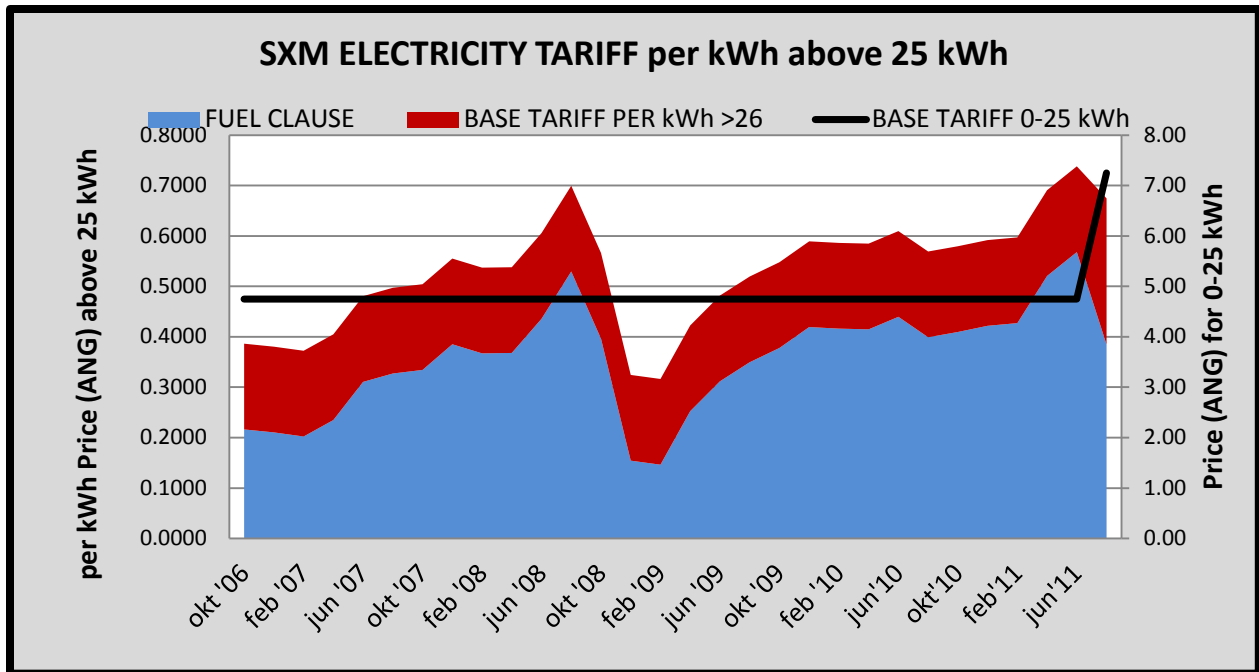


Figure 56

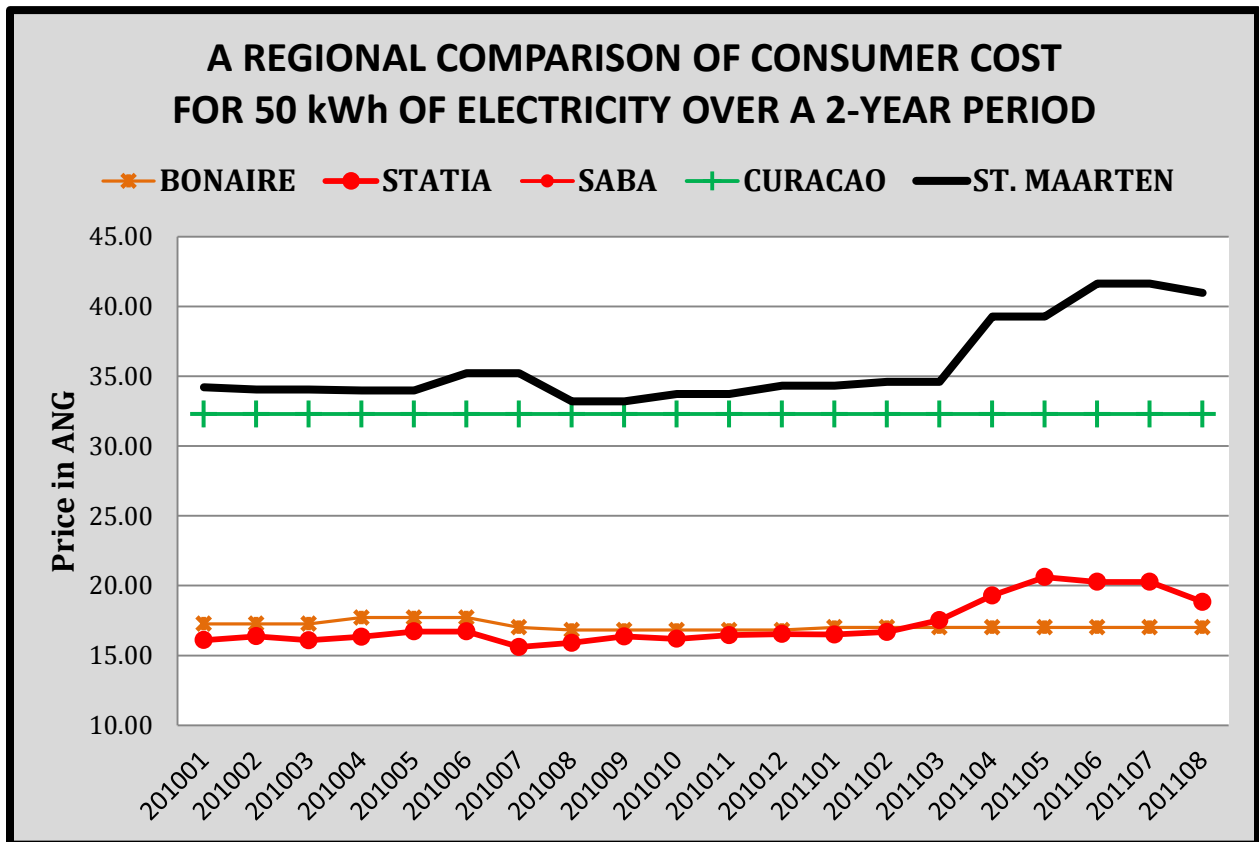


Figure 57

FACTORS

The line graph above (*fig.57*) depicts a region comparison of the consumer cost for 50 kWh of electricity over the last 2 years. Note that the price movement in Sint Maarten, St. Eustatia and Saba are similar, whereas that of Curacao and Bonaire are more stable over the same period. However the consumer on Sint Maarten compared to the region pays more for 50 kWh of electricity over the last 2-years.

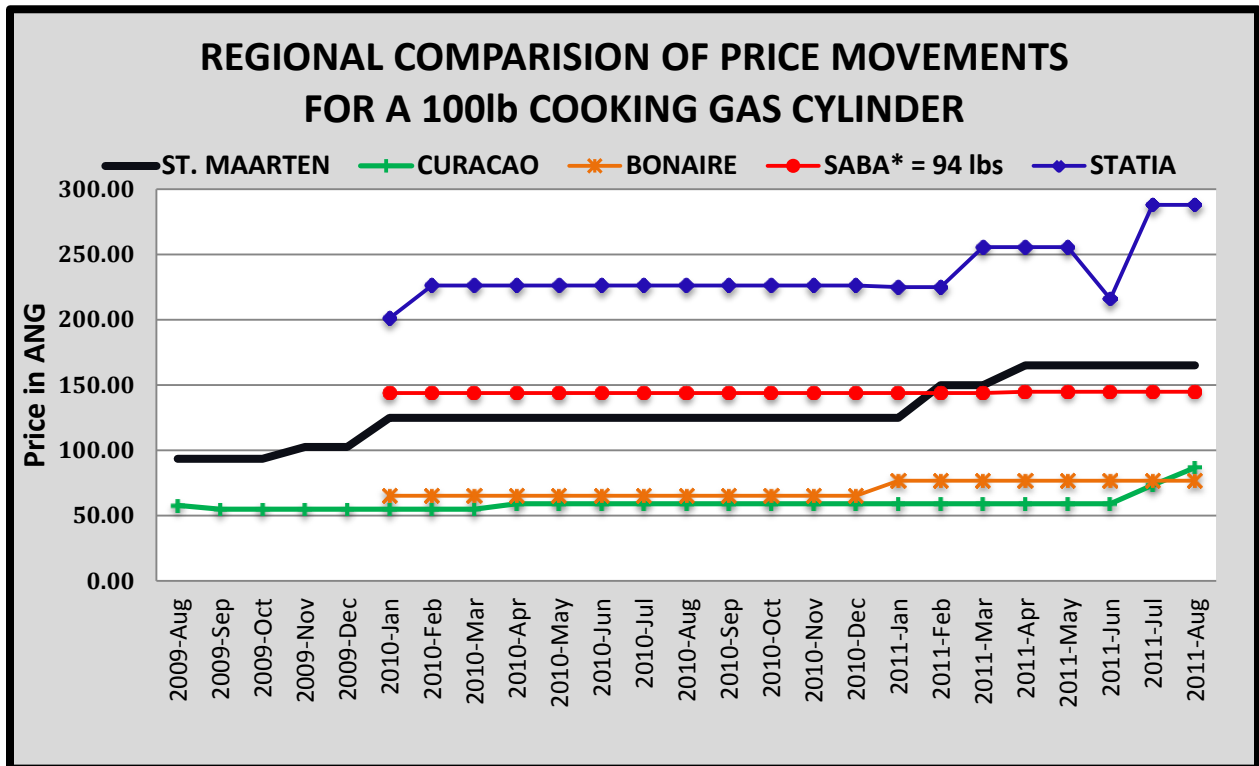


Figure 58

The line graph above (*fig.58*) depicts a region comparison of the consumer cost for 100lb cylinder of cooking gas over the last 2 years. Note that the price for 100lb cylinder of cooking gas in Sint Maarten has gradually increased over the last 2-years. Yet St. Eustatia pays a significantly higher cost over the same period.

4.3 Maintenance of Dwelling

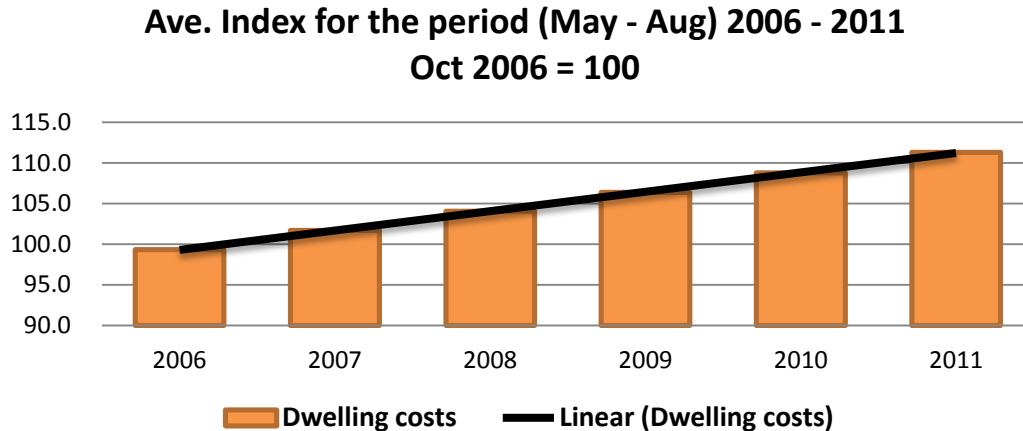


Figure 59

The bar chart above (*fig.59*) shows that the average index for the Maintenance of dwelling costs during the 2nd trimester period (May-Aug) of 2006 through to 2011 has steadily been increasing. The change recorded between the average indexes of each year over the last 6 years has been a constant above 2 point increase.

4.4 Garden Maintenance

When observing the bar chart (*fig.60*) below note the average index for Garden Maintenance during the 2nd trimester period (May-Aug) of 2006 through to 2011 has shown a gradual increase. The largest increase in the average index was recorded between 2010 and 2011; above 8 points.

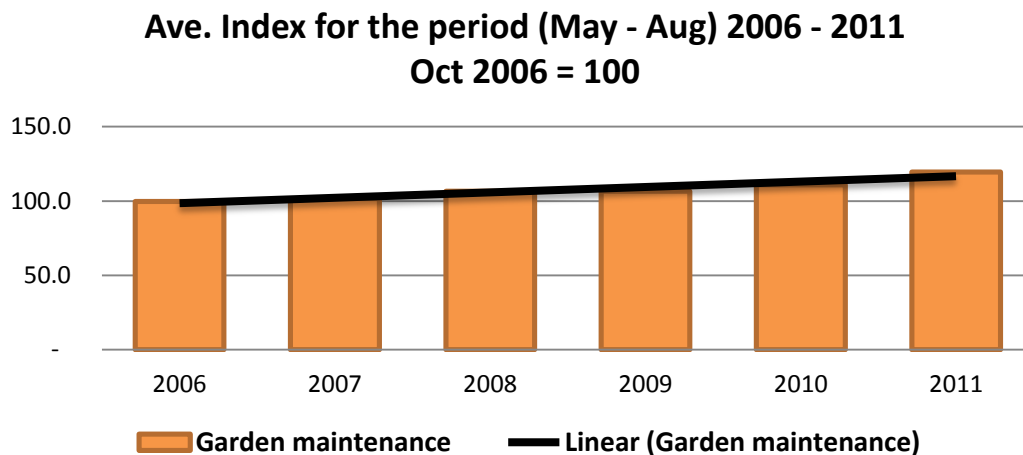


Figure 60



**EXPENDITURE CATEGORY
HOUSEHOLD FURNISHING &
APPLIANCES**

5 Household furnishing & appliances

The expenditure category Household furnishing & appliances carries a 6% weight of the total CPI; it is further sub-divided into seven product groups. Each of the product groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

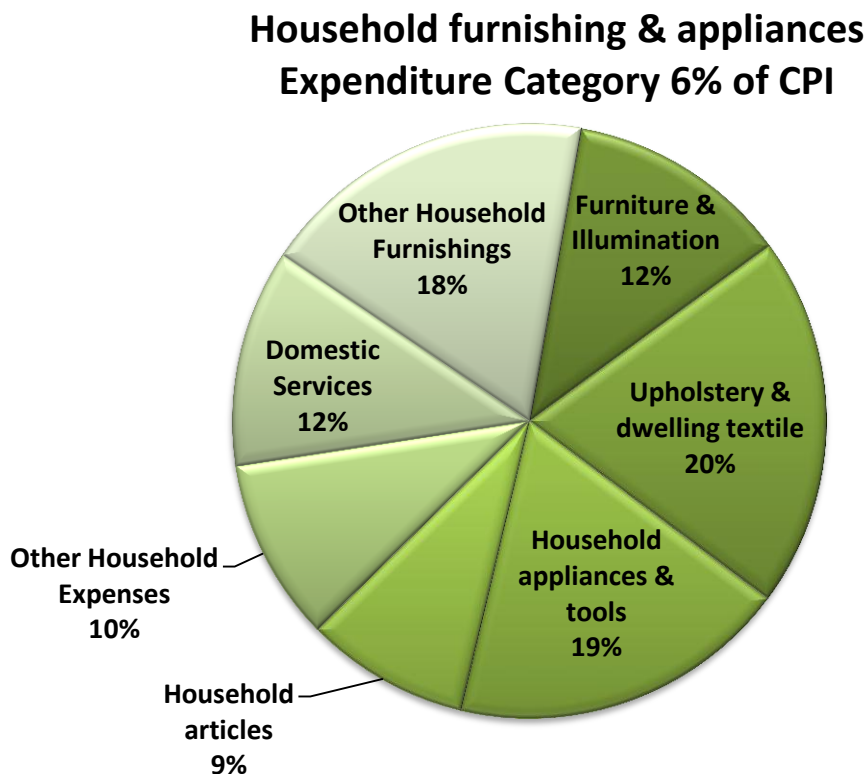


Figure 61

Illustrated in the cone chart below (*fig.62*) are the average inflation rates recorded in the expenditure category Household Furnishing & Appliances over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Slight fluctuation in the average inflation rates was recorded when comparing the 2ND trimester period over the last 6 years.

In the following section a closer look is taken at the average index at each of the seven product groups comprising this category, over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

FACTORS

**Ave. Inflation for the Expenditure Category
Household Furnishing & Appliances
in the period (May - Aug) 2006 - 2011**

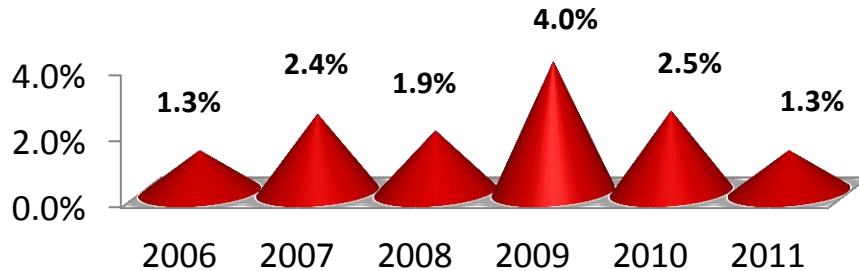


Figure 62

5.1 Furniture and Illumination

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

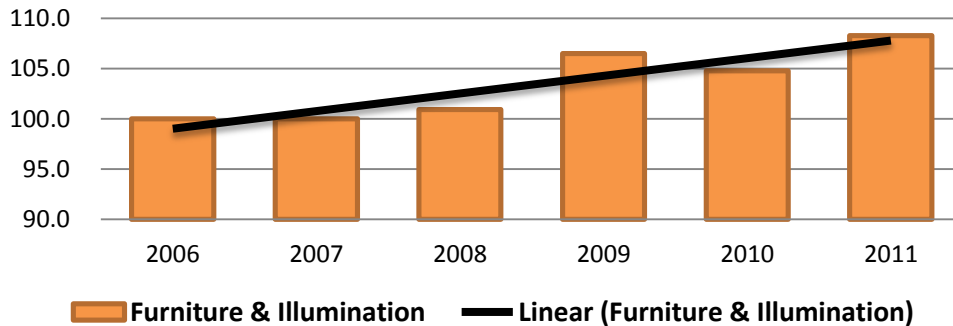


Figure 63

The bar chart above (*fig.63*) shows that the average index for Maintenance of Furniture & Illumination during the 2nd trimester period (May-Aug) of 2008 through to 2011 has recorded much fluctuation. The largest increase in the average index was recorded between 2008 and 2009; above 6 points.

5.2 Upholstery and dwelling textile

When observing the bar chart (*fig.64*) below note the average index for Upholstery & dwelling textile during the 2nd trimester period (May-Aug) of 2006 through to 2011 has shown a downward trend. Yet, note that in 2011 an increase in the average index was recorded; compared to the same period of 2010. Notable is that the average index in the 2nd trimester

FACTORS

period (May-Aug) 2007 through to 2011 has remained below the base index determined in October 2006.

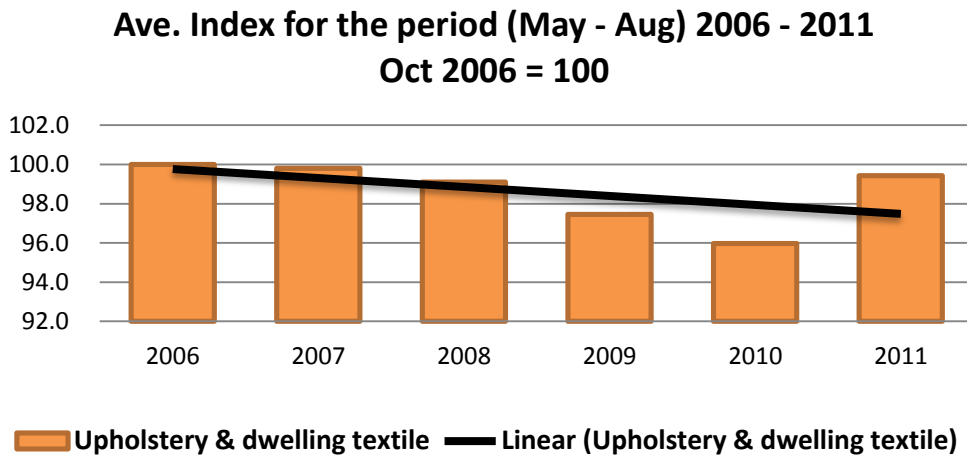


Figure 64

5.3 Household appliances and tools

The bar chart below (*fig.65*) shows that the average index for Household appliances & tools during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded fluctuations. The largest increase in the average index was recorded between 2008 and 2009; above 10 points. Note that the 2nd trimester period (May-Aug) of 2009 through to 2011 has recorded a decline in the average index.

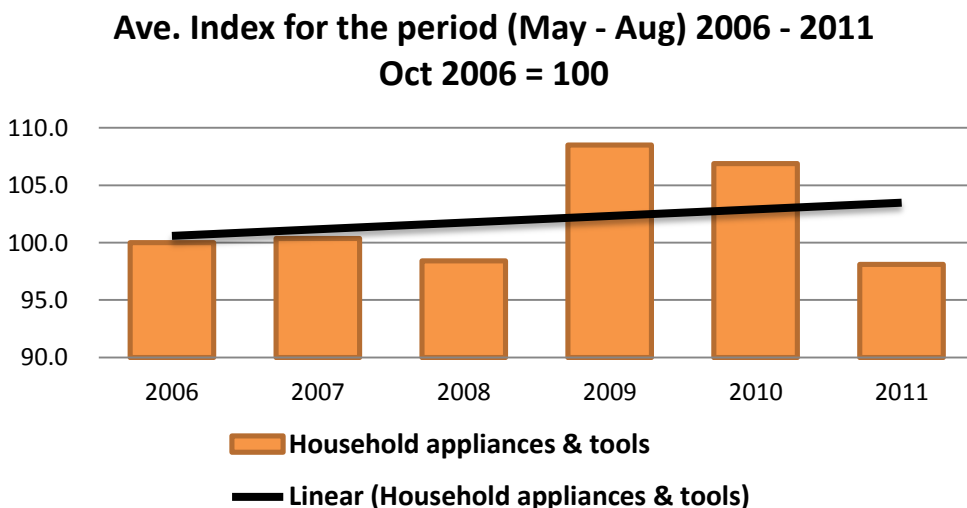


Figure 65

5.4 Household Articles

When observing the bar chart (*fig.66*) below note the average index for Household articles during the 2nd trimester period (May-Aug) of 2006 through to 2011 has slowly been increasing. The largest increase in the average index was recorded between 2008 and 2009; above 9 points.

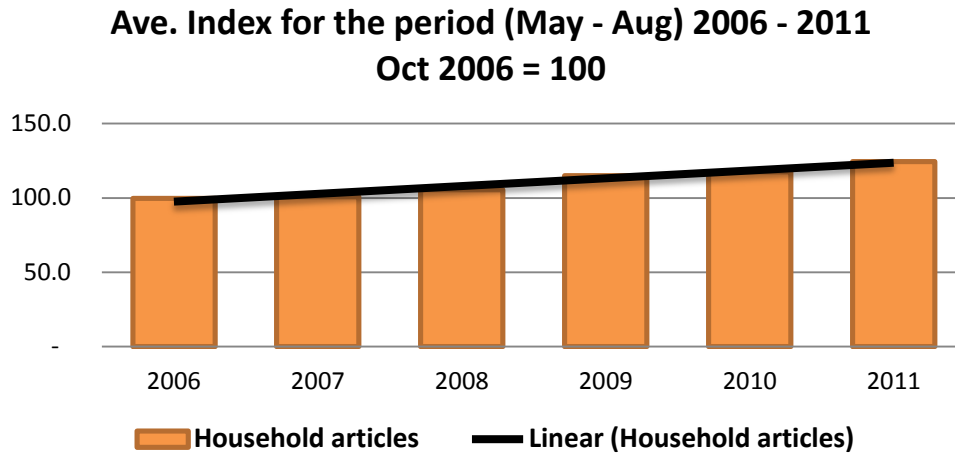


Figure 66

5.5 Other Household Expenses

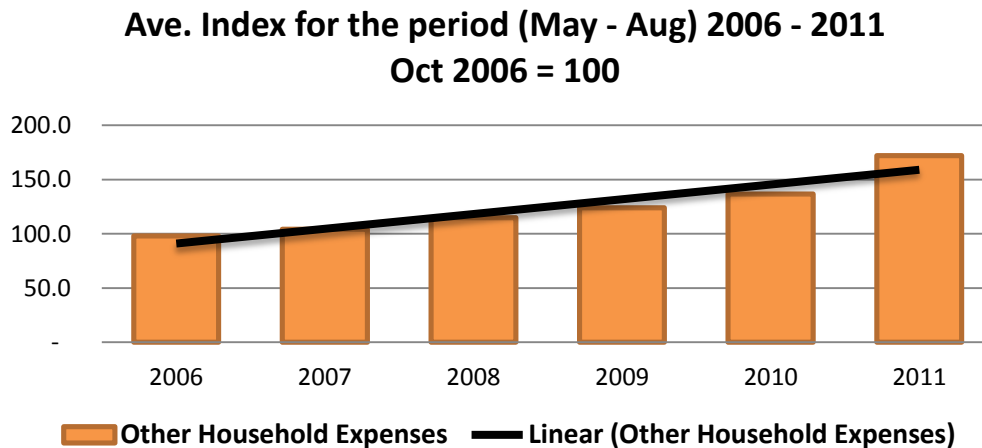


Figure 67

The bar chart above (*fig.67*) shows that the average index for Other Household Expenses during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a steady increase. A sharp increase in the average index was recorded between 2010 and 2011; above 35 points.

5.6 Domestic Services

The bar chart below (*fig.68*) shows that the average index for Domestic Services during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a slight increase. The largest increase in the average index was recorded between 2006 and 2007; above 13 points.

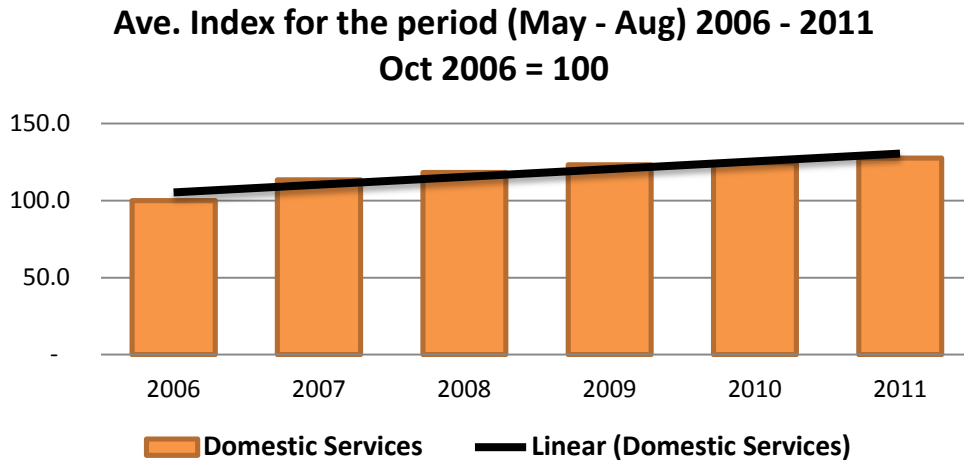


Figure 68

5.7 Other Household Furnishings

The bar chart below (*fig.69*) shows that the average index for Other Household Furnishings during the 2nd trimester period (May-Aug) of 2006 through to 2010 has recorded an increasing trend. Note the significant drop in the average index of 2011 compared to that of 2010. The largest increase in the average index was recorded between 2007 and 2008; above 4 points.

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

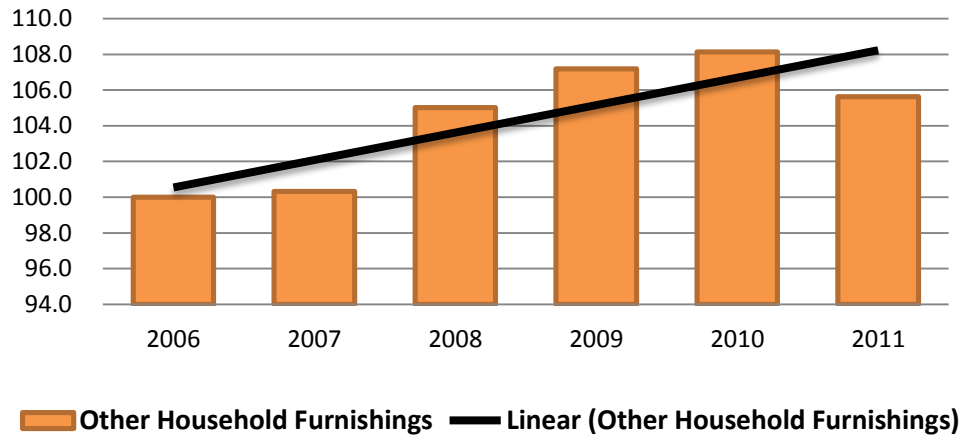
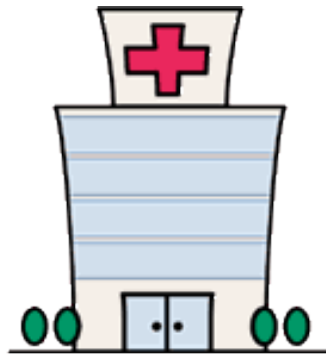


Figure 69



EXPENDITURE CATEGORY

MEDICAL CARE

6 Medical care

The expenditure category Medical care carries a 3% weight of the total CPI. Illustrated in the cone chart below (*fig.70*) are the average inflation rates recorded in the expenditure category Medical over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Note the highest level of average inflation was recorded in 2010(1.4%); prior and subsequent to this period inflation is below 1 percent.

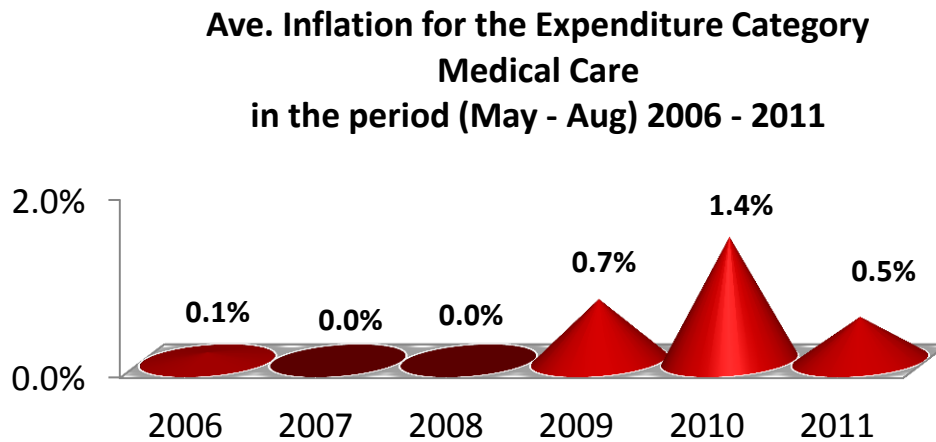


Figure 70

The bar chart below (*fig.71*) shows that the average index for Medical Care during the 2nd trimester period (May-Aug) of 2007 through to 2011 has recorded a steady increase. Note that prior 2009, the average index representative of prices remained below the base period in October 2006(100). The largest increase in the average index was recorded between 2008 and 2009; 1.5 points.

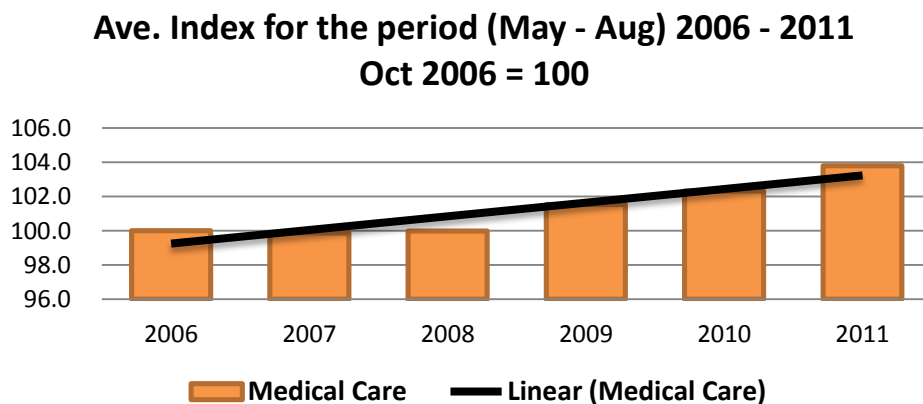
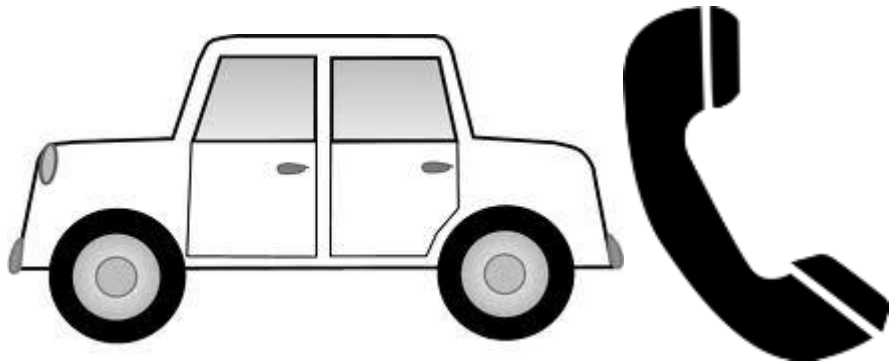


Figure 71

FACTORS



EXPENDITURE CATEGORY
TRANSPORT & COMMUNICATION

7 Transport & Communications

The expenditure category Transport & Communications is one of three largest contributing categories, it carries a 20% weight of the total CPI. The Transport & Communications category is further sub-divided into four product groups. Each of the products groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

TRANSPORTATION & COMMUNICATION EXPENDITURE CATEGORY 20% of CPI

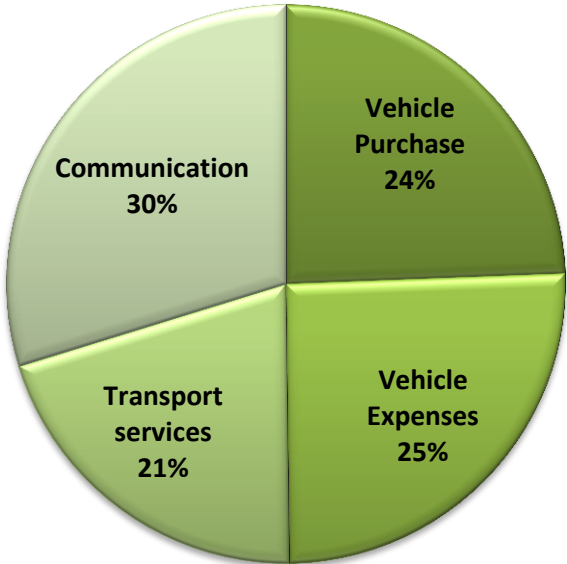


Figure 72

Illustrated in the cone chart below (*fig.73*) are the average inflation rates recorded in the expenditure category Transportation & Communication over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Note that a decline in deflation was observed in 2009; were deflation in the average rate of 0.8 percent was recorded. After 2008 an upswing in the average inflation was recorded; in 2011 it peaked with an average inflation of 2.6 percent, similar to that recorded in 2008(2.8%).

In the following section a closer look is taken at the average index each of the four product groups comprising this category, over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

FACTORS

**Ave. Inflation for the Expenditure Category
Transportation & Communication
in the period (May - Aug) 2006 - 2011**

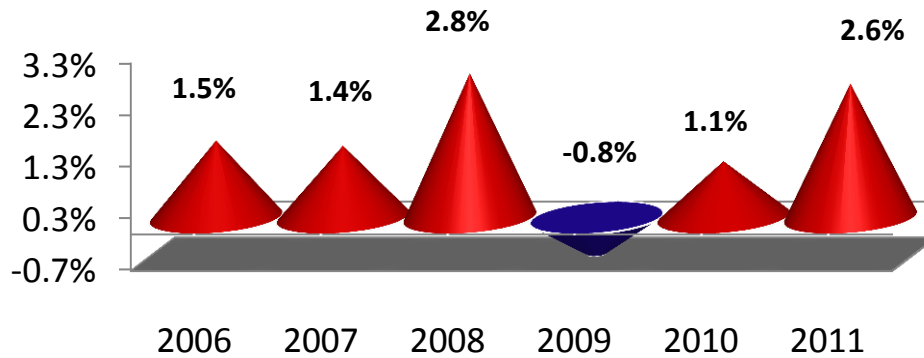


Figure 73

7.1 Vehicle Purchase

The bar chart below (*fig.74*) shows that the average index for Vehicle Purchase during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a gradual increase. The largest increase in the average index was recorded between 2010 and 2011; above 9 point

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

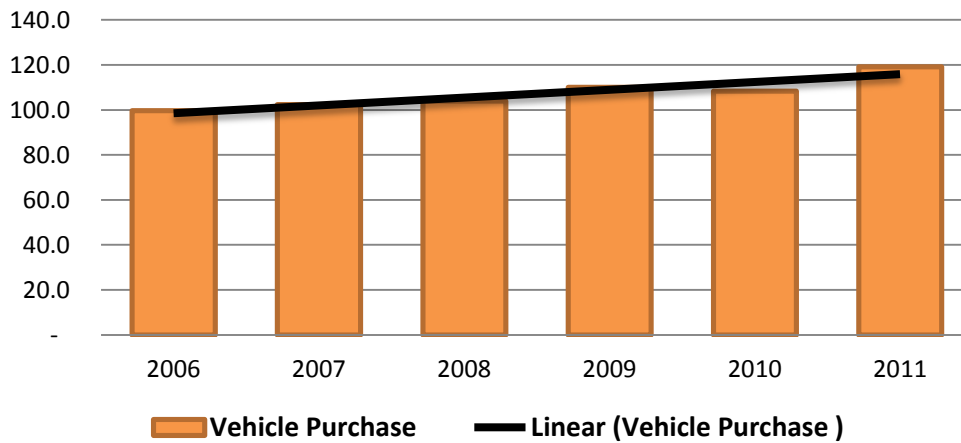


Figure 74

7.2 Vehicle Expenses

The bar chart below (*fig.75*) shows that the average index for Vehicle Expenses during the 2nd trimester period (May-Aug) of 2006 through to 2011 has observed many fluctuations. The largest upsurge in the average index was recorded between 2010 and 2011; above 13 point; similar to the upsurge recorded between 2007 and 2008.

In the following section a regional comparison of retail prices recorded over the last 2 years for Diesel and Gasoline.

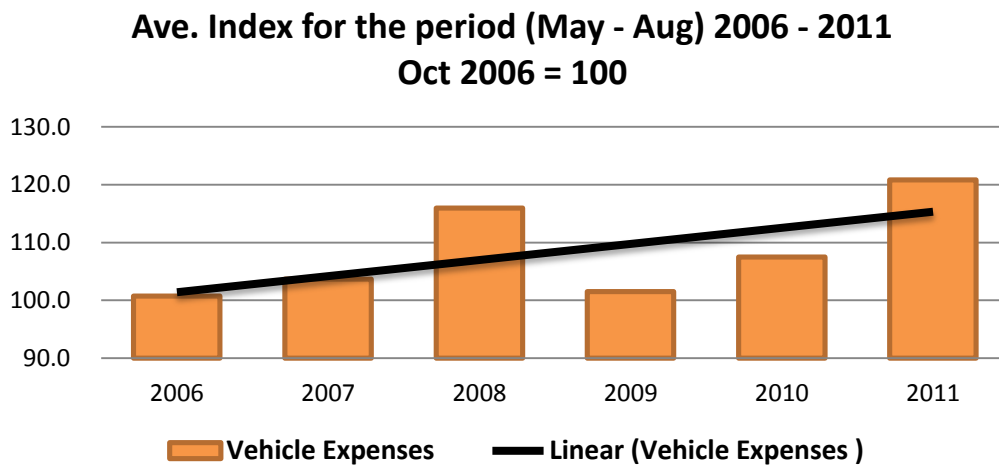


Figure 75

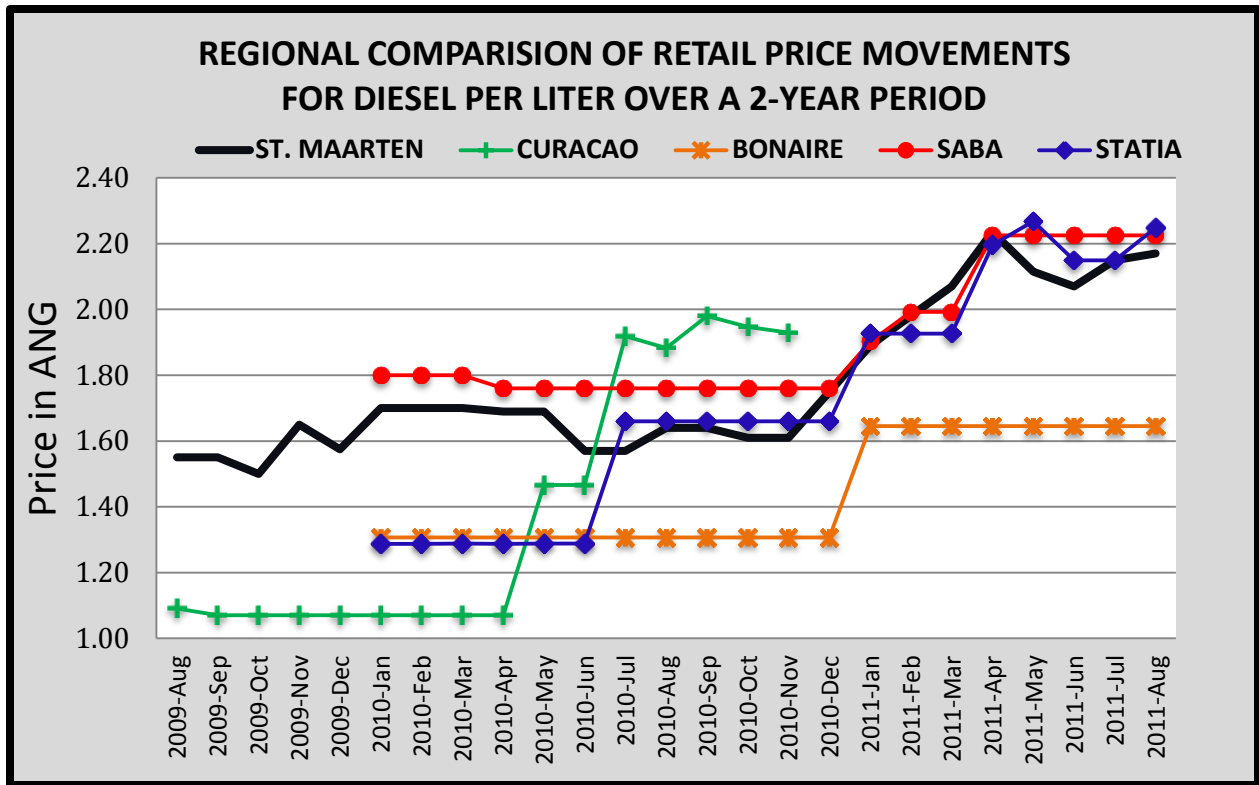


Figure 76

The line graph above (*fig.76*) depicts a regional comparison of retail prices recorded over the last 2 years for Diesel. Note that the retail price of Diesel as of July 2010 has followed similar movements in Saba, Statia and Sint Maarten; recording prices that are fairly close. Notable also, is that the retail price for Diesel in Bonaire remains fairly stable over longer periods; whereas the regional comparable varies similar to changes recorded in the price of crude oil.

The line graph below (*fig.77*) depicts a regional comparison of retail prices recorded over the last 2 years for Gasoline. Note that the retail price of Gasoline has remained fairly stable throughout 2010 for Bonaire, Saba, Statia and Sint Maarten after which has increased. In 2011 the retail price of Gasoline on Saba and Statia has exceeded that of Sint Maarten.

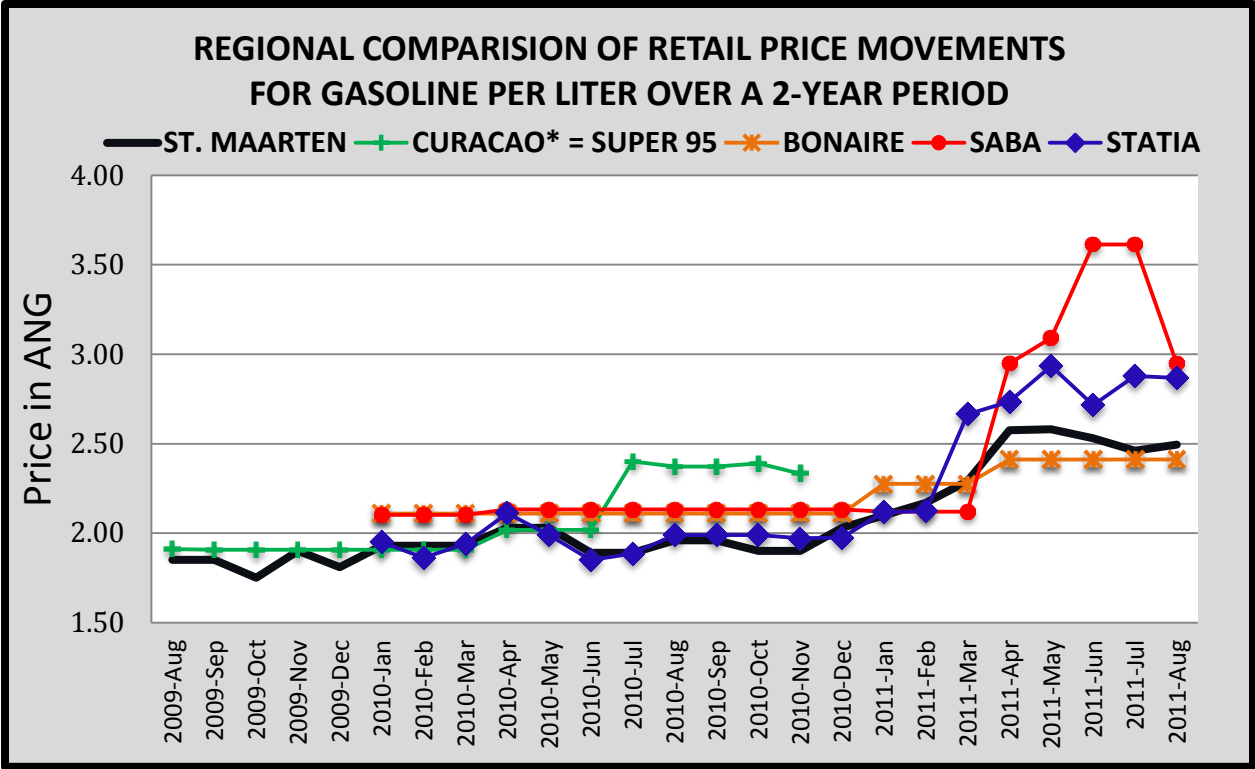


Figure 77

7.3 World Outlook Crude Oil

Notable are the similarities in price movement of Diesel and Gasoline in Sint Maarten to the per barrel price movements of crude oil; depicted in figure 78 below. Similarly the price movements in the retail price of gasoline in the US are echoed in the recorded price movement of Sint Maarten; yet the price of gasoline in the US is approximately 60 cents cheaper per liter on average.

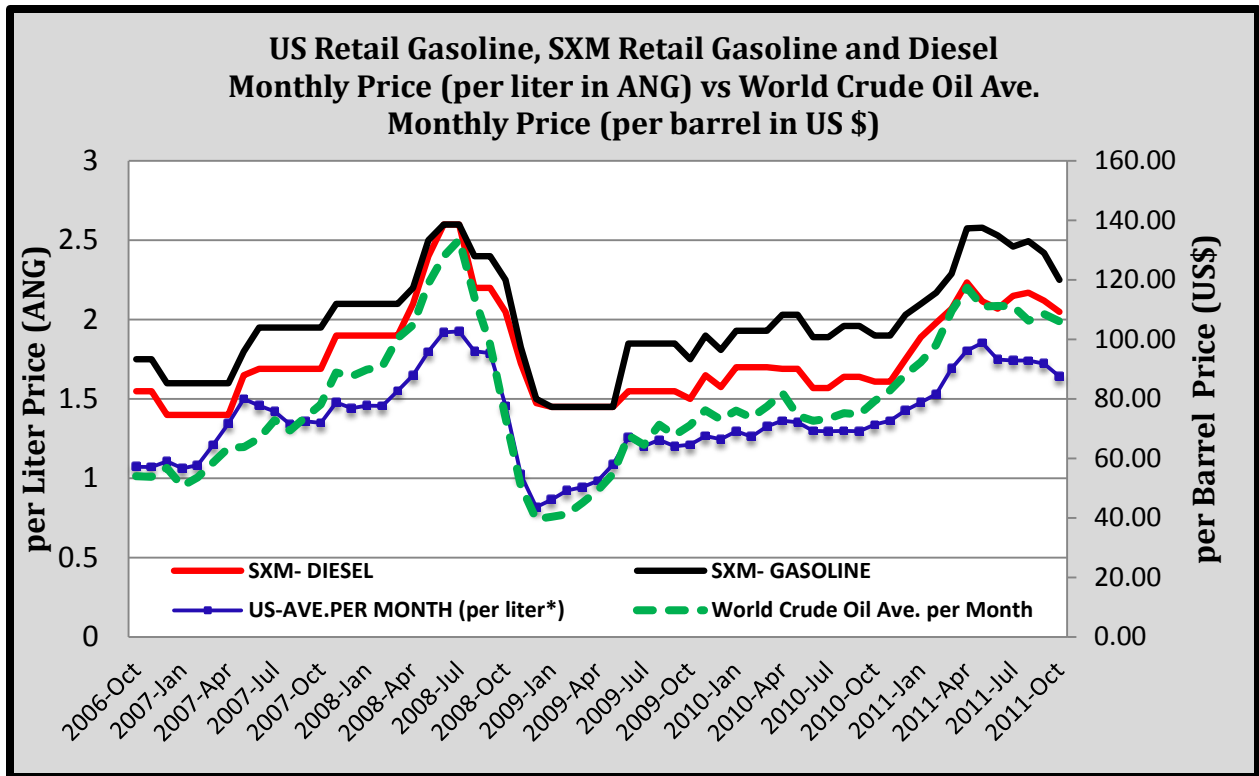


Figure 78

7.4 Communication

The bar chart below (fig.79) shows that the average index for Communication during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a steady decline. The largest drop in the average index was recorded between 2008 and 2009; above 1 point.

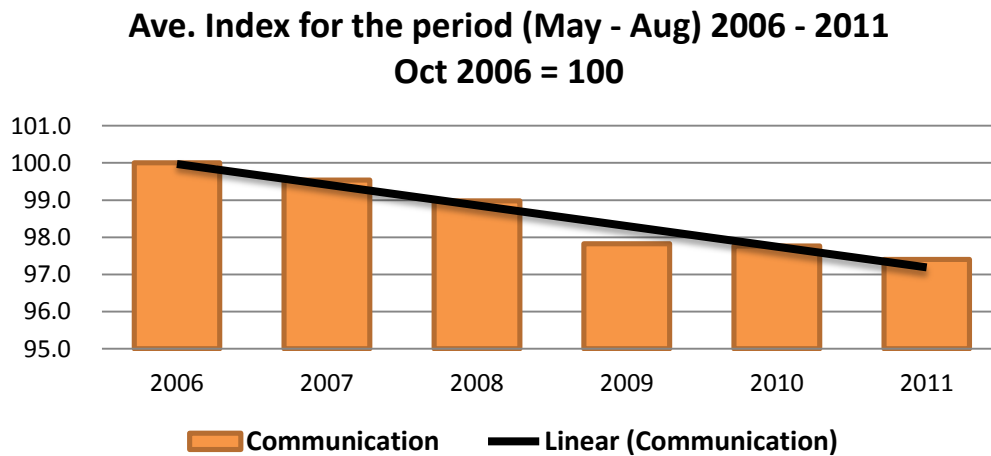


Figure 79



EXPENDITURE CATEGORY RECREATION & EDUCATION

8 Recreation & Education

The expenditure category Recreation & Education carries a 6% weight of the total CPI; it is further sub-divided into five product groups. Each of the product groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

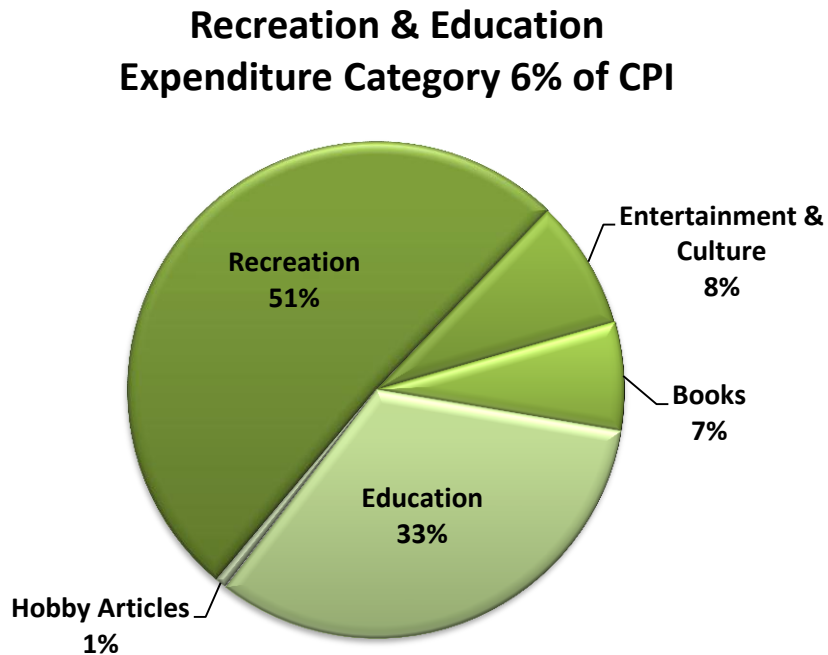


Figure 80

Illustrated in the cone chart below (*fig.81*) are the average inflation rates recorded in the expenditure category Recreation & Education over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Note that between 2006 and 2009 a decline in inflation was observed; the lowest point was in 2009; where deflation in the average rate of 0.2 percent was recorded. In 2010 an increase in average inflation was observed and remained stable in 2011.

In the following section a closer look is taken at the average index for each of the five product groups comprising this category over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

**Ave. Inflation for the Expenditure Category
Recreation & Education
in the period (May - Aug) 2006 - 2011**

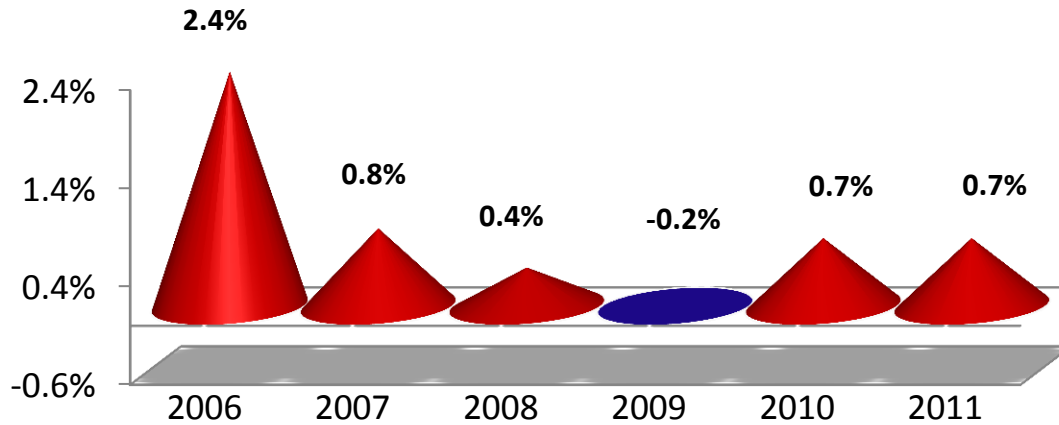


Figure 81

8.1 Recreation

The bar chart below (*fig.82*) shows that the average index for Recreation during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a declining trend. Note the steep increase in the average index of 2011 compared to the same period in 2010. Striking is that prices during the 2nd trimester period (May-Aug) of 2006 through to 2011 are below those recorded in October 2006 (100).

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

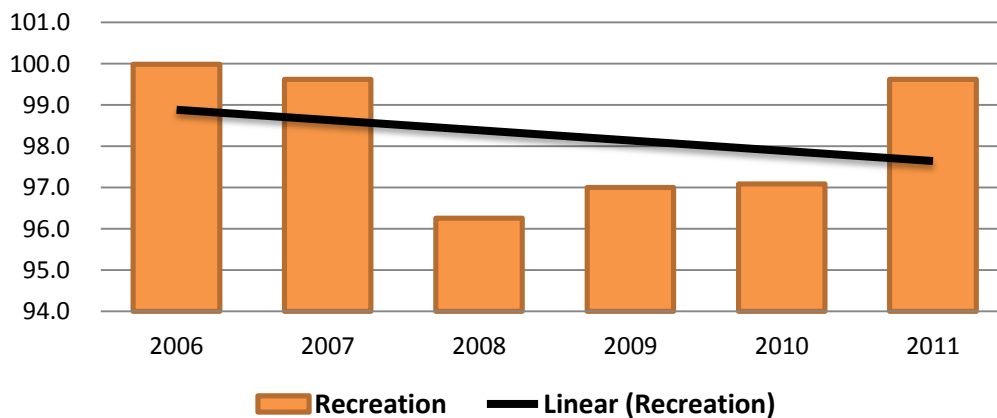


Figure 82

8.2 Entertainment & Culture

The bar chart below (*fig.83*) shows that the average index for Entertainment & Culture during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a steep increase. The largest increase in the average index was recorded between 2007 and 2008; 2010 and 2011; above 4 points.

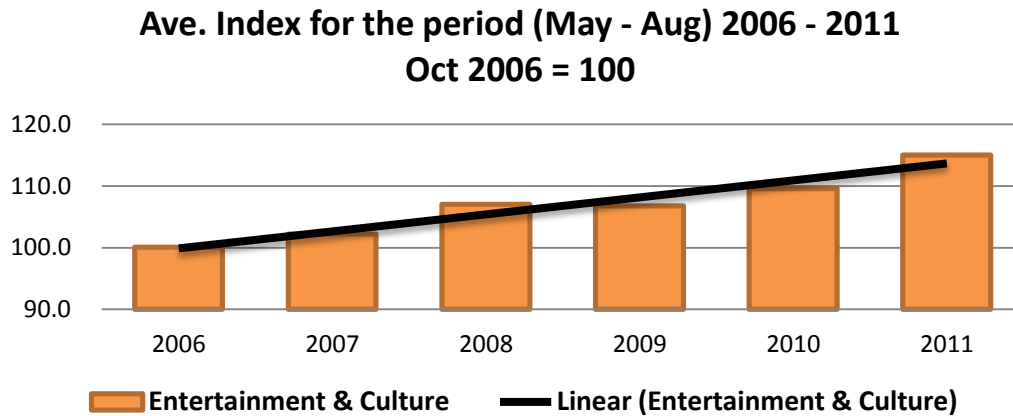


Figure 83

8.3 Books

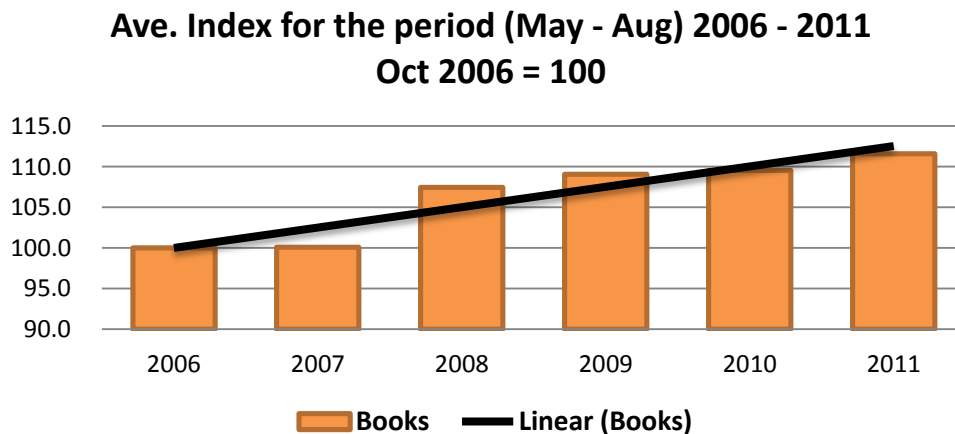


Figure 84

The bar chart above (*fig.84*) shows that the average index for Books during the 2nd trimester period (May-Aug) of 2007 through to 2011 has recorded a steady increase. The largest increase in the average index was recorded between 2007 and 2008; 7.5 points.

8.4 Education

The bar chart below (*fig.85*) shows that the average index for Education during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a progressive increase. The largest increase in the average index was recorded between 2006 and 2007; above 2 points.

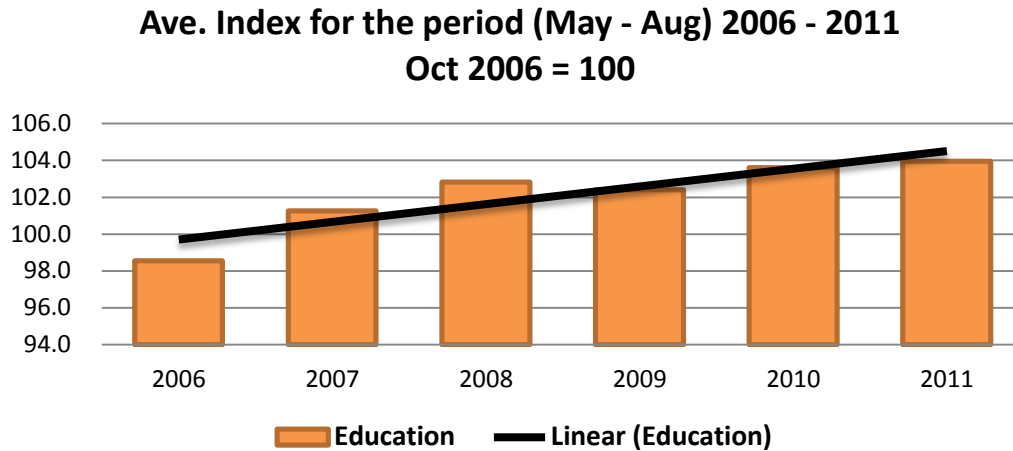


Figure 85

8.5 Hobby Articles

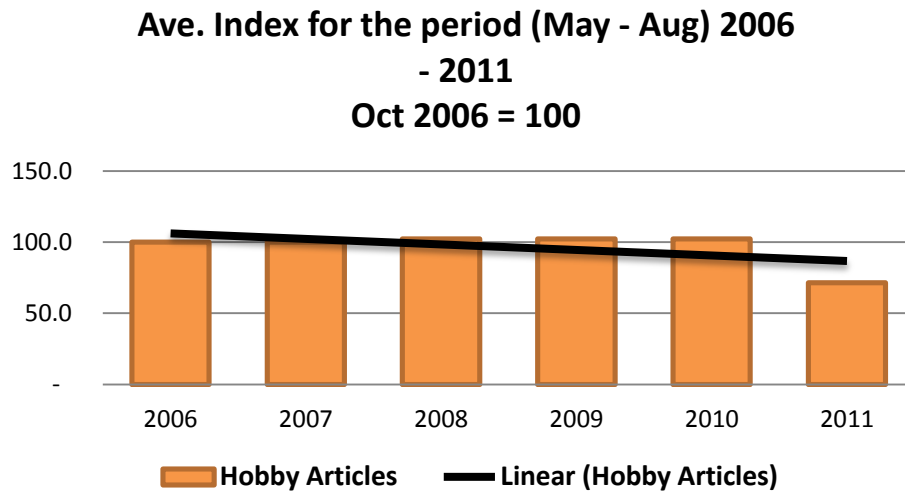


Figure 86

The bar chart above (*fig.86*) shows that the average index for Hobby Articles during the 2nd trimester period (May-Aug) of 2006 through to 2010 has remained fairly stable. Noteworthy is the significant drop in 2011 compared to the same period in 2010; above 30 points.

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EXPENDITURE CATEGORY
MISCELLANEOUS

9 Miscellaneous

The expenditure category Miscellaneous carries an 8% weight of the total CPI; it is further subdivided into three product groups. Each of the product groups contribute a share to the entire category, this subdivision is illustrated in the pie chart below.

Miscellaneous Expenditure Category 8% of CPI

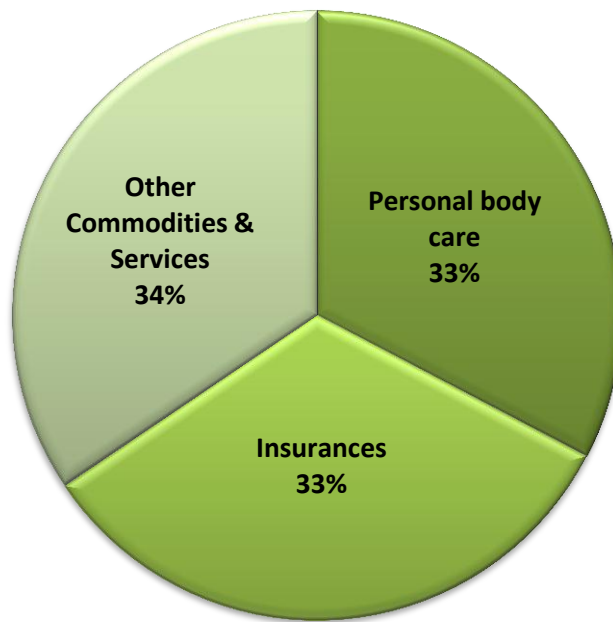


Figure 87

Illustrated in the cone chart below (*fig.88*) are the average inflation rates recorded in the expenditure category Miscellaneous over the 2nd trimester period (May-Aug) for the years 2006 through 2011. Note that between 2006 and 2009 an increase in inflation was observed; after which, a decline in average inflation during the 2010 and 2011 period was recorded.

In the following section a closer look is taken at the average index for each of the three product groups comprising this category over the 2nd trimester period (May-Aug) for the years 2006 through 2011.

**Ave. Inflation for the Expenditure Category
Miscellaneous
in the period (May - Aug) 2006 - 2011**

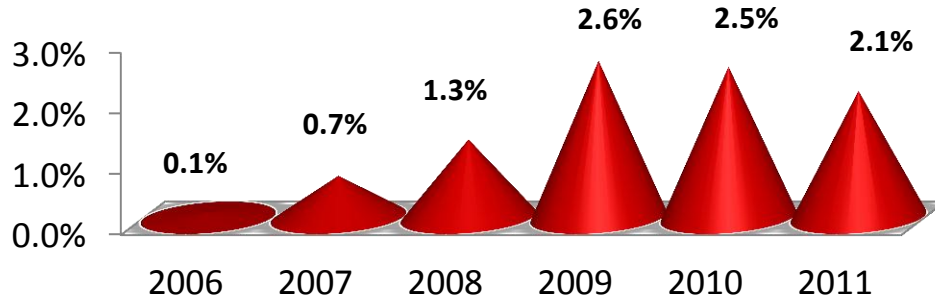


Figure 88

9.1 Personal body care

The bar chart below (*fig.89*) shows that the average index for Personal body care during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a steady increase. The largest increase in the average index was recorded between 2010 and 2011; above 4 points.

**Ave. Index for the period (May - Aug) 2006 - 2011
Oct 2006 = 100**

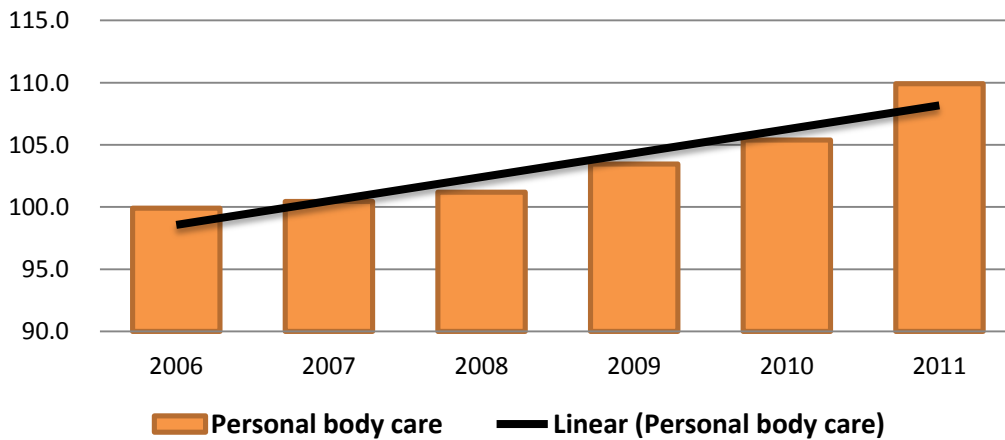


Figure 89

9.2 Insurances

The bar chart below (*fig.90*) shows that the average index for Insurances during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a steep increase. The largest increase in the average index was recorded between 2008 and 2009; approximately 2 points.

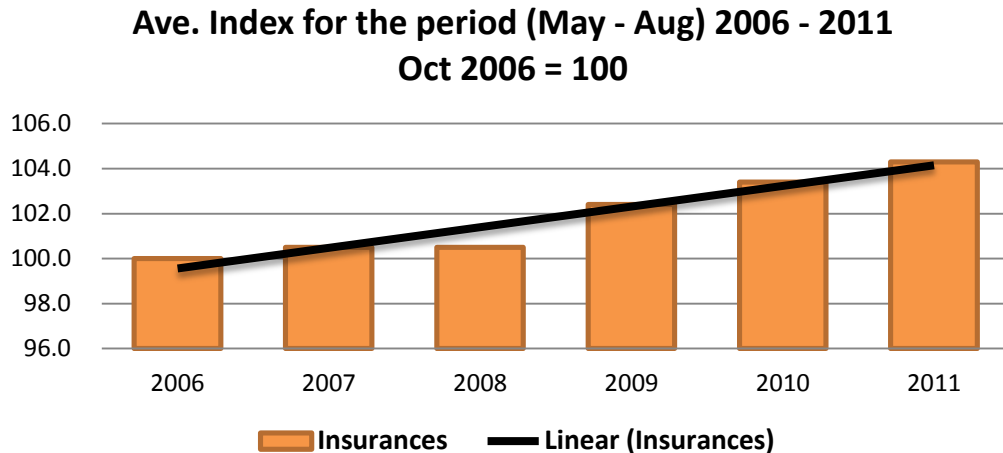


Figure 90

9.3 Other Commodities & Services

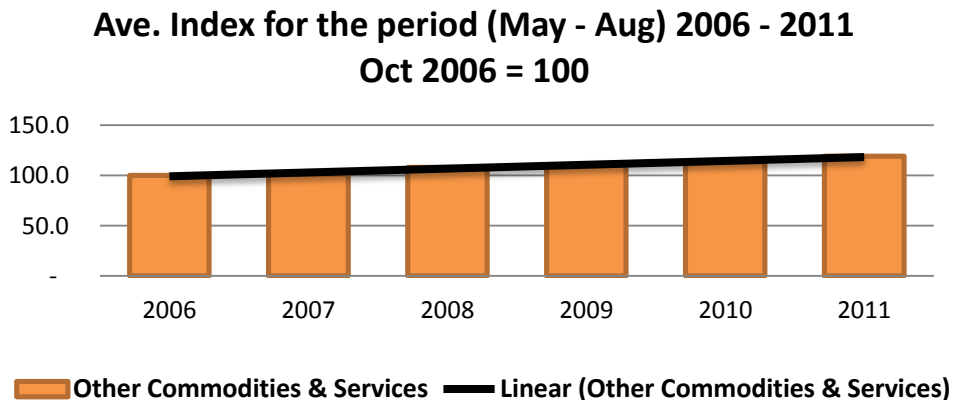


Figure 91

The bar chart above (*fig.91*) shows that the average index for other commodities & services during the 2nd trimester period (May-Aug) of 2006 through to 2011 has recorded a slight increase. The largest increase in the average index was recorded between 2007 and 2008; above 7 points.