

# Inflation Review

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

February 22, 2013

## Calgary Faced Limited Inflation Pressure in January 2013

### Year-over-year headline inflation rates for Calgary and Alberta are still lower than the national average

In January 2013, Calgary's headline inflation decreased by 0.3 per cent compared to a year ago. Over the same period, consumer prices dropped 0.5 per cent in Alberta, but rose 0.5 per cent in Canada. Prices for energy (particularly for electricity and gasoline), clothing and footwear, and transportation declined in January. These declines were offset by the rising costs for food, accommodation, and household operations, furnishing and equipment.

### Potential Impact on Calgary's Household Spending

Severe drought conditions plagued most of the U.S. farm sector in 2012 that resulted in poor production of many major crops, thus pushed up raw food prices. We should expect retail food price inflation to increase in the first half of 2013.

Calgary's residential market picked up steam in January and increases were observed in both the number of sales and average sale prices. At the same time, Calgary's apartment rental market has tightened as the apartment vacancy rate is hovering around

1.4 per cent – which means higher monthly rents. Both of these factors have increased accommodation costs.

With rising food and accommodation costs, lower energy prices will provide some offset. A drop in energy and gasoline prices during January contributed to the decline in transportation costs.

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

**Food:** The 12-month-moving-average prices for food advanced 1.8 per cent in January 2013, which contributed 0.28 per cent to Calgary's overall inflation.

**Shelter:** In January 2013, shelter costs dropped modestly by 0.5 per cent, which lowered Calgary's overall inflation by 0.12 per cent. Lower costs of water, fuel and electricity, as well as mortgage costs were the major drivers.

**Transportation:** Transportation prices increased 1.4 per cent in January 2013, which contributed 0.29 per cent to the overall inflation in Calgary. Retail gasoline price at the pump climbed 0.9 per cent in January for the 12-month-moving-average.

Next release: March 27, 2013

### Inflation Rates

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

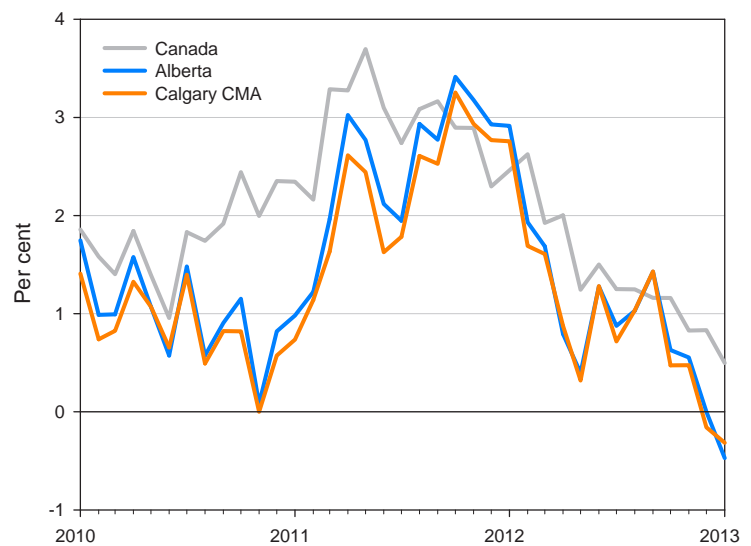
	Relative Importance (%)*	Jan-13 (%)	Dec-12 (%)	Jan-12 (%)
Calgary: All-items	100	0.8	1.0	2.3
Calgary: All-items excluding food and energy	75.2	1.2	1.2	0.8
Food	15.5	1.8	2.0	3.2
Shelter	27.7	(0.5)	0.1	2.7
Owned accommodation	17.9	1.2	1.1	0.7
Water, fuel and electricity	5.6	(8.1)	(4.6)	16.9
Household operations, furnishing and equipment	11.4	1.6	1.6	1.4
Clothing and footwear	5.2	(0.7)	(0.6)	(2.0)
Transportation	19.5	1.4	1.7	4.9
Gasoline	4.5	0.9	1.5	17.9
Health and personal care	4.5	2.2	2.4	2.8
Recreation, education and reading	12.9	0.3	0.2	(0.3)
Alcoholic beverages and tobacco products	3.3	2.3	2.2	1.0
Alberta: All-items	100	0.8	1.1	2.6
Alberta: All-items excluding food and energy	75.2	1.3	1.3	0.9
Canada: All-items	100	1.4	1.5	2.9
Canada: All-items excluding food and energy	73.6	1.2	1.3	1.6

Source: Statistics Canada, Corporate Economics, February 2013

\*2009 CPI basket weights at April 2011 prices, Alberta and Canada, date modified December 2011

Figures in red and parentheses indicate negative.

**Inflation rates (all-items) comparison**  
(year-over-year change, January 2010 - January 2013, per cent)



Source: Statistics Canada, Corporate Economics, February 2013



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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 developed reliable methods of forecasting and analysis.

For more information, please contact:

Patrick Walters  
403.268.1335 or [patrick.walters@calgary.ca](mailto:patrick.walters@calgary.ca)

Estella Scruggs  
403.268.5556 or [estella.scruggs@calgary.ca](mailto:estella.scruggs@calgary.ca)

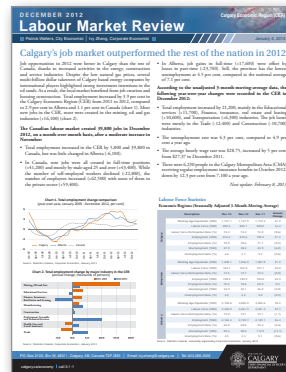
Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

## 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

Corporate Research Analyst: Estella Scruggs

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Sources: Bank of Canada, Statistics Canada, Calgary Real Estate Board, Corporate Economics.

