

Inflation Review

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February 26, 2015

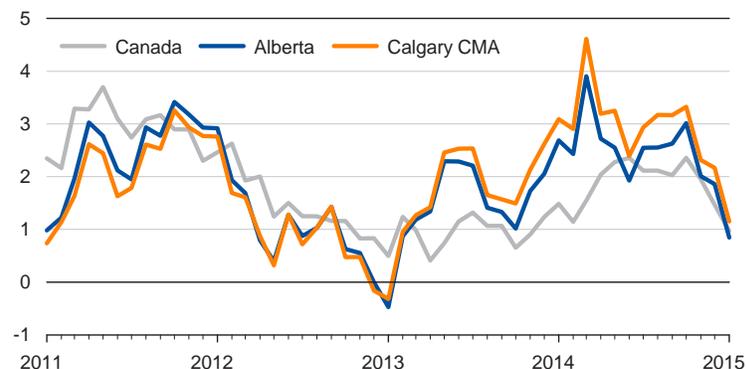
Slumping oil prices kept Calgary's inflation rate low.

On February 26, 2015, the basket of goods and services used in the calculation of the Consumer Price Index (CPI) was updated based on the 2013 Survey of Household Spending. Refer to the Inflation Rates Table on this page for details.

Calgary's all-items inflation rate slowed significantly to 1.2 per cent year-over-year in January 2015 from 2.2 per cent in December. The price of oil has fallen sharply since last summer and as a result, Calgarians have been enjoying big savings at the pumps. Gasoline prices plunged by 27.8 per cent from January 2014, and 15.4 per cent month-over-month. Other energy prices also retreated. Prices for electricity dropped 4.1 per cent and natural gas declined by 5.0 per cent. Meanwhile, gains were observed in other items in Calgary. Most notably, food prices increased 4.7 per cent from last year and 1.4 per cent from the month before. Food purchased from stores was up 5.4 per cent and restaurant bills were up 3.1 per cent. Meats, vegetables and fruits recorded the biggest gains in January, climbing 15.5 per cent, 12.0 per cent and 5.9 per cent, respectively. The costs of shelter rose 2.9 per cent as rented accommodation costs advanced 3.5 per cent and owned accommodation costs were up by 4.4 per cent.

In Alberta, the all-items inflation rate fell to 0.8 per cent in January from 1.9 per cent in December. Like Calgary, gasoline prices for the province of Alberta as a whole shrank 28.0 per cent year-

Chart 1. Headline inflation comparison
(Year-over-year change, January 2011 - January 2015, per cent)



Sources: Statistics Canada, Corporate Economics, February 2015

over-year but food prices leaped 4.4 per cent from January 2014. Nationally, Canada's inflation rate decelerated to 1.0 per cent after rising 1.5 per cent. Slumping oil prices are the key driver behind the deceleration of inflation in both Alberta and Canada.

Apart from the highly volatile food and energy categories, Calgary's core inflation rate was 2.3 per cent in January and 2.6 per cent in December 2014. Overall, the inflation rate should trend downwards in the coming months thanks to lower energy prices.

Next release: March 23, 2015

Inflation Rates

	Relative Importance (%)*	Year-over-year			Month-over-month		
		Jan-15 (%)	Dec-14 (%)	Jan-14 (%)	Jan-15 (%)	Dec-14 (%)	Nov-14 (%)
Calgary: All-items	100.00	1.2	2.2	3.1	(0.3)	(0.4)	(0.8)
Calgary: All-items excluding food and energy	76.49	2.3	2.6	2.5	0.1	(0.2)	(0.2)
Food	15.99	4.7	4.4	2.4	1.4	0.2	1.1
Shelter	26.56	2.9	4.4	5.5	0.2	0.9	(1.3)
Rented accommodation	5.40	3.5	3.5	3.4	0.2	0.4	0.2
Owned accommodation	16.24	4.4	4.5	5.0	0.3	0.2	0.1
Water, fuel and electricity	4.84	(2.9)	5.4	10.6	(0.1)	4.7	(8.9)
Household operations, furnishing and equipment	12.27	3.1	3.2	2.3	0.2	(0.4)	0.1
Clothing and footwear	5.88	0.9	(0.2)	1.4	(0.0)	(2.5)	(2.2)
Transportation	20.44	(4.0)	(1.3)	4.1	(2.3)	(2.2)	(2.1)
Gasoline	3.81	(27.8)	(16.0)	11.1	(15.4)	(12.0)	(10.3)
Health and personal care	4.65	1.2	1.1	0.2	0.6	(0.2)	1.0
Recreation, education and reading	11.37	0.3	1.4	2.2	(1.1)	(0.0)	(1.5)
Alcoholic beverages and tobacco products	2.83	3.9	4.1	1.7	0.4	0.0	0.2
Alberta: All-items	100.00	0.8	1.9	2.7	(0.4)	(0.5)	0.6
Alberta: All-items excluding food and energy	76.49	2.0	2.3	2.1	0.0	(0.2)	0.3
Canada: All-items	100.00	1.0	1.5	1.5	(0.2)	(0.7)	0.3
Canada: All-items excluding food and energy	74.85	1.9	1.9	1.2	0.2	(0.4)	0.2

Sources: Statistics Canada, Corporate Economics, February 2015

* 2013 CPI basket weights at January 2015 prices, date modified February 26, 2015

Figures in red and parentheses indicate negative.

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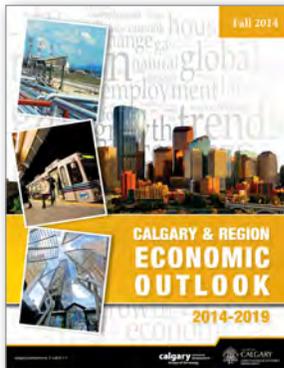
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.