

# Inflation Review

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

March 27, 2013

## Calgary's Consumer Prices Increased in February 2013

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

In February 2013, Calgary's headline inflation increased by 1 per cent compared to a year ago. Over the same period, consumer prices also rose 0.9 per cent in Alberta and 1.2 per cent in Canada. (See Chart 1).

Energy prices in Calgary decreased by 4.7 per cent, particular for electricity, dropping 31.5 per cent. These declines were offset by the rising costs of food (2.1 per cent), transportation (1.8 per cent) and recreation, education and reading (1.2 per cent).

### Year-over-year consumer prices change in the provinces

Consumer prices rose in all provinces over the last 12 months. (See Chart 2). In Alberta, prices rose 0.9 per cent year-over-year in February after a 0.5 per cent decrease in January. The main factors for the increase were natural gas prices (+20.8 per cent) and gasoline prices (+3.8 per cent).

Consumer prices in Nova Scotia had the largest increase among the provinces, rising 2.3 per cent in February from 0.9 per cent in January. The main contributor to the increase were electricity, clothing, and passenger vehicle insurance premiums.

In British Columbia, prices rose 0.9 per cent in February, following a 0.3 per cent increase in January. The main factor for the slower rise was the decrease in the homeowners' replacement cost.

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

**Food:** The 12-month-moving-average prices for food advanced 1.7 per cent in February 2013, which contributed 0.27 per cent to Calgary's overall inflation.

**Shelter:** In February 2013, shelter costs dropped modestly by 0.6 per cent, which lowered Calgary's overall inflation by 0.17 per cent. Lower costs of water, fuel and electricity, as well as mortgage costs were the major drivers.

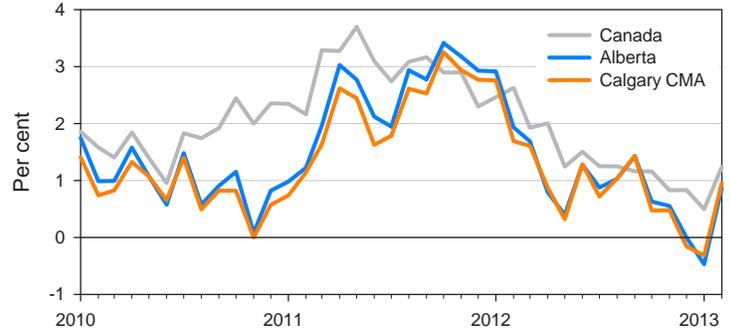
**Transportation:** Transportation prices increased 1.3 per cent in February 2013, which contributed 0.26 per cent to the overall inflation in Calgary. Retail gasoline price at the pump climbed 0.9 per cent in February for the 12-month-moving-average.

Next release: April 19, 2013

On March 27, 2013, the basket of goods and services used in the calculation of the CPI was updated to 2011 CPI basket weights at January 2013 prices. Refer to the Inflation Rates Table on this page for details.

Chart 1. Headline inflation comparison

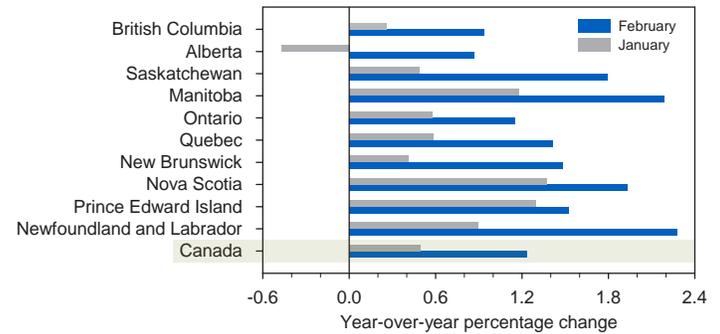
(year-over-year change, January 2010 - February 2013, per cent)



Source: Statistics Canada, Corporate Economics, March 2013

Chart 2. Consumer prices comparison by province

(year-over-year change, January 2013 vs. February 2013, per cent)



Source: Statistics Canada, Corporate Economics, March 2013

### Inflation Rates

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

|  | Relative Importance (%)* | Feb-13 (%) | Jan-13 (%) | Feb-12 (%) |
|--|--------------------------|------------|------------|------------|
| Calgary: All-items                             | 100.00                   | 0.7        | 0.8        | 2.4        |
| Calgary: All-items excluding food and energy   | 76.49                    | 1.3        | 1.2        | 0.8        |
| Food   | 15.99                    | 1.7        | 1.8        | 3.4        |
| Shelter  | 26.56                    | (0.6)      | (0.5)      | 2.8        |
| Owned accommodation                            | 16.24                    | 1.3        | 1.2        | 0.6        |
| Water, fuel and electricity                    | 4.84                     | (9.5)      | (8.1)      | 17.2       |
| Household operations, furnishing and equipment | 12.27                    | 1.6        | 1.6        | 1.4        |
| Clothing and footwear                          | 5.88                     | (0.5)      | (0.7)      | (2.1)      |
| Transportation                                 | 20.44                    | 1.3        | 1.4        | 4.8        |
| Gasoline                                       | 3.81                     | 0.9        | 0.9        | 16.8       |
| Health and personal care                       | 4.65                     | 2.0        | 2.2        | 2.9        |
| Recreation, education and reading              | 11.37                    | 0.5        | 0.3        | (0.1)      |
| Alcoholic beverages and tobacco products       | 2.83                     | 2.1        | 2.3        | 1.2        |
| Alberta: All-items                             | 100.00                   | 0.8        | 0.8        | 2.7        |
| Alberta: All-items excluding food and energy   | 76.49                    | 1.3        | 1.3        | 0.9        |
| Canada: All-items                              | 100.00                   | 1.2        | 1.4        | 3.0        |
| Canada: All-items excluding food and energy    | 74.85                    | 1.2        | 1.2        | 1.6        |

Source: Statistics Canada, Corporate Economics, March 2013

\* 2011 CPI basket weights at January 2013 prices, date modified March 27, 2013

Figures in red and parentheses indicate negative.

# Inflation Review

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

March 27, 2013

## 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.

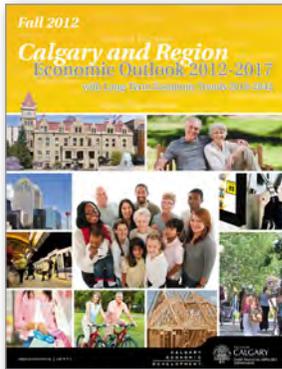
For more information, please contact:

Patrick Walters  
403.268.1335 or patrick.walters@calgary.ca

Estella Scruggs  
403.268.5556 or estella.scruggs@calgary.ca

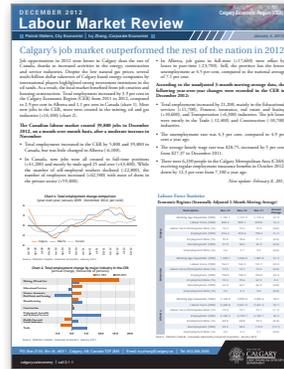
Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

## 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

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 be contained herein and accepts no liability for any loss arising from any use or reliance on this report.

Sources: Statistics Canada, Corporate Economics.

