

# Inflation Review

Patrick Walters, City Economist | Estella Scruggs, Corporate Research Analyst

February 21, 2014

## Calgary's headline inflation increased in January 2014

### The year-over-year headline inflation rates for Calgary, Alberta and Canada accelerated in January

In January 2014, Calgary's headline inflation rose by 3.1 per cent over the same month last year. Consumer prices increased 2.7 per cent in Alberta and 1.5 per cent in Canada in January (Chart 1).

Consumer prices rose in all eight major categories in Calgary. Significant cost increases were observed in shelter (4.4 per cent), transportation (4.1 per cent), food (2.4 per cent), household operations, furnishings and equipment (2.3 per cent), and recreation, education and reading (2.2 per cent). Other cost increases were in alcoholic beverages and tobacco products (1.7 per cent) and clothing and footwear (1.4 per cent).

### Year-over-year energy prices in Calgary are picking up

Inflation in Calgary was partially increased by higher energy prices, which includes electricity, natural gas, fuel oil and gasoline. Energy prices in Calgary advanced 10 per cent in January 2014, following a 4.6 per cent rise in December 2013. Retail gasoline price at the pump increased in January 2014, rising 11.1 per cent over the same time last year. Electricity prices also increased slightly by 3 per cent compared to a year ago. The most significant increases were observed in natural gas prices, which rose by 16.6 per cent in January 2014, after increasing by 10 per cent in December 2013 (Chart 2). This is expected as the frigid weather gripped much of the United States and Eastern and Central Canada in January 2014, pushing the price of natural gas 40 per cent higher than last January. Natural gas customers should see higher rates in the coming months.

### Calgary's 12-month-moving-average inflation rate was estimated at 2 per cent. The following are the major contributors to Calgary's inflation rate:

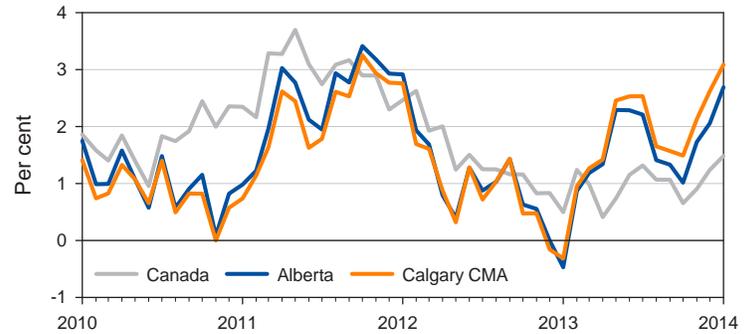
**Food:** The 12-month-moving-average for food prices advanced 2.1 per cent in January 2014, which contributed 0.34 per cent to Calgary's overall inflation.

**Shelter:** In January 2014, shelter costs rose by 3.9 per cent, which added 1.03 per cent to overall inflation in Calgary. Consumers in January paid 8 per cent more for water, fuel and electricity compared to 5.5 per cent in December 2013.

**Transportation:** Transportation prices increased by 1 per cent in January 2014, which contributed 0.2 per cent to the overall inflation in Calgary. Retail gasoline price at the pump advanced 1.3 per cent in January for the 12-month-moving-average.

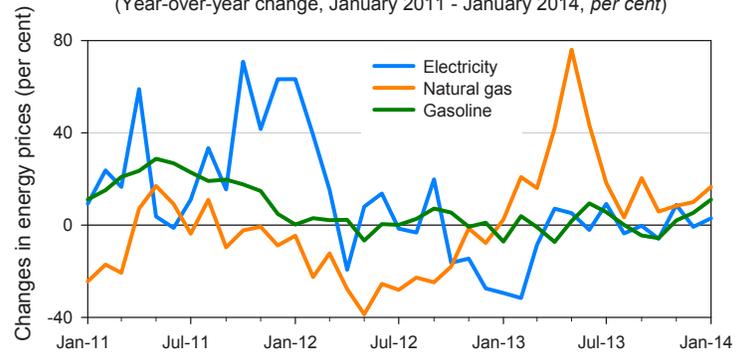
Next release: March 21, 2014

Chart 1. Headline inflation comparison  
(year-over-year change, January 2010 - January 2014, per cent)



Source: Statistics Canada, Corporate Economics, February 2014

Chart 2. Changes in energy prices in Calgary  
(Year-over-year change, January 2011 - January 2014, per cent)



Source: Statistics Canada, Corporate Economics, February 2014

### Inflation Rates

(12-Month-Moving-Average or average inflation rate for the past 12 months)

	Relative Importance (%) *	Jan-14 (%)	Dec-13 (%)	Jan-13 (%)
Calgary: All-items	100.00	2.0	1.7	0.8
Calgary: All-items excluding food and energy	76.49	1.8	1.7	1.2
Food	15.99	2.1	2.1	1.8
Shelter	26.56	3.9	3.3	(0.5)
Owned accommodation	16.24	3.1	2.7	1.2
Water, fuel and electricity	4.84	8.0	5.5	(8.1)
Household operations, furnishing and equipment	12.27	1.7	1.7	1.6
Clothing and footwear	5.88	0.7	0.4	(0.7)
Transportation	20.44	1.0	0.5	1.4
Gasoline	3.81	1.3	(0.1)	0.9
Health and personal care	4.65	(0.6)	(0.5)	2.2
Recreation, education and reading	11.37	0.6	0.5	0.3
Alcoholic beverages and tobacco products	2.83	1.2	1.2	2.3
Alberta: All-items	100.00	1.7	1.4	0.8
Alberta: All-items excluding food and energy	76.49	1.5	1.4	1.3
Canada: All-items	100.00	1.0	0.9	1.4
Canada: All-items excluding food and energy	74.85	0.9	0.8	1.2

Source: Statistics Canada, Corporate Economics, February 2014

\* 2011 CPI basket weights at January 2013 prices, date modified March 27, 2013

Figures in red and parentheses indicate negative.

# Inflation Review

Patrick Walters, City Economist | Estella Scruggs, Corporate Research Analyst

February 21, 2014

## Who We Are

Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced at researching different economic topics and developed reliable methods of forecasting and analysis.

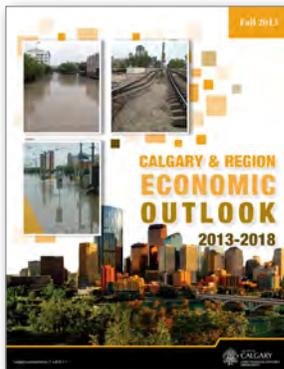
For more information, please contact:

Patrick Walters  
403.268.1335 or patrick.walters@calgary.ca

Estella Scruggs  
403.268.5556 or estella.scruggs@calgary.ca

Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

## Forecasting



- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

## Information Provision



- ▶ Labour Market Review
- ▶ Inflation Review
- ▶ Current Economic Analysis
- ▶ Construction Inflation

## Policy Analysis



- ▶ A Case of Fiscal Imbalance: The Calgary Experience
- ▶ Diesel Fuel Price Pass-Through in Calgary
- ▶ Calgary Residential and Commercial Real Estate Markets

Corporate Research Analyst: Estella Scruggs

The City of Calgary provides this information in good faith. However, the aforementioned organization makes no representation, warranty or condition, statutory express or implied, takes no responsibility for any errors and omissions which may contained herein and accepts no liability for any loss arising from any use or reliance on this report.

Sources: Statistics Canada, Corporate Economics.