

Inflation Review

Estella Scruggs, Corporate Research Analyst | Jillian Kohut, Associate Economist

May 23, 2014

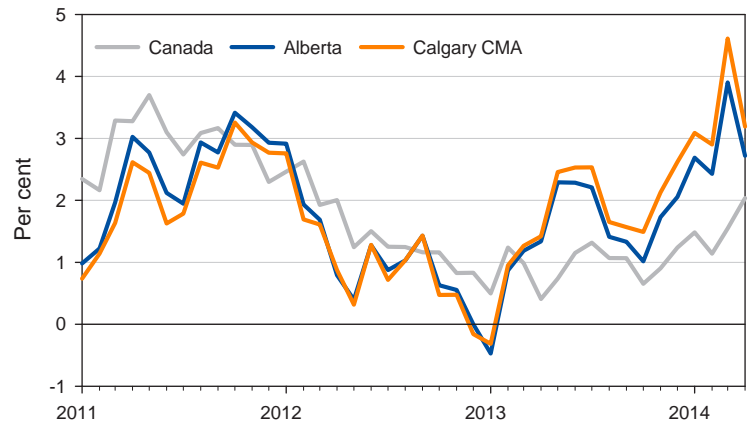
Inflation in Calgary slowed in April, but remains elevated

In April, Calgary's headline inflation rate slowed to 3.2 per cent year-over-year, after rising 4.6 per cent in March. This was the largest increase for the month of April since 2008. Consumer prices jumped 2.7 per cent in Alberta and 2.0 per cent in Canada (Chart 1). Upward movement was observed in most items in Calgary. Most notably, Calgarians paid 2.7 per cent more for food, as grocery costs were up 2.5 per cent and restaurant bills up 3.1 per cent. Shelter costs were 5.1 per cent more expensive in April than the same time last year. Rented accommodation costs climbed 3.1 per cent and owned accommodation advanced 6.0 per cent. Transportation costs accelerated to 4.7 per cent, after a 4.2 per cent price increase in March.

Energy prices continue to account for the pickup in consumer prices

Calgary's inflation rate remained elevated partially due to a price spike in the energy product group, which includes electricity, natural gas, fuel oil and gasoline. Overall, prices advanced 6.1 per cent in April, down from 21.5 per cent in March. Natural gas prices jumped again, though they did not shoot up as sharply as in March. In April prices were 11.3 per cent higher than last year's levels. Prices for electricity, however, contracted 8.8 per

Chart 1. Headline inflation comparison
(year-over-year change, January 2011 - April 2014, per cent)



Source: Statistics Canada, Corporate Economics, May 2014

cent, after rising 8.8 per cent in March. Meanwhile, gasoline prices increased 10.4 per cent, following a 5.9 per cent increase in March.

Going forward...

The year-to-date headline inflation rate for the first four months of the year in Calgary came in at 3.4 per cent, which is particularly high when compared to last year's rate of 0.8 per cent. Energy was the main driver in the increase, but with warmer weather ahead demand for natural gas should drop and this will help offset concerns over low storage levels. Apart from the highly volatile food and energy categories, Calgary's core inflation was 2.8 per cent in April. Overall, the inflation rate should trend downwards and remain stable in the coming months.

Next release: June 20, 2014

Inflation Rates

	Relative Importance (%)*	Year-over-year			Year-to-date		
		Apr-14 (%)	Mar-14 (%)	Apr-13 (%)	Apr-14 (%)	Mar-14 (%)	Apr-13 (%)
Calgary: All-items	100.00	3.2	4.6	1.4	3.4	3.5	0.8
Calgary: All-items excluding food and energy	76.49	3.0	3.0	1.0	2.8	2.8	1.2
Food	15.99	2.7	3.9	3.0	2.9	3.0	2.2
Shelter	26.56	5.1	10.6	4.1	6.8	7.4	1.0
Rented accommodation	5.40	3.1	3.3	3.0	3.3	3.3	2.7
Owned accommodation	16.24	6.0	5.5	1.7	5.5	5.4	1.5
Water, fuel and electricity	4.84	4.7	42.3	16.2	17.3	21.7	(2.6)
Household operations, furnishing and equipment	12.27	2.4	2.6	2.3	2.4	2.3	1.9
Clothing and footwear	5.88	1.7	0.8	0.3	1.1	0.9	(0.5)
Transportation	20.44	4.7	4.2	(2.5)	3.8	3.5	(0.7)
Gasoline	3.81	10.4	5.9	(7.3)	6.8	5.6	(2.9)
Health and personal care	4.65	0.8	1.0	0.0	0.6	0.5	0.4
Recreation, education and reading	11.37	2.3	2.5	(0.0)	2.5	2.6	0.6
Alcoholic beverages and tobacco products	2.83	4.1	4.2	1.3	3.2	2.9	1.4
Alberta: All-items	100.00	2.7	3.9	1.3	2.9	3.0	0.7
Alberta: All-items excluding food and energy	76.49	2.6	2.3	0.9	2.3	2.2	1.1
Canada: All-items	100.00	2.0	1.5	0.4	1.6	1.4	0.8
Canada: All-items excluding food and energy	74.85	1.4	1.2	0.5	1.2	1.2	0.8

Source: Statistics Canada, Corporate Economics, May 2014

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

Figures in red and parentheses indicate negative.

Inflation Review

Estella Scruggs, Corporate Research Analyst | Jillian Kohut, Associate Economist

May 23, 2014

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 have developed reliable methods of forecasting and analysis.

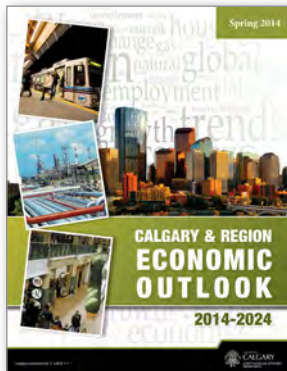
For more information, please contact:

Estella Scruggs
Corporate Research Analyst
403.268.5556 or estella.scruggs@calgary.ca

Jillian Kohut
Associate Economist
403.268.5059 or jillian.kohut@calgary.ca

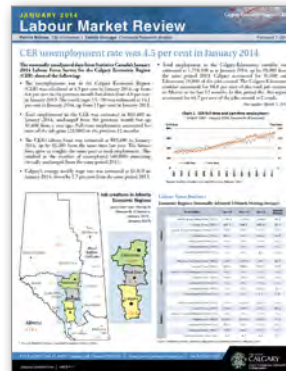
Many of our publications are available on the internet at www.calgary.ca/economy.

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

The City of Calgary provides this information in good faith. However, the aforementioned organization makes no representation, warranty or condition, statutory express or implied, takes no responsibility for any errors and omissions which may contained herein and accepts no liability for any loss arising from any use or reliance on this report.

Sources: Statistics Canada, Corporate Economics.

