

Calgary's Monthly INFLATION REVIEW



May 2009

June 18, 2009

Consumer Prices in Alberta Shrank Year-Over-Year in May

The year-over-year price decrease of energy products slowed down inflation across Canada

Consumer price indexes in May 2009 declined by 0.7 per cent in Calgary, 0.7 per cent in Alberta, and rose slightly by 0.1 per cent in Canada over a year ago. The price declines in Calgary and Alberta were the largest since 2002 and the nation wide price increase was the slowest since 1995. Excess capacity in the weak economy continued to put downward pressure on consumer price increases in the near term.

Factors affecting recent inflation trend

Consumer prices in various markets are determined by the balances of supply and demand. The contributions to the overall inflation from various goods and services are weighted differently based on their relative importance in the CPI basket. For example, the 15.2% price increase in shelter (weighted 27.7% in the CPI basket) contributed 4.2% to Calgary's overall inflation in June 2007, while the 18.5% inflation in gasoline (weighted 5.2% in the CPI basket) only resulted in 0.8% Calgary's overall inflation in September 2008. The shifting balances in Calgary's housing market, vehicle purchase

market and retail goods markets together have dragged down the overall local inflation rate from its 2007 peak.

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

Shelter: In May 2009, inflation was 4.1 per cent in shelter which contributed 1.1 per cent to the overall inflation in Calgary.

Food: Food price inflation moderated in May compared to April. The May inflation of 6.7 per cent in food contributed 1.0 per cent to Calgary's overall inflation.

Transportation: The deflation of transportation continued in May after April, mainly due to the price drops for gasoline and passenger vehicles. The 5.4 per cent deflation in gasoline offset 0.2 per cent overall inflation in Calgary. Overall, 1.8 per cent deflation in transportation offset 0.4 per cent overall inflation in Calgary.

Next release: July 17, 2009

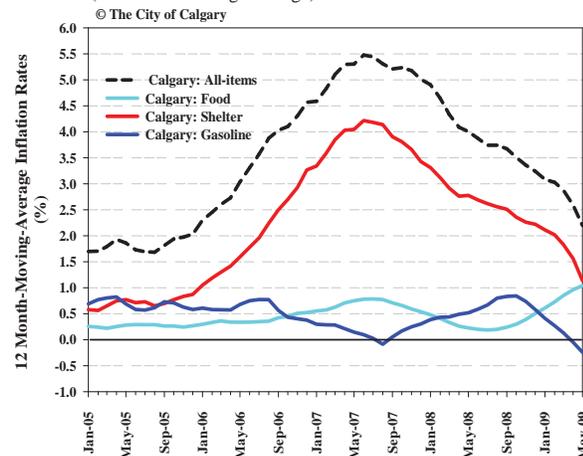
Inflation Rates
(12-Month-Moving-Average or average inflation rate for the past 12 months)

	Relative Importance (%)*	May-09	Apr-09	May-08
Calgary: All-items	100.0	2.2	2.6	4.0
Calgary: All-items excluding food & energy	75.2	1.7	1.7	3.7
Food	15.5	6.7	6.2	1.4
Shelter	27.7	4.1	5.4	9.2
<i>owned accommodation</i>	17.9	4.0	4.6	11.0
<i>Water, fuel and electricity</i>	5.6	4.5	9.7	9.8
Household operations, furnishing & equipment	11.4	1.6	1.3	1.0
Clothing & footwear	5.2	(1.2)	(1.5)	(1.0)
Transportation	19.5	(1.8)	(1.0)	2.3
<i>Gasoline</i>	4.5	(5.4)	(1.1)	11.5
Health & personal care	4.5	2.9	2.7	1.9
Recreation, education & reading	12.9	0.0	0.0	1.7
Alcoholic beverages & tobacco products	3.3	2.5	2.0	6.0
Alberta: All-items	100.0	2.0	2.4	4.3
Alberta: All-items excluding food & energy	75.2	1.5	1.6	4.0
Canada: All-items	100.0	1.9	2.1	2.1
Canada: All-items excluding food & energy	73.6	1.2	1.2	1.7

Source: Statistics Canada, Corporate Economics, May 2009

* 2005 CPI basket weights at April 2007 prices, Alberta and Canada, effective May 2007

Major Contributors to Calgary's Inflation Rate
(12 Month-Moving-Average)



Source: Statistics Canada & Corporate Economics, June 2009

May 2009

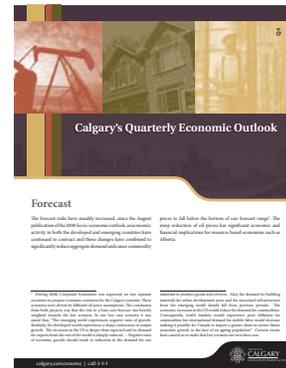
INFLATION REVIEW

Calgary Census Metropolitan Area (CMA)

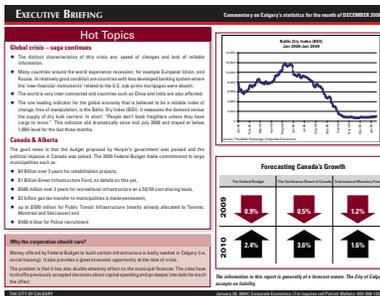
Monthly
Energy Market Update



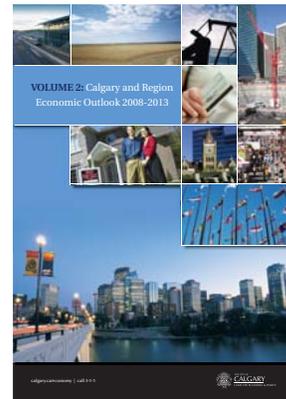
Quarterly
Calgary's Quarterly Economic Outlook



Commentary
Executive Briefing



Annually
Calgary and Region Economic Outlook



Who We Are

Over the past ten years Corporate Economics has researched dozens of economic topics and developed reliable methods of forecasting and analysis. Monitoring economic trends allows us to develop unique insights on how external events are impacting the local economy and the Municipal Corporation. We provide services in four areas: forecasting, information provision, consulting and policy analysis.

For more information, please contact:
Ivy Zhang at 403.268.2005 or
ivy.zhang@calgary.ca.

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

DMD: Jeff Brown Source: Statistics Canada

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.