

Inflation Review

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

October 18, 2013

Calgary's headline inflation was 1.6 per cent in September 2013

The year-over-year headline inflation rates for Calgary, Alberta and Canada decelerated in September

In September 2013, Calgary's headline inflation rose by 1.6 per cent over the same month last year. Consumer prices increased 1.3 per cent in Alberta and 1.1 per cent in Canada in September. (See Chart 1).

Consumer prices rose in six of the eight major categories in Calgary. Significant cost increases were observed in shelter (3.3 per cent), food (2.7 per cent), alcoholic beverages and tobacco products (1.7 per cent) and household operations, furnishings and equipment (1.4 per cent). The only declines were in health and personal care (0.6 per cent) and recreation, education and reading (0.2 per cent).

Year-over-year consumer prices change in the provinces

Consumer prices rose in all provinces over the last 12 months, except for British Columbia. (See Chart 2). In Alberta, prices rose 1.3 per cent year-over-year in September, after a 1.4 per cent increase in August. Alberta's inflation rate was driven by increasing costs in shelter (3.1 per cent) and food (2.5 per cent).

Consumer prices in Manitoba had the largest increase among the provinces, rising 2.5 per cent in September following a 2.7 per cent increase in August. Alcoholic beverages and tobacco products (8.7 per cent), food (3.2 per cent), and shelter (3.1 per cent) were the major contributors to the overall increase in September.

Among all the provinces, British Columbia was the only province that posted no change in the month of September, after dropping 0.1 per cent in August. The price declines were in health and personal care (2.2 per cent) and shelter (0.9 per cent) in September.

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

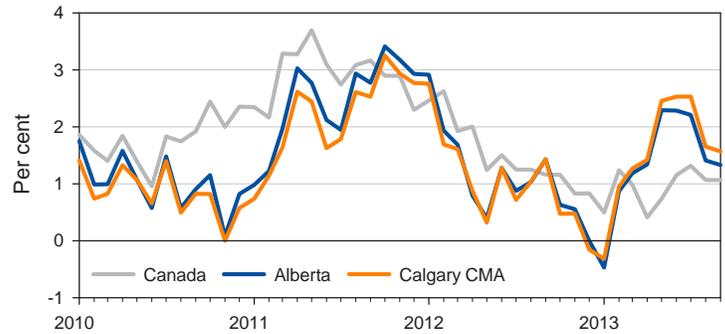
Food: The 12-month-moving-average prices for food advanced 1.9 per cent in September 2013, which contributed 0.3 per cent to Calgary's overall inflation.

Shelter: In September 2013, shelter price grew by 1.8 per cent, which increased Calgary's overall inflation by 0.47 per cent.

Transportation: Transportation prices increased 0.4 per cent in September 2013, which contributed 0.07 per cent to the overall inflation in Calgary. Retail gasoline price at the pump climbed 0.5 per cent in September for the 12-month-moving-average.

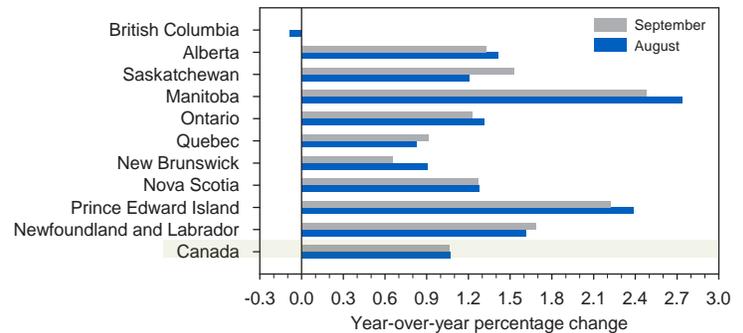
Next release: November 22, 2013

Chart 1. Headline inflation comparison
(year-over-year change, January 2010 - September 2013, per cent)



Source: Statistics Canada, Corporate Economics, October 2013

Chart 2. Consumer prices comparison by province
(year-over-year change, August 2013 vs. September 2013, per cent)



Source: Statistics Canada, Corporate Economics, October 2013

Inflation Rates

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

	Relative Importance (%)*	Sep-13 (%)	Aug-13 (%)	Sep-12 (%)
Calgary: All-items	100.00	1.2	1.2	1.7
Calgary: All-items excluding food and energy	76.49	1.4	1.3	1.3
Food	15.99	1.9	1.8	2.7
Shelter	26.56	1.8	1.6	1.5
Owned accommodation	16.24	2.1	2.0	0.9
Water, fuel and electricity	4.84	(0.5)	(1.0)	5.6
Household operations, furnishing and equipment	12.27	1.8	1.8	1.5
Clothing and footwear	5.88	0.2	0.1	(0.9)
Transportation	20.44	0.4	0.5	2.8
Gasoline	3.81	0.5	1.5	3.7
Health and personal care	4.65	0.1	0.2	3.0
Recreation, education and reading	11.37	0.6	0.7	(0.1)
Alcoholic beverages and tobacco products	2.83	1.3	1.4	2.1
Alberta: All-items	100.00	1.1	1.1	1.8
Alberta: All-items excluding food and energy	76.49	1.3	1.2	1.4
Canada: All-items	100.00	0.9	0.9	2.0
Canada: All-items excluding food and energy	74.85	0.9	0.8	1.5

Source: Statistics Canada, Corporate Economics, October 2013

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

Figures in red and parentheses indicate negative.

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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.

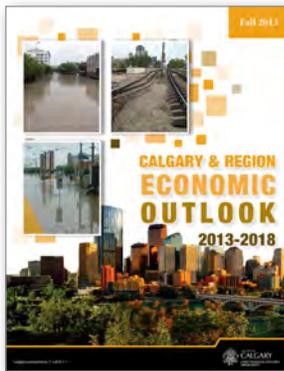
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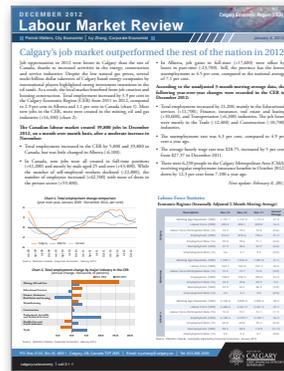
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- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

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

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Sources: Statistics Canada, Corporate Economics.

