

Inflation Review

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May 22, 2015

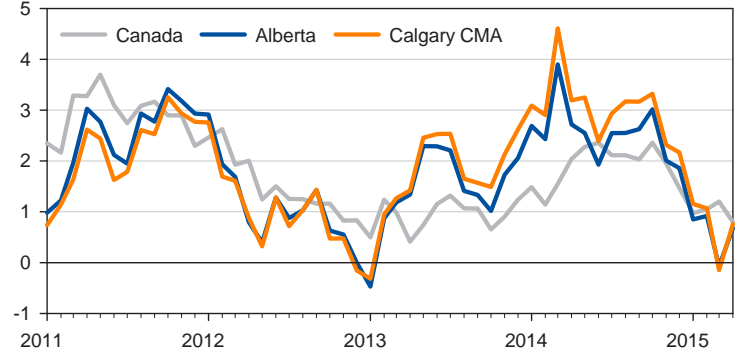
Lower energy prices continued to keep Calgary's inflation rate low.

In April, consumer prices in Calgary rose by 0.8 per cent year-over-year after falling 0.1 per cent in March. Apart from the highly volatile food and energy categories, the core inflation rate came in at 2.1 per cent in April. Calgary's inflation rate kept low due to plunging prices in the energy product group, which includes electricity, natural gas, fuel oil and gasoline. Prices for gasoline slumped 22.6 per cent, natural gas prices were down 16.1 per cent and prices for electricity dropped 6.8 per cent year-over-year in April. With lower gasoline prices, Calgaryans paid less for transportation, down 3.0 per cent in the month.

Significant cost increases were observed in food from April 2014, up by 3.8 per cent, though they edged down 0.1 per cent from the month before. Food purchased from stores climbed 4.1 per cent and restaurant bills were up 3.3 per cent. Specifically meat prices, recorded a gain of 9.8 per cent year-over-year. Prices for other commonly purchased food items from stores also jumped: fish and seafood (4.5 per cent), vegetables (3.7 per cent), fruits and nuts (2.6 per cent), and bakery and cereal products (2.1 per cent). Overall, higher food prices were driven by a lower Canadian dollar, which increased the purchase for imported goods.

Annual inflation in Alberta increased 0.7 per cent in April, after decreasing 0.1 per cent in March. Natural gas prices in the province declined 16.2 per cent year-over-year. Nationally,

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



Sources: Statistics Canada, Corporate Economics, May 2015

Canada's all items annual inflation rate rose to 0.8 per cent in April, as this was the smallest increase since October 2013. Gasoline prices were down 21.0 per cent and natural gas prices contracted by 14.6 per cent from last April.

The year-to-date headline inflation rate for the first four months of the year in Calgary came in at 0.7 per cent, which was particularly low compared to last year's rate of 3.5 per cent. Overall, the inflation rate should stay low in the coming months aided by lower energy costs.

Next release: June 19, 2015

Inflation Rates

	Relative Importance (%)*	Year-over-year			Year-to-date		
		Apr-15 (%)	Mar-15 (%)	Apr-14 (%)	Apr-15 (%)	Mar-15 (%)	Apr-14 (%)
Calgary: All-items	100.00	0.8	(0.1)	3.2	0.7	1.1	3.5
Calgary: All-items excluding food and energy	76.49	2.1	2.4	3.0	2.3	2.3	2.8
Food	15.99	3.8	3.1	2.7	3.9	4.3	3.0
Shelter	26.56	0.8	(2.4)	5.1	0.7	2.2	7.4
Rented accommodation	5.40	3.7	3.6	3.1	3.6	3.5	3.3
Owned accommodation	16.24	2.4	3.4	6.0	3.8	4.0	5.4
Water, fuel and electricity	4.84	(8.8)	(26.2)	4.7	(13.6)	(5.9)	21.7
Household operations, furnishing and equipment	12.27	2.9	3.2	2.4	3.3	3.4	2.3
Clothing and footwear	5.88	(0.3)	0.9	1.7	1.6	2.0	0.9
Transportation	20.44	(3.0)	(3.6)	4.7	(3.9)	(4.1)	3.5
Gasoline	3.81	(22.6)	(23.4)	10.4	(24.6)	(25.2)	5.6
Health and personal care	4.65	(0.0)	1.0	0.8	1.2	1.3	0.5
Recreation, education and reading	11.37	0.9	1.8	2.3	1.2	0.9	2.6
Alcoholic beverages and tobacco products	2.83	4.9	2.1	4.1	3.0	3.4	2.9
Alberta: All-items	100.00	0.7	(0.1)	2.7	0.6	0.9	3.0
Alberta: All-items excluding food and energy	76.49	2.0	2.4	2.6	2.2	2.1	2.2
Canada: All-items	100.00	0.8	1.2	2.0	1.1	1.0	1.4
Canada: All-items excluding food and energy	74.85	1.9	2.0	1.4	1.9	1.8	1.2

Sources: Statistics Canada, Corporate Economics, May 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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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 have developed reliable methods of forecasting and analysis.

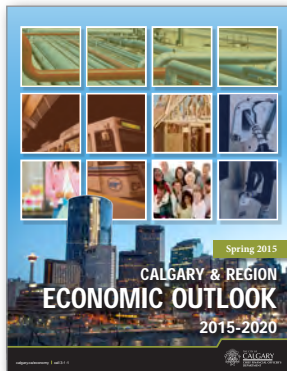
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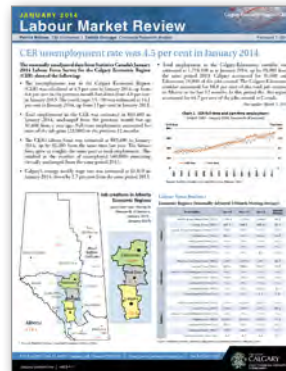
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.