

Inflation Review

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

January 24, 2014

Calgary's headline inflation averaged 1.7 per cent in 2013

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

In December 2013, Calgary's headline inflation rose by 2.6 per cent over the same month last year. Consumer prices increased 2.1 per cent in Alberta and 1.2 per cent in Canada in December (Chart 1).

Consumer prices rose in all eight major categories in Calgary. Significant cost increases were observed in shelter (3.6 per cent), transportation (3.1 per cent), food (2.6 per cent), alcoholic beverages and tobacco products (2.2 per cent), and household operations, furnishings and equipment (2.1 per cent). Other cost increases were in clothing and footwear (1.6 per cent), and recreation, education and reading (1.4 per cent).

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

Food: The 12-month-moving-average prices for food advanced 2.1 per cent in December 2013, which contributed 0.33 per cent to Calgary's overall inflation.

Shelter: In December 2013, shelter costs rose by 3.3 per cent, which added 0.87 per cent to overall inflation in Calgary. Consumers in Calgary paid 5.5 per cent more on water, fuel and electricity in December.

Transportation: Transportation prices increased modestly by 0.5 per cent in December 2013, which contributed 0.11 per cent to the overall inflation in Calgary. Retail gasoline price at the pump dropped 0.1 per cent in December for the 12-month-moving-average.

Calgary's consumer prices advanced in 2013

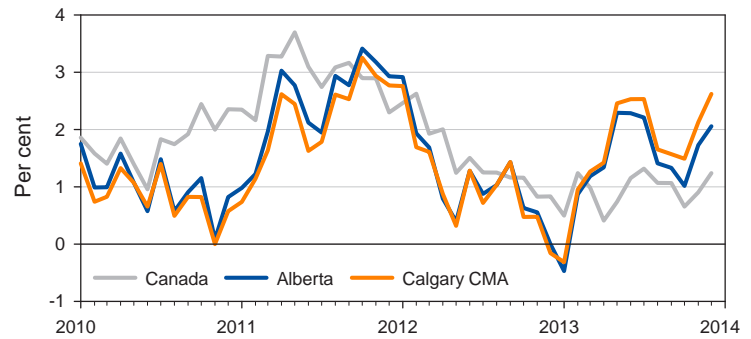
For the year 2013 as a whole, inflation averaged 1.7 per cent in Calgary, 1.4 per cent in Alberta, and 0.9 per cent in Canada. The higher inflation rates in Alberta and Calgary compared to the rest of Canada is a reflection of the relatively stronger economy in Alberta.

The increase in Calgary's overall price level in 2013 mainly reflected increases in shelter costs and food prices. Shelter costs rose 3.3 per cent in 2013, following a 0.1 per cent gain in 2012. Both rented and owned accommodation costs advanced in 2013, by 3.3 per cent and 2.7 per cent respectively (Chart 2). Food prices rose 2.1 per cent in 2013, after posting a 2 per cent increase in 2012. Consumers in Calgary paid 1.6 per cent more for food purchased from stores and 3.1 per cent more for food purchased from restaurants in 2013.

Next release: February 21, 2014

Chart 1. Headline inflation comparison

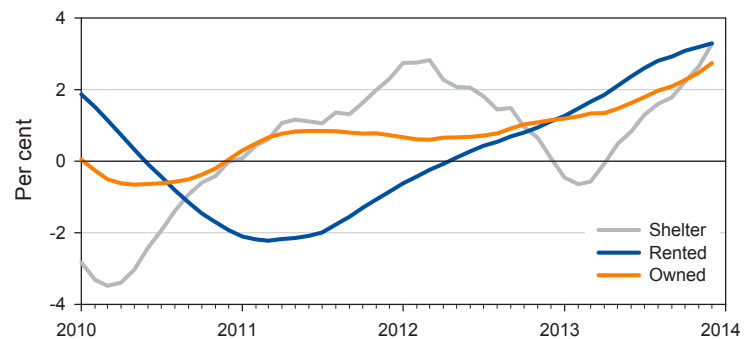
(year-over-year change, January 2010 - December 2013, per cent)



Source: Statistics Canada, Corporate Economics, January 2014

Chart 2. Changes in shelter costs in Calgary

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



Source: Statistics Canada, Corporate Economics, January 2014

Inflation Rates

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

	Relative Importance (%) *	Dec-13 (%)	Nov-13 (%)	Dec-12 (%)
Calgary: All-items	100.00	1.7	1.5	1.0
Calgary: All-items excluding food and energy	76.49	1.7	1.6	1.2
Food	15.99	2.1	2.0	2.0
Shelter	26.56	3.3	2.7	0.1
Owned accommodation	16.24	2.7	2.5	1.1
Water, fuel and electricity	4.84	5.5	2.9	(4.6)
Household operations, furnishing and equipment	12.27	1.7	1.7	1.6
Clothing and footwear	5.88	0.4	0.4	(0.6)
Transportation	20.44	0.5	0.4	1.7
Gasoline	3.81	(0.1)	(0.3)	1.5
Health and personal care	4.65	(0.5)	(0.3)	2.4
Recreation, education and reading	11.37	0.5	0.5	0.2
Alcoholic beverages and tobacco products	2.83	1.2	1.2	2.2
Alberta: All-items	100.00	1.4	1.3	1.1
Alberta: All-items excluding food and energy	76.49	1.4	1.3	1.3
Canada: All-items	100.00	0.9	0.9	1.5
Canada: All-items excluding food and energy	74.85	0.8	0.8	1.3

Source: Statistics Canada, Corporate Economics, January 2014

* 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.

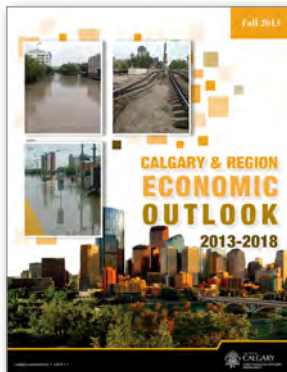
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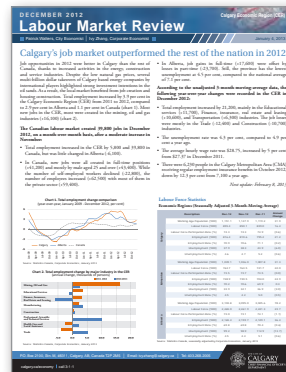
Many of our publications are available on the internet at www.calgary.ca/economy.

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
- ▶ Calgary Residential and Commercial Real Estate Markets

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Sources: Statistics Canada, Corporate Economics.

