

Inflation Review

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

July 19, 2013

Calgary's Consumer Prices Increased in June 2013

The year-over-year headline inflation rates for Calgary and Alberta were higher than the national average

In June 2013, Calgary's headline inflation rose by 2.5 per cent over the same month last year. Consumer prices increased 2.3 per cent in Alberta and 1.2 per cent in Canada in June. (See Chart 1).

Consumer prices rose in seven of the eight major components in Calgary. Significant cost increases were observed in shelter (4.4 per cent), transportation (3.3 per cent), household operations, furnishings and equipment (2.2 per cent), and food (1.6 per cent). The only decline was in health and personal care (0.4 per cent).

Energy prices in Calgary increased dramatically by 12.1 per cent in June. Natural gas prices increased by 43.5 per cent and gasoline prices by 9.45 per cent, but electricity prices fell by 2 per cent.

Shelter costs in Calgary are trending upwards

Calgarians spend 27 per cent of their income on shelter each month. In June 2013, the 12-month-moving-average for shelter prices in Calgary advanced 0.8 per cent: rented accommodation increased by 2.4 per cent, owned accommodation increased by 1.6 per cent, but water, fuel and electricity decreased by 3.7 per cent.

Calgary's residential market strengthened in the month of June as increases were observed in both the number of sales and average sale prices when compared to same time last year. With the increasing demands for both owned and rented accommodations from high net migration levels and families displaced by the recent flooding, this should put upward pressure on accommodation costs over the coming months. We expect the growth of shelter prices and the overall inflation rate in Calgary to be higher in the second half of this year. (See Chart 2).

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

Food: The 12-month-moving-average prices for food advanced 1.9 per cent in June 2013, which contributed 0.30 per cent to Calgary's overall inflation.

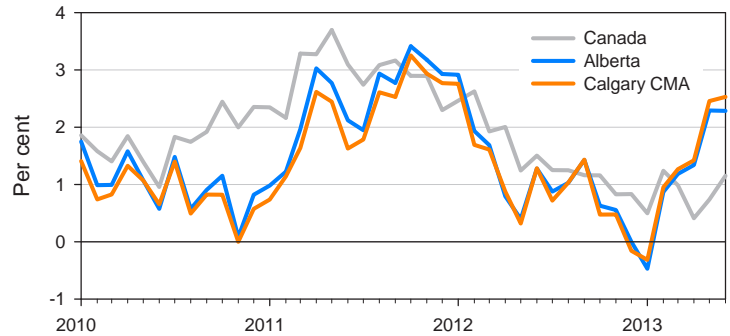
Shelter: In June 2013, shelter costs increased 0.8 per cent, which contributed Calgary's overall inflation by 0.22 per cent.

Transportation: Transportation prices increased 0.6 per cent in June 2013, which contributed 0.12 per cent to the overall inflation in Calgary. Retail gasoline price at the pump advanced 1.3 per cent in June for the 12-month-moving-average.

Next release: August 23, 2013

Chart 1. Headline inflation comparison

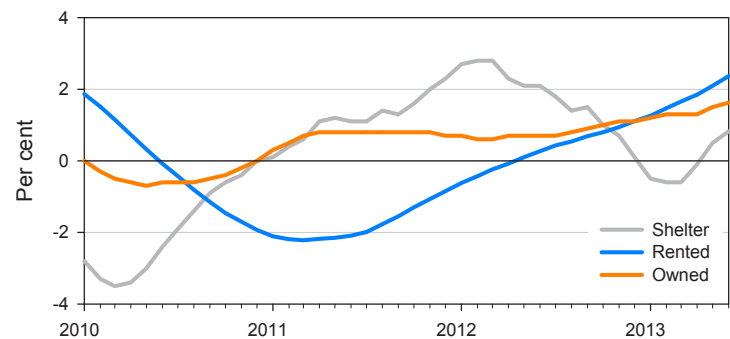
(year-over-year change, January 2010 - June 2013, per cent)



Source: Statistics Canada, Corporate Economics, July 2013

Chart 2. Changes in shelter costs in Calgary

(12-month-moving-average, January 2010 - June 2013, per cent)



Source: Statistics Canada, Corporate Economics, July 2013

Inflation Rates

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

	Relative Importance (%)*	Jun-13 (%)	May-13 (%)	Jun-12 (%)
Calgary: All-items	100.00	1.0	0.9	2.0
Calgary: All-items excluding food and energy	76.49	1.2	1.2	1.2
Food	15.99	1.9	1.9	3.1
Shelter	26.56	0.8	0.5	2.1
Owned accommodation	16.24	1.6	1.5	0.7
Water, fuel and electricity	4.84	(3.7)	(4.9)	11.0
Household operations, furnishing and equipment	12.27	1.7	1.7	1.7
Clothing and footwear	5.88	(0.4)	(0.4)	(1.3)
Transportation	20.44	0.6	0.5	3.6
Gasoline	3.81	1.3	0.6	7.7
Health and personal care	4.65	0.8	1.1	3.2
Recreation, education and reading	11.37	0.6	0.5	(0.2)
Alcoholic beverages and tobacco products	2.83	1.7	1.8	1.8
Alberta: All-items	100.00	1.0	0.9	2.2
Alberta: All-items excluding food and energy	76.49	1.2	1.2	1.3
Canada: All-items	100.00	1.0	1.0	2.4
Canada: All-items excluding food and energy	74.85	0.9	0.9	1.6

Source: Statistics Canada, Corporate Economics, July 2013

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

Figures in red and parentheses indicate negative.

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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.

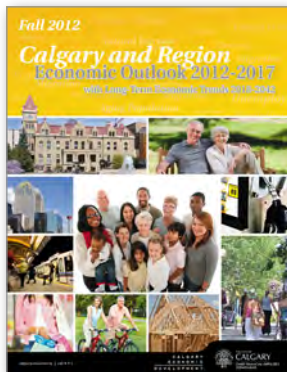
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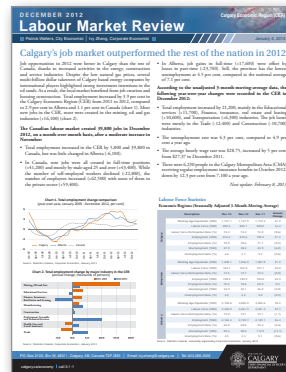
Many of our publications are available on the internet at www.calgary.ca/economy.

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
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Sources: Statistics Canada, Corporate Economics.

