

Inflation Review

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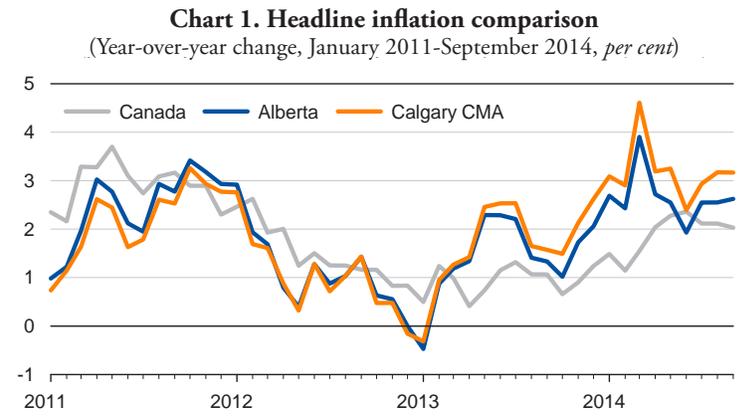
October 17, 2014

Calgary's inflation rate held steady in September

In September, the headline inflation rate for the Calgary census metropolitan area (CMA) held steady at 3.2 per cent year-over-year. Solid gains were observed in food, which was 3.2 per cent more expensive than last year, after reaching 2.8 per cent in August. Food purchased from stores was up 3.6 per cent and restaurant bills were up 2.5 per cent. Shelter cost inflation slowed from 5.6 per cent in August to 5.3 per cent in September. Energy prices in Calgary advanced 2.0 per cent, following a 3.3 per cent price increase in August. Natural gas prices surged 19.1 per cent over the last 12 months. Electricity prices, however, continued to decline, albeit at a slower pace. They contracted 11.1 per cent from the same time last year. Calgarians paid 2.6 per cent more for transportation as gasoline prices increased 2.9 per cent. In Alberta, the inflation rate remained at 2.6 per cent, while in Canada it crept down to 2.0 per cent (Chart 1).

Rising tuition an added burden to university students

As university students return to Calgary for the 2014/2015 academic year in September, they saw rising tuition and additional compulsory fees. According to the recent data release by Statistics Canada, full-time undergraduate students in Alberta paid an average of \$5,730 in tuition fees in 2014/2015, compared with \$5,675 a year ago. Among the undergraduate programs, dentistry was the most expensive program at \$20,184, followed by programs in medicine (\$14,410), and law, legal professions and studies



Sources: Statistics Canada, Corporate Economics, October 2014

(\$11,281). Tuition fees for students enrolled in graduate programs climbed 1.1 per cent from \$4,944 in 2013/2014 to \$4,997 in 2014/2015. The executive master of business administration program remained the priciest program in Alberta, with average tuition fees of \$28,664. Besides tuition, students have to pay for housing, food, books and supplies. Calgary's competitive rental market provided no help to students who were looking for affordable housing, as rented accommodation costs advanced 3.4 per cent. Meanwhile, prices for textbooks, other reading materials and supplies jumped 3.9 per cent from September 2013, following a 2.4 per cent increase the month before.

Inflation Rates

	Relative Importance (%) [*]	Year-over-year			Year-to-date		
		Sep-14 (%)	Aug-14 (%)	Sep-13 (%)	Sep-14 (%)	Aug-14 (%)	Sep-13 (%)
Calgary: All-items	100.00	3.2	3.2	1.6	3.2	3.2	1.6
Calgary: All-items excluding food and energy	76.49	3.3	3.3	1.7	3.0	2.9	1.5
Food	15.99	3.2	2.8	2.7	3.1	3.1	2.3
Shelter	26.56	5.3	5.6	3.8	5.9	5.9	2.9
Rented accommodation	5.40	3.4	3.4	3.2	3.3	3.2	3.2
Owned accommodation	16.24	5.9	6.0	3.2	5.8	5.8	2.3
Water, fuel and electricity	4.84	5.8	7.4	7.1	10.1	10.6	4.8
Household operations, furnishing and equipment	12.27	3.7	3.4	1.4	2.7	2.5	2.0
Clothing and footwear	5.88	1.3	0.8	1.1	1.2	1.2	0.5
Transportation	20.44	2.6	3.8	0.2	3.2	3.3	0.5
Gasoline	3.81	2.9	3.6	(4.4)	4.2	4.4	0.1
Health and personal care	4.65	1.6	1.7	(0.5)	1.2	1.2	(0.1)
Recreation, education and reading	11.37	3.1	2.2	(0.2)	2.5	2.4	0.7
Alcoholic beverages and tobacco products	2.83	3.7	4.1	1.7	3.6	3.6	1.3
Alberta: All-items	100.00	2.6	2.6	1.3	2.7	2.7	1.4
Alberta: All-items excluding food and energy	76.49	2.7	2.7	1.5	2.4	2.4	1.3
Canada: All-items	100.00	2.0	2.1	1.1	1.9	1.9	0.9
Canada: All-items excluding food and energy	74.85	1.9	2.0	0.9	1.5	1.4	0.8

Sources: Statistics Canada, Corporate Economics, October 2014

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

Figures in red and parentheses indicate negative.

Going forward...

The year-to-date headline inflation rate for the first three quarters of 2014 in Calgary came in at 3.2 per cent, which was particularly high when compared to last year's rate of 1.6 per cent. Apart from the highly volatile food and energy categories, Calgary's core inflation rate was 3.3 per cent in September and 3.0 per cent year-to-date. Overall, the inflation rate should trend downwards in the coming months aided by a moderation in energy costs.

Next release: Nov 21, 2014

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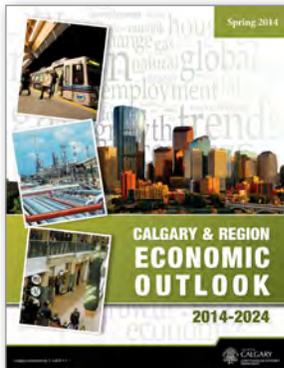
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Sources: Statistics Canada, Corporate Economics.