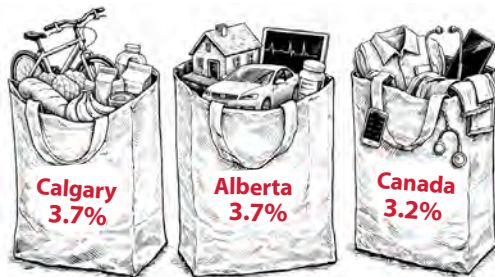


HIGHLIGHTS

Headline Inflation Comparison*

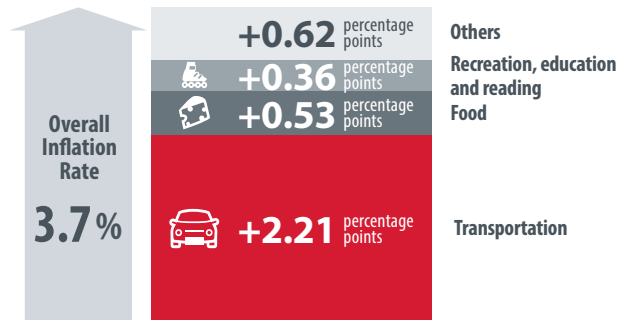
May 2026



*Compared to the same month last year

Main Contributors to Alberta's Inflation Rate

May 2026



Third consecutive increase in headline inflation

In May 2026, the Consumer Price Index (CPI) inflation for the Calgary Census Metropolitan Area (CMA) increased to 3.7 per cent¹, 0.4 percentage points above April. This marked the third consecutive increase since February of this year. Similarly in Alberta, headline inflation rose to 3.7 per cent from 3.2 per cent. Transportation remained a major source of inflationary pressure, as fuel prices and insurance premiums continued to be elevated. Shelter inflation softened substantially in Alberta and Calgary, falling to 0.5 per cent in the CMA. Food inflation also fell in Alberta to 3.3 per cent. Canada saw a rise in headline inflation to 3.2 per cent, up from last month's figure of 2.8 per cent.

Updates to the CPI basket weights

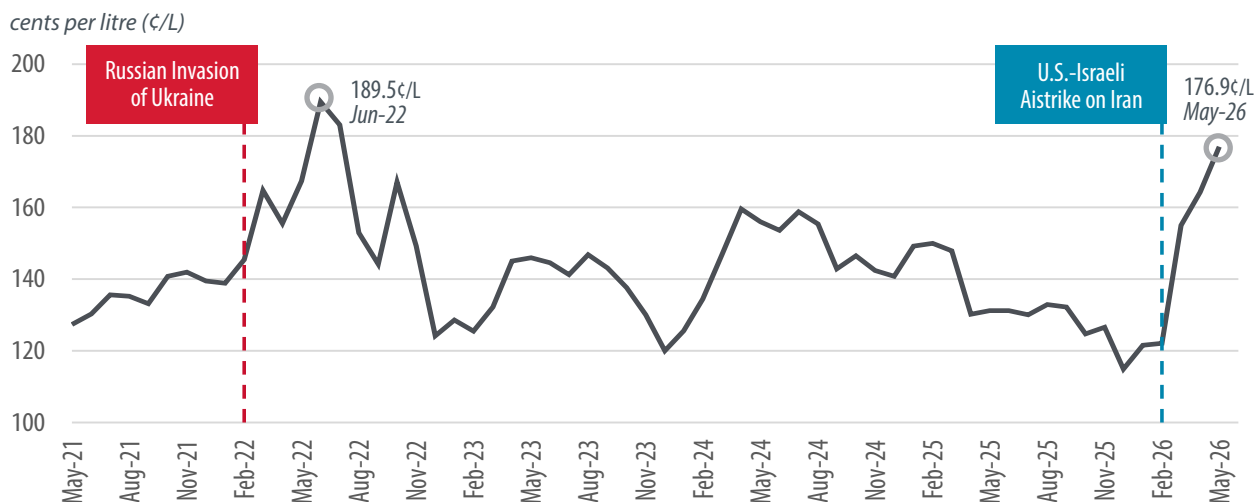
On June 15, Statistics Canada also released its annual update on CPI basket weights for 2025, allowing the CPI to better capture the relative share of expenditures as consumers shift their spending patterns over time. With this update, gasoline and car insurance carry larger weights in Alberta, with car insurance premiums rising from 2.84 per cent to 3.82 per cent since 2024. This implies any future changes to these prices could have a more pronounced impact on Alberta's inflation.

Gasoline prices

During the month of May, the conflict in Iran continued to cause shipping blockages in the Strait of Hormuz, pushing up global oil prices. In Calgary, the average price for regular gasoline was 176.9 cents per litre in May, 34.8 per cent higher than May 2025. This is the highest monthly average price Calgarians have seen at the pumps since the Russian invasion of Ukraine in 2022, when average prices reached 189.5 cents per litre. However, the recent memorandum of understanding between the United States and Iran to reopen the Strait of Hormuz may signal the beginning of a resolution, which could ease pressure on global oil prices in the coming months.

¹ All CPI growth rates are year-over-year unless otherwise specified.

Figure 1: Calgary Gasoline Price Level and Global Crude Oil Supply Shocks
(Regular unleaded gasoline at self service filling stations, May 2021 - May 2026)

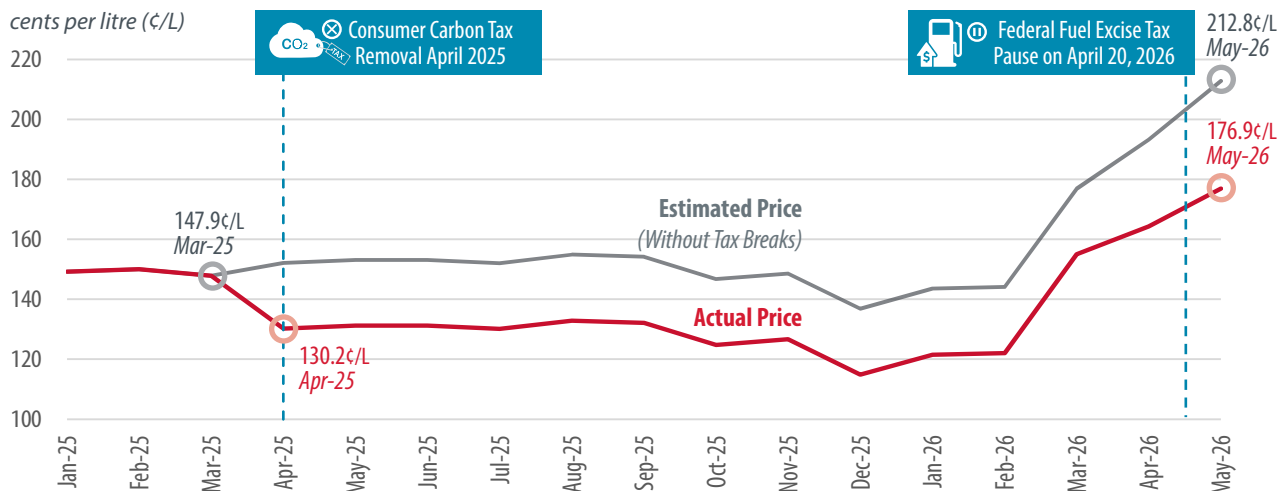


Tax relief at the pump

The federal government’s decision to remove the consumer carbon tax in April 2025 and temporarily suspend the fuel excise tax on April 20, 2026, has provided Calgarians with a noticeable cushion during the crude oil price spike. Assuming the full tax changes are passed through to the pump, gasoline in May would have cost Calgarians an additional 36 cents per litre if the federal government had kept the original trajectory for both taxes. These tax reductions have provided meaningful savings for municipal services that rely on fuel. We estimate The City of Calgary has saved approximately \$9 million on regular diesel and gasoline purchases since April 2025.

The Government of Alberta reviews the West Texas Intermediate (WTI) price each quarter to determine adjustments to the Alberta fuel tax. Over the 20 trading days leading up to June 16, WTI prices exceeded US\$90 per barrel, a level that would normally signal the temporary removal of the 13 cents per litre fuel tax. On June 17, the province announced that they will instead be providing one-time cash rebates for eligible applicants - \$100 for single adult households and \$200 for two-adult households.

Figure 2: Actual vs Estimated (Without Tax Breaks)* Average Gasoline Price in Calgary



* The estimated series assumes scheduled annual increases in the federal carbon charge remained in effect after March 2025.

Core inflation

While energy prices have spiked, headline inflation excluding food and energy in Alberta has stayed relatively modest at 2.6 per cent, highlighting that most underlying inflationary pressures remain stable for now. The longer energy prices remain high, the more we will begin to see it spill over to other goods and services, including food and household goods.

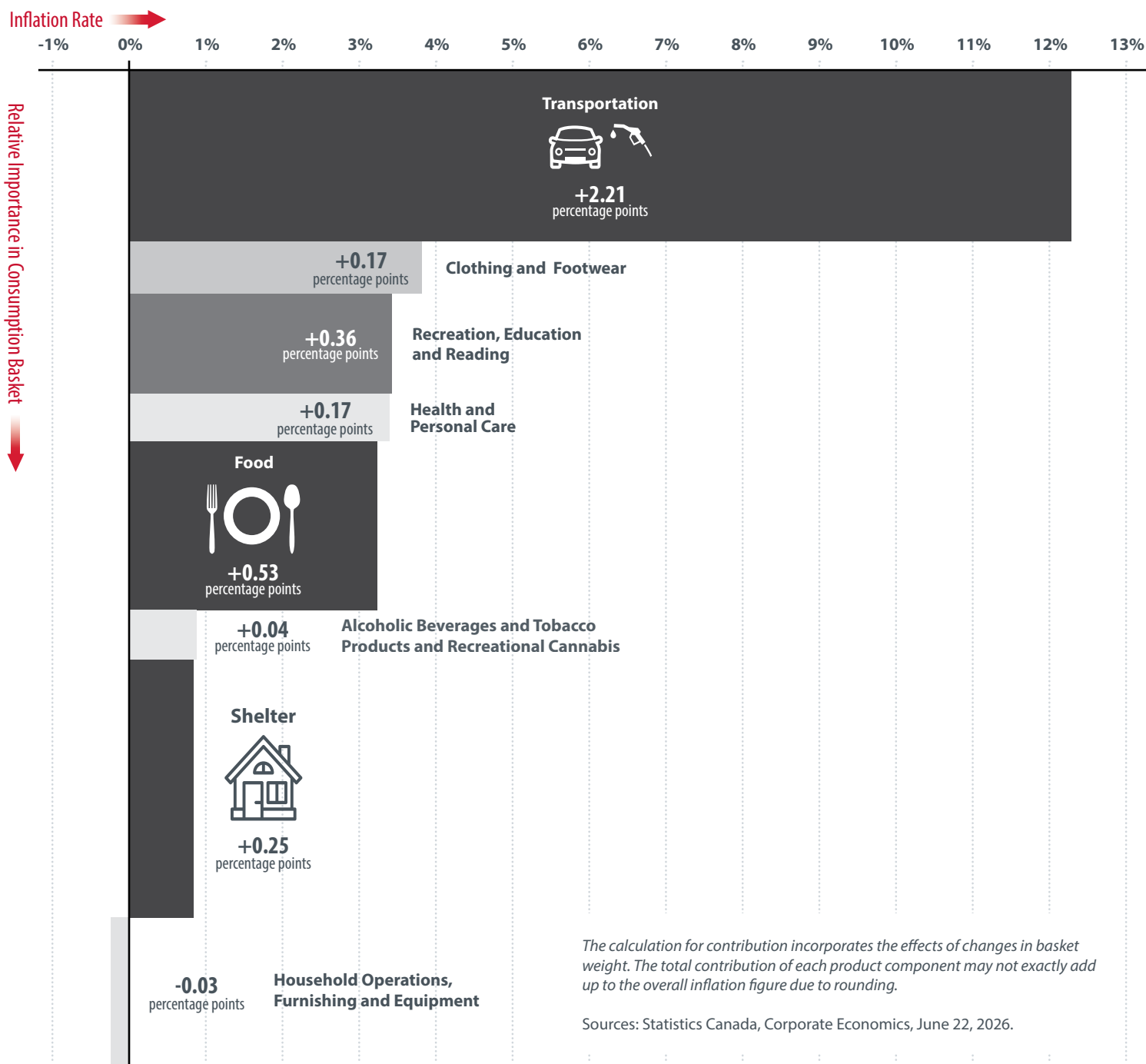
Other preferred core inflation metrics are hovering around 2 per cent in Canada, well within the Bank of Canada's inflation target range. These indicators have been trending down since September of last year when both indices peaked at 3.1 per cent, partly due to a slowdown in shelter inflation.

Inflation Rates

	Relative Importance (%) [*]	Year-over-year (%)		
		May-26	Apr-26	Mar-26
Calgary: All-items	100.00	3.7	3.3	2.2
Shelter	27.28	0.5	2.4	1.0
Rented accommodation	6.29	-0.8	3.7	2.1
Owned accommodation	17.68	1.2	1.8	2.0
Water, fuel and electricity	3.31	0.4	2.3	-7.0
Alberta: All-items	100.00	3.7	3.2	2.3
Alberta: All-items excluding food and energy	77.24	2.6	2.1	2.4
Canada: All-items	100.00	3.2	2.8	2.4
Canada: All-items excluding food and energy	76.40	1.6	1.5	1.9

^{*} CPI basket weights are based on the 2025 expenditure data, modified in June 2026.
Sources: Statistics Canada, Corporate Economics, June 22, 2026.

Contribution of Consumer Items to Inflation: **Alberta** May 2026



Next release: July 20, 2026

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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