

Calgary's Monthly INFLATION REVIEW

June 2009

July 17, 2009

Calgary's Inflation Rate below Zero in June

Low energy price depresses year-over-year inflation rates in Canada

While Canada's inflation rate sink below zero in June (-0.3%), the rates in both Alberta (-1.6%) and Calgary (-1.5%) were even lower. This is the third consecutive month in 2009 that both Alberta and Calgary had posted negative inflation rates.

Major drivers in price changes

While components responsible for the change in consumer prices varied considerably, the main contributors to lower inflation in both Canada and Alberta were price declines for energy products and housing. Compared to other provinces, Alberta's development depends more on the growth of energy sectors. Specifically, the sharp reduction in investment activity and related economic growth contributed to a build up of excess capacity in the local and provincial economies. Consequently, the speed of decline in the inflation rates in Calgary and Alberta was much more rapid when compared to that of the national average.

Major contributors to Calgary's 12-month moving average inflation

Shelter: In June 2009, inflation was 2.6% for shelter, which came partly from the inflation of 3.47% in owned accommodation and the deflation of 1.97% in water, fuel and electricity. Shelter added 0.72% to overall inflation in Calgary.

Food: Food costs continued to put significant upward pressure on prices, with the main factor being higher prices for food purchased from stores. The June inflation of 7.2% in food contributed 1.12% to Calgary's overall inflation.

Transportation: A 19.0% 12-month drop in energy price put downward pressure on the CPI in June, which was mainly caused by the continued price drops for gasoline and passenger vehicles. The 10.60% deflation in gasoline led to 0.48% decrease, and 2.90% deflation in transportation contributed another 0.57% to the overall deflation in Calgary.

Next release: August 19, 2009

Inflation Rates

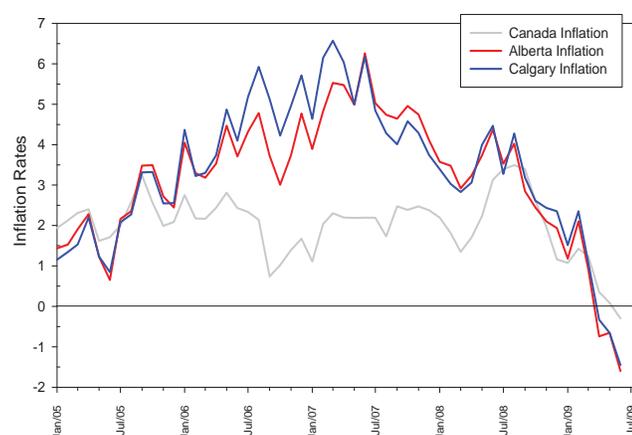
(12-Month-Moving-Average or average inflation rate for the past 12 months)

	Relative Importance (%)*	Jun-09	May-09	Jun-08
Calgary: All-items	100	1.70	2.20	3.87
Calgary: All-items excluding food and energy	75.2	1.70	1.70	3.45
Food	15.5	7.20	6.68	1.28
Shelter	27.7	2.60	4.07	8.93
Owned accommodation	17.9	3.47	4.02	8.87
Water, fuel and electricity	5.6	(1.97)	4.51	10.55
Household operations, furnishing and equipment	11.4	2.00	1.59	0.92
Clothing and footwear	5.2	(1.00)	(1.22)	(1.46)
Transportation	19.5	(2.90)	(1.81)	2.37
Gasoline	4.5	(10.60)	(5.35)	13.06
Health and personal care	4.5	3.10	2.85	1.97
Recreation, education and reading	12.9	0.00	(0.01)	1.70
Alcoholic beverages and tobacco products	3.3	3.10	2.51	5.50
Alberta: All-items	100	1.50	1.99	4.12
Alberta: All-items excluding food and energy	75.2	1.52	1.54	3.68
Canada: All-items	100	1.65	1.94	2.17
Canada: All-items excluding food and energy	73.6	1.24	1.23	1.61

Source: Statistics Canada, Corporate Economics, July 2009

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

All Items Year-over-year Inflation Rates



Source: Statistics Canada & Corporate Economics, July 2009

June 2009

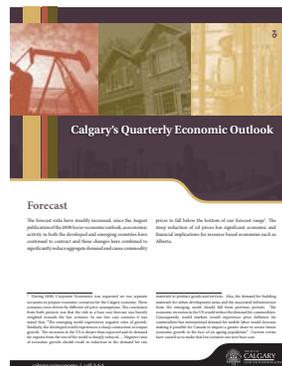
INFLATION REVIEW

Calgary Census Metropolitan Area (CMA)

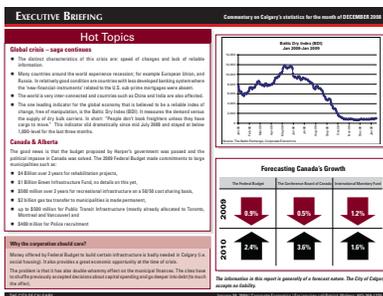
Monthly
Energy Market Update



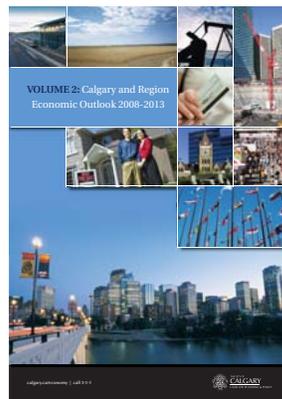
Quarterly
Calgary's Quarterly Economic Outlook



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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