

# Inflation Review

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March 21, 2014

## Calgary's headline inflation increased in February 2014

### The year-over-year headline inflation rates for Calgary and Alberta were higher than the national average

In February 2014, Calgary's headline inflation slowed to 2.9 per cent over the same month last year. Consumer prices increased 2.4 per cent in Alberta and 1.1 per cent in Canada in February (Chart 1).

Consumer prices rose in all eight major categories in Calgary. Significant cost increases were observed in shelter (4.9 per cent), recreation, education and reading (3 per cent), alcoholic beverages and tobacco products (2.9 per cent), and food (2.6 per cent). Other gains were in clothing and footwear (1.4 per cent), transportation (2.2 per cent), and household operations, furnishings and equipment (2.2 per cent).

### Food prices in Calgary are picking up

Inflation in Calgary was boosted by higher food prices. Out of the eight major components in the consumer basket, food has the third largest weight. In February 2014, the 12-month-moving-average of food prices in Calgary advanced 2.1 per cent, the highest gain since November 2012. Grocery costs were up by 1.7 per cent and restaurant bills by 3 per cent (Chart 2). Among the commonly purchased food items from grocery stores, vegetables recorded the biggest gains in February, up by 6.8 per cent. The prices for fruits and nuts increased by 4.1 per cent, fish and seafood by 2.5 per cent, and eggs by 2.5 per cent. Food prices are likely to climb higher in the coming months as a result of the depreciation of the Canadian dollar, the drought in California and the frigid weather in parts of the United States and Central Canada.

### Calgary's 12-month-moving-average inflation rate was estimated at 2.1 per cent. The following are the major contributors to Calgary's consumer price changes:

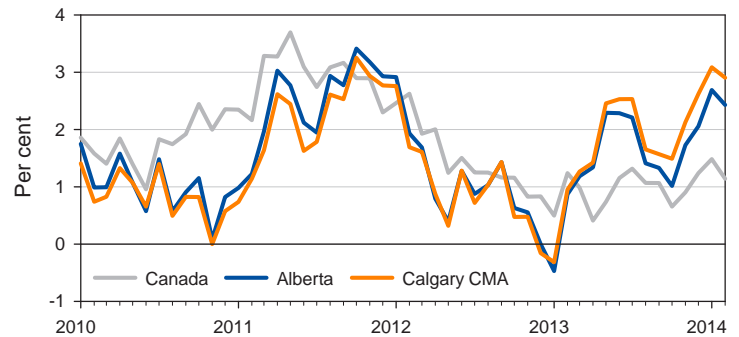
**Food:** The 12-month-moving-average for food prices advanced 2.1 per cent in February 2014, which contributed 0.34 percentage point to Calgary's overall inflation.

**Shelter:** In February 2014, shelter costs rose by 4.4 per cent, which added 1.18 percentage points to overall inflation in Calgary. Prices for water, fuel and electricity increased 10.1 per cent in February compared to 8 per cent in January 2014.

**Transportation:** Transportation prices increased by 1 per cent in February 2014, which contributed 0.2 percentage point to the overall inflation rate in Calgary. Retail gasoline prices advanced 0.9 per cent in February for the 12-month-moving-average.

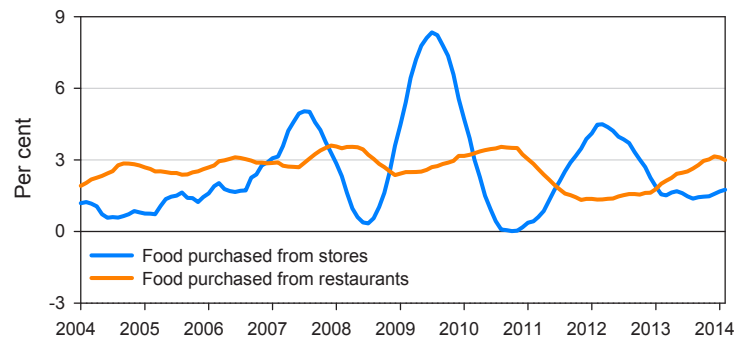
Next release: April 17, 2014

Chart 1. Headline inflation comparison  
(year-over-year change, January 2010 - February 2014, per cent)



Source: Statistics Canada, Corporate Economics, March 2014

Chart 2. Price changes in food purchased from stores vs. restaurants  
(12-month-moving-average, January 2004 - February 2014, per cent)



Source: Statistics Canada, Corporate Economics, March 2014

### Inflation Rates

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

	Relative Importance (%) *	Feb-14 (%)	Jan-14 (%)	Feb-13 (%)
Calgary: All-items	100.00	2.1	2.0	0.7
Calgary: All-items excluding food and energy	76.49	1.9	1.8	1.3
Food	15.99	2.1	2.1	1.7
Shelter	26.56	4.4	3.9	(0.6)
Owned accommodation	16.24	3.4	3.1	1.3
Water, fuel and electricity	4.84	10.1	8.0	(9.5)
Household operations, furnishing and equipment	12.27	1.7	1.7	1.6
Clothing and footwear	5.88	0.7	0.7	(0.5)
Transportation	20.44	1.0	1.0	1.3
Gasoline	3.81	0.9	1.3	0.9
Health and personal care	4.65	(0.6)	(0.6)	2.0
Recreation, education and reading	11.37	0.7	0.6	0.5
Alcoholic beverages and tobacco products	2.83	1.3	1.2	2.1
Alberta: All-items	100.00	1.8	1.7	0.8
Alberta: All-items excluding food and energy	76.49	1.6	1.5	1.3
Canada: All-items	100.00	1.0	1.0	1.2
Canada: All-items excluding food and energy	74.85	0.9	0.9	1.2

Source: Statistics Canada, Corporate Economics, March 2014

\* 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.

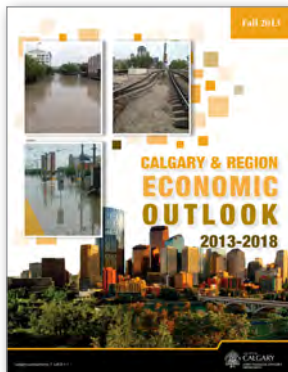
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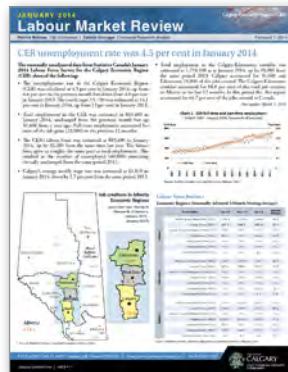
Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

## 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

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Sources: Statistics Canada, Corporate Economics.