

Calgary's Monthly INFLATION REVIEW



March 2009

April 17, 2009

Economic slack continued to put downward pressures on prices

Moderate inflation in March across Canada

Consumer price indexes in March 2009 rose 1.1 per cent in Calgary, 0.9 per cent in Alberta, and 1.2 per cent in Canada compared to the same period 2008. Weak demand for housing and other goods and services due to continued job losses and low consumer confidence put downward pressure on prices. The 12 month inflation rates¹ from April 2008 to March 2009 averaged 2.9 per cent in Calgary, 2.7 per cent in Alberta and 2.2 per cent in Canada.

Inflation² in Calgary is converging back to the national level

Starting from the same inflation level of 2.3 per cent in January 2006, inflation rates in Calgary climbed much higher than the national level as the above average economic activities in the region attracted large amounts of inter-provincial migration and thus led to significant price increases in the local housing market. The inflation divergence peaked in June 2007 when the cost of shelter increased by 15 per cent in Calgary (21% in owned-accommodation) over 12 months. Since then the inflation rate in Calgary has been converging back to the national level with the cooling of the local economy.

Major contributors to Calgary's inflation³

Shelter: In March 2009, inflation was 5.3 per cent in owned accommodation and 12.3 per cent in water, fuel and electricity, which contributed to 0.9 per cent and 0.7 per cent to overall inflation in Calgary, respectively.

Transportation: Transportation inflation continued to be low due to recent weak demand in purchase, leasing and rental of passenger vehicles.

Food: The cost of food continued to increase largely due to the price increases in food purchased from stores including fresh vegetables, fresh fruit, non-alcoholic beverages and cereal products. In March, inflation of 5.5 per cent in food contributed 0.9 per cent to Calgary's overall inflation.

Next release: May 20, 2009

¹ Inflation rate is defined as percentage change of consumer price indices over a year.

^{2, 3} Twelve month moving average inflation rate

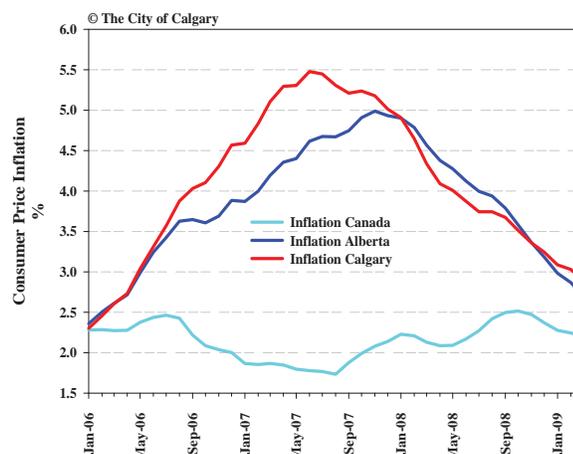
Inflation Rates
(12-Month-Moving-Average or average inflation rate for the past 12 months)

	Relative Importance (%) [*]	Mar-09	Feb-09	Mar-08
Calgary: All-items	100.0	2.9	3.0	4.3
Calgary: All-items excluding food & energy	75.2	1.8	1.9	4.3
Food	15.5	5.5	4.7	2.1
Shelter	27.7	6.3	6.9	9.8
<i>owned accommodation</i>	<i>17.9</i>	<i>5.3</i>	<i>5.8</i>	<i>10.7</i>
<i>Water, fuel and electricity</i>	<i>5.6</i>	<i>12.3</i>	<i>13.6</i>	<i>8.7</i>
Household operations, furnishing & equipment	11.4	1.1	0.9	1.1
Clothing & footwear	5.2	(2.0)	(2.2)	0.1
Transportation	19.5	(0.2)	0.3	2.3
<i>Gasoline</i>	<i>4.5</i>	<i>2.9</i>	<i>6.0</i>	<i>9.7</i>
Health & personal care	4.5	2.5	2.4	1.9
Recreation, education & reading	12.9	0.1	0.2	1.6
Alcoholic beverages & tobacco products	3.3	2.3	2.7	6.5
Alberta: All-items	100.0	2.7	2.9	4.6
Alberta: All-items excluding food & energy	75.2	1.7	1.8	4.5
Canada: All-items	100.0	2.2	2.2	2.1
Canada: All-items excluding food & energy	73.6	1.2	1.2	1.8

Source: Statistics Canada, Corporate Economics, April 2009

^{*} 2005 CPI basket weights at April 2007 prices, Alberta and Canada, effective May 2007

All-Items Inflation Comparison
12-Month-Moving Average



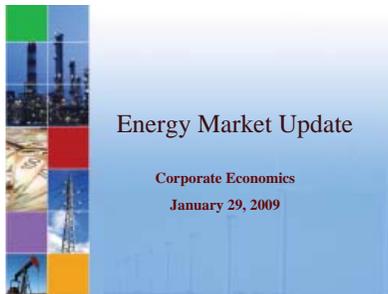
Source: Statistics Canada & Corporate Economics, April 2009

March 2009

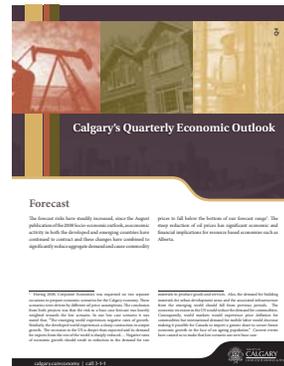
INFLATION REVIEW

Calgary Census Metropolitan Area (CMA)

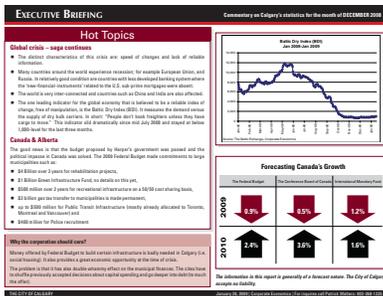
Monthly
Energy Market Update



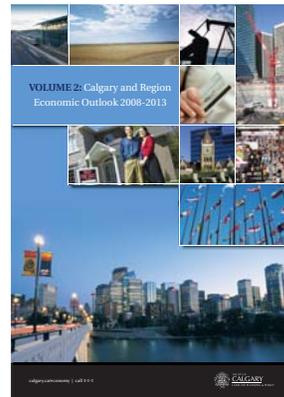
Quarterly
Calgary's Quarterly Economic Outlook



Commentary
Executive Briefing



Annually
Calgary and Region Economic Outlook



Who We Are

Over the past ten years Corporate Economics has researched dozens of economic topics and developed reliable methods of forecasting and analysis. Monitoring economic trends allows us to develop unique insights on how external events are impacting the local economy and the Municipal Corporation. We provide services in four areas: forecasting, information provision, consulting and policy analysis.

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Many of our publications are available on the internet at www.calgary.ca/economy.

DMD: Jeff Brown Source: Statistics Canada

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