

# Inflation Review

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April 17, 2015

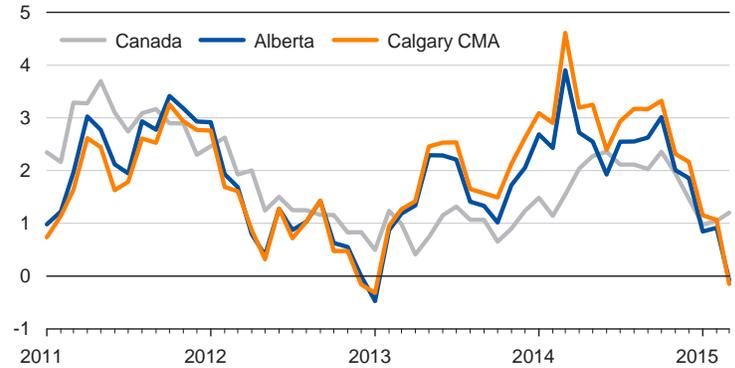
## Plunging energy prices continued to keep Calgary's inflation rate low.

In March, consumer prices in Calgary fell 0.1 per cent year-over-year after rising 1.1 per cent in February. The sharp deceleration in the inflation rate was due to falling prices in the energy component of the consumer price index. Natural gas prices were down 42.4 per cent year-over-year, but this was caused by a price spike of 82.7 per cent experienced in March last year. Gasoline prices slumped 23.4 per cent year-over-year in March, and electricity prices dropped 12.5 per cent. With lower energy prices, Calgarians paid less for transportation (down 3.6 per cent) and shelter (down 2.4 per cent) in the month.

Consumer prices rose in the other six major categories in March. Significant cost increases were observed in food, which climbed 3.1 per cent from March 2014. Meat recorded a gain of 10.4 per cent year-over-year, while prices for vegetables jumped 8.8 per cent. Prices for imported produce and meat are expected to remain high as a result of the depreciation of Canadian dollar and the drought in California. On top of paying more for food, Calgarians also paid more for household operations, furnishing and equipment (up 3.2 per cent), and alcoholic beverages and tobacco products (up 2.1 per cent). Prices for the latter will rise further in April due to increased taxes.

Like Calgary, plunging energy prices were the main reason for the 0.1 per cent decline in consumer prices in Alberta in March.

**Chart 1. Headline inflation comparison**  
(Year-over-year change, January 2011 - March 2015, per cent)



Sources: Statistics Canada, Corporate Economics, April 2015

Nationally, Canada's annual inflation rate was 1.2 per cent in March. Gasoline prices were down 19.2 per cent from last year, but this drop was smaller than the 21.8 per cent decrease observed in February.

Apart from the highly volatile food and energy categories, Calgary's core inflation rate came in at 2.4 per cent in March. Overall, the headline inflation rate should stay low in the coming months as lower energy prices will help to keep a lid on inflation.

Next release: May 22, 2015

### Inflation Rates

	Relative Importance (%)*	Year-over-year			Year-to-date		
		Mar-15 (%)	Feb-15 (%)	Mar-14 (%)	Mar-15 (%)	Feb-15 (%)	Mar-14 (%)
Calgary: All-items	100.00	(0.1)	1.1	4.6	0.7	1.1	3.5
Calgary: All-items excluding food and energy	76.49	2.4	2.4	3.0	2.3	2.3	2.8
Food	15.99	3.1	4.0	3.9	3.9	4.3	3.0
Shelter	26.56	(2.4)	1.6	10.6	0.7	2.2	7.4
Rented accommodation	5.40	3.6	3.6	3.3	3.6	3.5	3.3
Owned accommodation	16.24	3.4	3.7	5.5	3.8	4.0	5.4
Water, fuel and electricity	4.84	(26.2)	(8.8)	42.3	(13.6)	(5.9)	21.7
Household operations, furnishing and equipment	12.27	3.2	3.6	2.6	3.3	3.4	2.3
Clothing and footwear	5.88	0.9	3.1	0.8	1.6	2.0	0.9
Transportation	20.44	(3.6)	(4.1)	4.2	(3.9)	(4.1)	3.5
Gasoline	3.81	(23.4)	(22.7)	5.9	(24.6)	(25.2)	5.6
Health and personal care	4.65	1.0	1.5	1.0	1.2	1.3	0.5
Recreation, education and reading	11.37	1.8	1.5	2.5	1.2	0.9	2.6
Alcoholic beverages and tobacco products	2.83	2.1	3.0	4.2	3.0	3.4	2.9
Alberta: All-items	100.00	(0.1)	0.9	3.9	0.6	0.9	3.0
Alberta: All-items excluding food and energy	76.49	2.4	2.2	2.3	2.2	2.1	2.2
Canada: All-items	100.00	1.2	1.0	1.5	1.1	1.0	1.4
Canada: All-items excluding food and energy	74.85	2.0	1.8	1.2	1.9	1.8	1.2

Sources: Statistics Canada, Corporate Economics, April 2015

\* 2013 CPI basket weights at January 2015 prices, date modified February 26, 2015

Figures in red and parentheses indicate negative.

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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 have developed reliable methods of forecasting and analysis.

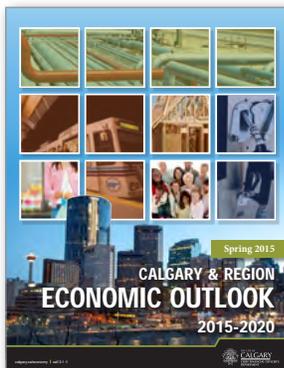
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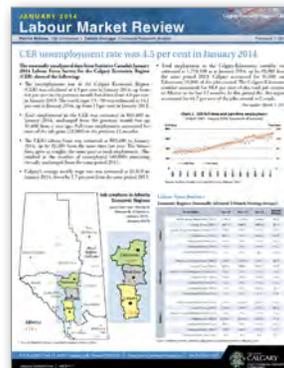
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- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

## Information Provision



- ▶ Current Economic Analysis
- ▶ Housing Review
- ▶ Inflation Review
- ▶ Labour Market Review

## 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, Bank of Canada, Corporate Economics.