

Inflation Review

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

April 22, 2016

Calgary's headline inflation rate held steady in March at 1.4 per cent

In March 2016, the headline inflation rate for the Calgary census metropolitan area (CMA) held steady at 1.4 per cent year-over-year. Excluding food and energy, the inflation rate slowed to 2.0 per cent from 2.1 per cent in February. In Alberta, the consumer prices rose 0.1 percentage point from February to 1.5 per cent in March. Nationally, the inflation rate was 1.3 per cent, following a 1.4 per cent increase from the previous month.

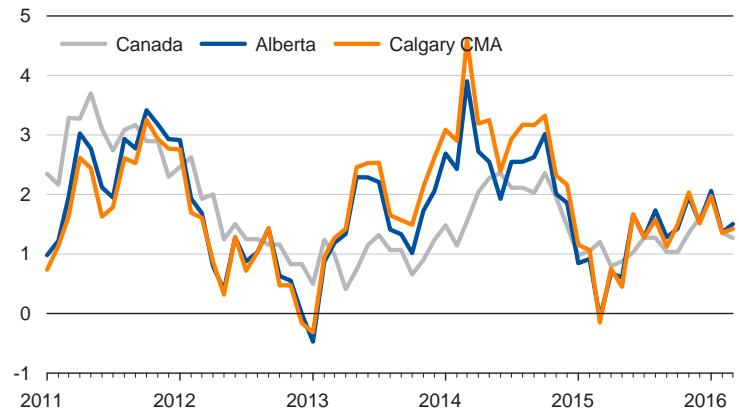
Calgary's energy prices plunged 7.8 per cent year-over-year, after dropping 11.7 per cent in February. Natural gas prices decreased by 5.4 per cent over the last 12 months. Electricity and gasoline prices continued to decline but at a slower pace. They fell 4.6 per cent and 10.0 per cent respectively from the same time last year.

Transportation costs rose 1.2 per cent in March compared to a year ago, and 3.0 per cent from the previous month. Shelter costs were kept low at 0.3 per cent as price increase for both rented and owned accommodation slowed in March.

Food prices were up 2.7 per cent in the month. Prices for food purchased from stores increased 2.6 per cent, specifically meat (up 4.3 per cent) and fruits and vegetables (up 3.2 per cent). Prices for food purchased from restaurants were up 3.1 per cent year-over-year in March.

Clothing and footwear was the only major category where prices declined in March with a 1.7 per cent drop, following a 2.3 per

Chart 1. Headline inflation comparison
(Year-over-year change, January 2011 - March 2016, per cent)



Sources: Statistics Canada, Corporate Economics, April 2016

cent price decrease in February.

The year-to-date headline inflation rate for the first quarter of 2016 in Calgary came in at 1.6 per cent and last year's rate was 0.7 per cent. Overall, the inflation rate should continue to stay moderate in the coming months aided by lower energy costs.

Next release: May 20, 2016

Inflation Rates

	Relative Importance (%) [*]	Year-over-year			Month-over-month		
		Mar-16 (%)	Feb-16 (%)	Mar-15 (%)	Mar-16 (%)	Feb-16 (%)	Jan-16 (%)
Calgary: All-items	100.00	1.4	1.4	(0.1)	0.8	0.1	0.1
Calgary: All-items excluding food and energy	76.49	2.0	2.1	2.4	0.7	0.5	0.2
Food	15.99	2.7	3.2	3.1	(0.4)	(0.7)	1.6
Shelter	26.56	0.3	1.0	(2.4)	(0.7)	0.4	(0.1)
Rented accommodation	5.40	0.2	0.6	3.6	(0.2)	(0.3)	(0.1)
Owned accommodation	16.24	1.3	1.7	3.4	(0.1)	0.0	0.1
Water, fuel and electricity	4.84	(4.0)	(1.4)	(26.2)	(3.8)	3.3	(0.4)
Household operations, furnishing and equipment	12.27	2.6	2.6	3.2	0.3	1.1	0.6
Clothing and footwear	5.88	(1.7)	(2.3)	0.9	4.7	0.2	(1.0)
Transportation	20.44	1.2	0.4	(3.6)	3.0	(1.5)	(0.2)
Gasoline	3.81	(10.0)	(20.1)	(23.4)	20.4	(12.3)	(7.5)
Health and personal care	4.65	2.2	1.9	1.0	(0.0)	(0.4)	0.6
Recreation, education and reading	11.37	1.4	0.5	1.8	1.0	2.0	(0.6)
Alcoholic beverages and tobacco products	2.83	8.4	9.1	2.1	(0.1)	0.9	0.3
Alberta: All-items	100.00	1.5	1.4	(0.1)	0.9	0.1	0.1
Alberta: All-items excluding food and energy	76.49	2.1	2.1	2.4	0.8	0.5	0.2
Canada: All-items	100.00	1.3	1.4	1.2	0.6	0.2	0.2
Canada: All-items excluding food and energy	74.85	1.7	1.7	2.0	0.7	0.6	0.2

Sources: Statistics Canada, Corporate Economics, April 2016

* 2013 CPI basket weights at January 2015 prices, date modified February 26, 2015

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 have developed reliable methods of forecasting and analysis.

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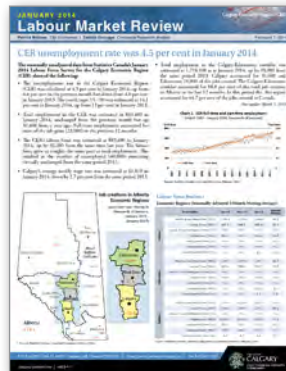
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.

