Calgary Census Metropolitan Area (CMA)

August 2026

Inflation Review

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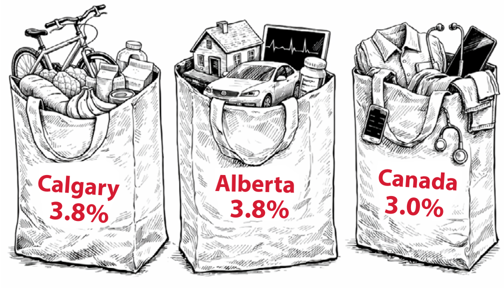
September 14, 2026

HIGHLIGHTS

Headline Inflation Comparison*

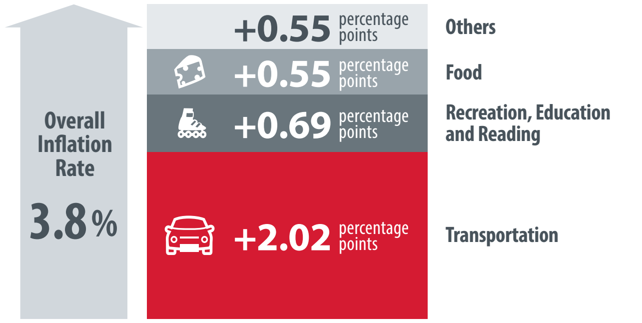
August 2026



Compared to the same month last year

Main Contributors to Alberta's Inflation Rate

August 2026



Inflation falls back below 4 per cent

In August 2026, Consumer Price Index (CPI) inflation for the Calgary Census Metropolitan Area (CMA) was 3.8 per cent[1], down from 4.2 per cent in July. Alberta's inflation also fell to 3.8 per cent, while Canada's held steady at 3.0 per cent. Transportation remained the dominant driver, contributing 2.0 percentage points to Alberta Inflation. Price pressures were not limited to the transportation component. Travel services (+23.9 per cent) and the purchase and operation of recreational vehicles (+6.5 per cent) pushed Alberta's recreation inflation up to 7.9 per cent, following 7.0 per cent in July. Excluding food and energy, Alberta inflation was 3.0 per cent in August, compared to 2.1 per cent nationally.

Ongoing conflict keeps fuel prices high

The conflict between the United States and Iran remains unresolved and shipping through the Strait of Hormuz is still restricted, with estimated oil flows remaining at roughly one third of pre-conflict levels. Saudi Arabia's recent shutdown of its East-West pipeline, a key route bypassing the Strait of Hormuz, has compounded supply disruptions. The pipeline could take over a month to repair and will add upward pressure on oil prices until it is restored. Average regular gasoline prices in Calgary in August were down 3.5 per cent from July but up 22.1 per cent from a year earlier.

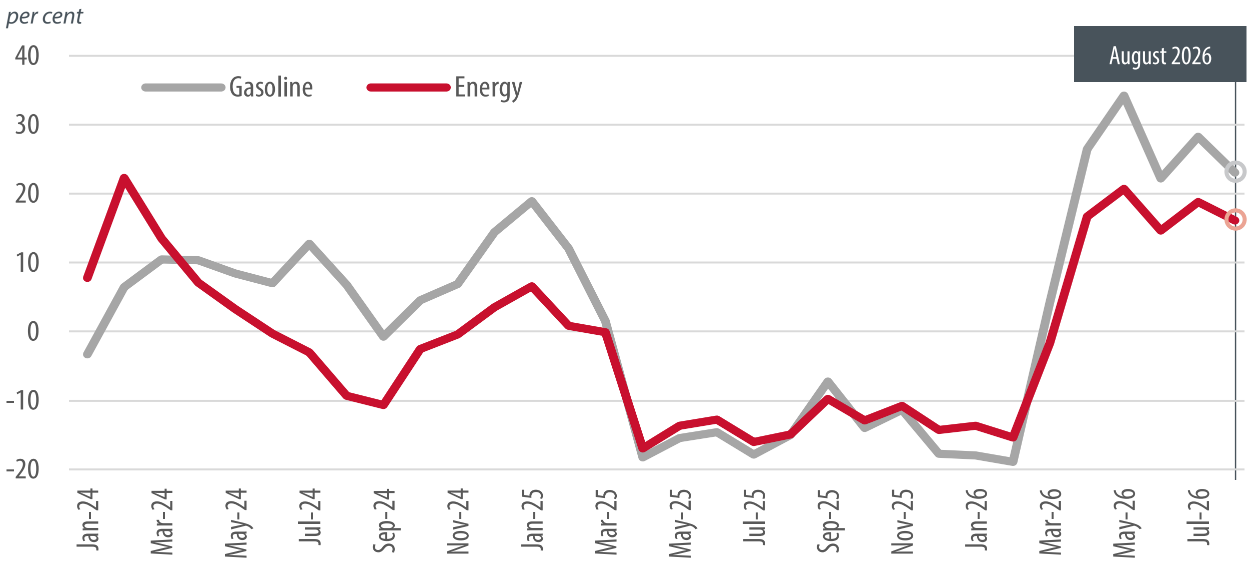
Diesel prices are also higher, pushed up by global oil prices and high refinery margins. Refinery margins have recently spiked to all-time highs for diesel, due to reduced global refinery capacity. In Calgary, average diesel prices in August were up 14.5 per cent from July and 51.8 per cent since last year. The gap between diesel and regular gasoline has widened to 48 cents per litre, from 6 cents the year before. Higher diesel prices could start to show up in other areas of the CPI basket as diesel prices work their way into consumer inflation indirectly,

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

through areas such as freight costs. Higher diesel prices will also significantly impact City of Calgary costs, with large volumes used for public transit.

On September 2, 2026, the federal government extended the suspension of the fuel excise tax until January 31, 2027. At a rate of 10 cents per litre on gasoline and 4 cents on diesel. In February to March 2027, 50 per cent of the rate will be restored, with the full rate returning April 1, 2027. The extension removes an increase that would otherwise have appeared in September pump prices. (Figure 1).

Figure 1. Alberta: gasoline and energy prices year-over-year percentage change



Note: The special aggregate energy includes electricity; natural gas; fuel oil and other fuels; gasoline; and fuel, parts and accessories for recreational vehicles.

Source: Statistics Canada.

Natural gas prices

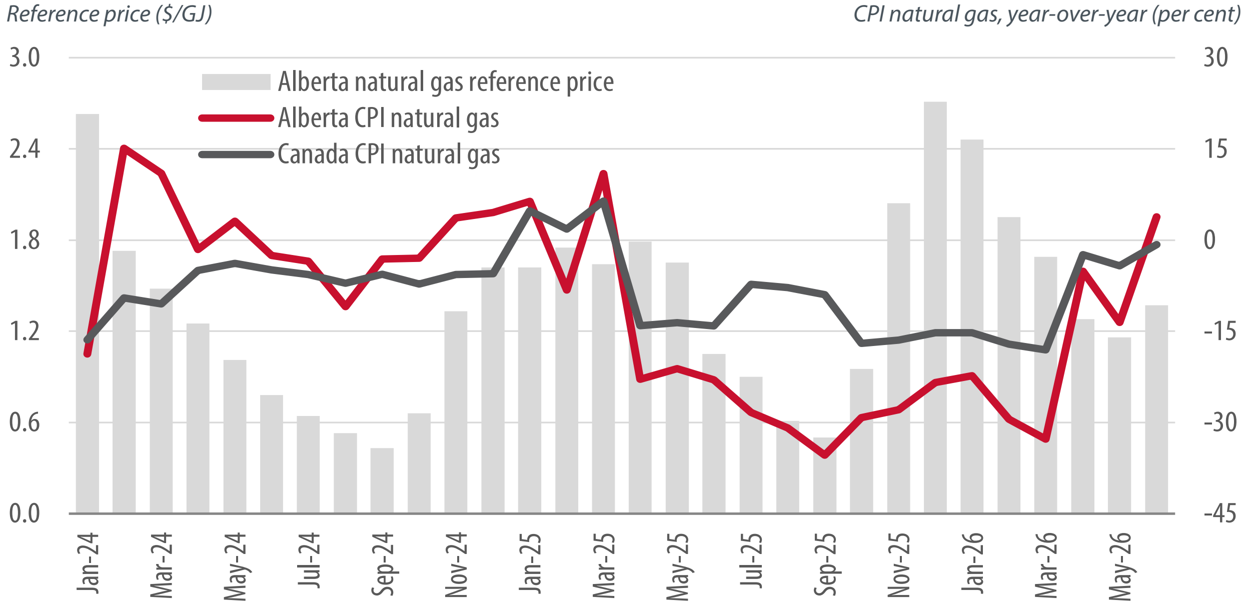
Natural gas is part of utilities that contribute to the shelter CPI component. In Alberta, natural gas CPI increased 11.3 per cent in August since last year. The Alberta reference natural gas price was up 30.5 per cent for June 2026, at $1.37/GJ. Consumers are subject to a range of prices, depending on their contract and provider, and price increases will take time to work their way into the CPI. Despite seasonal fluctuations in price, As LNG exports slowly grow to meet capacity of Canada's Kitimat terminal and absorb the ongoing oversupply of natural gas, markets expect domestic natural gas prices to continue to increase. (Figure 2).

Bank of Canada holds Policy rate

On September 2, following the August reporting period, the Bank of Canada maintained its policy interest rate at 2.25 per cent for the seventh consecutive decision. The Bank balanced increased inflation risks from energy and tariffs against uncertainty surrounding the economic recovery. National inflation excluding gasoline was 2.4 per cent in August, suggesting that underlying inflation remains well-anchored.

Longer-term interest rates rose in August even as the Bank of Canada held its policy rate unchanged, reflecting higher global bond yields. Fixed mortgage rates are closely tied to longer-term bond yields, and higher five-year yields lead to higher rates for new and renewing fixed-rate mortgages, putting upward pressure on shelter inflation. Businesses borrowing at longer maturities will also face higher financing costs, which may gradually be passed through to consumer prices.

Figure 2. Alberta natural gas: reference price and CPI inflation



Note: The reference price is the Alberta natural gas reference price (monthly, $/GJ), which tracks the AECO benchmark; July 2026 not yet posted.
Source: Government of Alberta, Statistics Canada.

Construction Costs

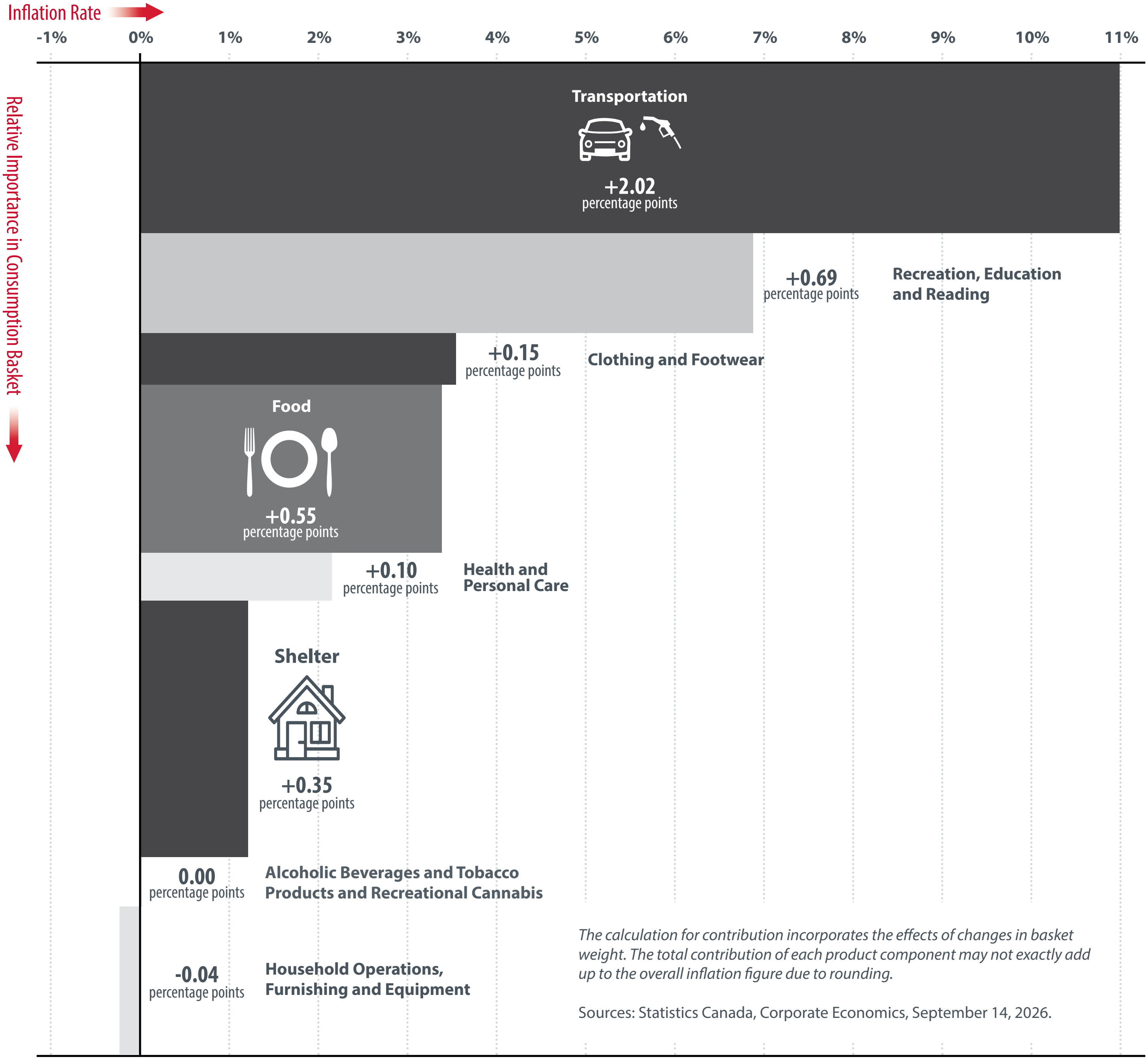
Statistics Canada's quarterly building price index measures what contractors charge to build new buildings in 15 cities, including Calgary In the second quarter of 2026, Calgary's non-residential building construction prices increased 3.9 per cent over the year, slightly ahead of average headline inflation of 3.5 per cent over the same quarter. The third quarter results will be released in early November.

Inflation Rates

	Relative Importance (%)*	Year-over-year (%) Aug-26	Jul-26	Jun-26
Calgary: All-items	**100.00**	**3.8**	**4.2**	**3.4**
Shelter	27.28	1.2	1.5	0.7
Rented accommodation	6.29	-0.5	0.5	-0.9
Owned accommodation	17.68	1.3	1.3	0.9
Water, fuel and electricity	3.31	5.6	4.5	4.2
Alberta: All-items	**100.00**	**3.8**	**4.2**	**3.4**
Alberta: All-items excluding food and energy	77.24	3.0	3.3	2.6
Canada: All-items	**100.00**	**3.0**	**3.0**	**2.8**
Canada: All-items excluding food and energy	76.40	2.1	1.9	1.8

* CPI basket weights are based on the 2025 expenditure data, modified in June 2026.
Sources: Statistics Canada, Corporate Economics, September 14, 2026.

Contribution of Consumer Items to Inflation: Alberta August 2026



The calculation for contribution incorporates the effects of changes in basket weight. The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Sources: Statistics Canada, Corporate Economics, September 14, 2026.

Next release: October 19, 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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