

Inflation Review

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

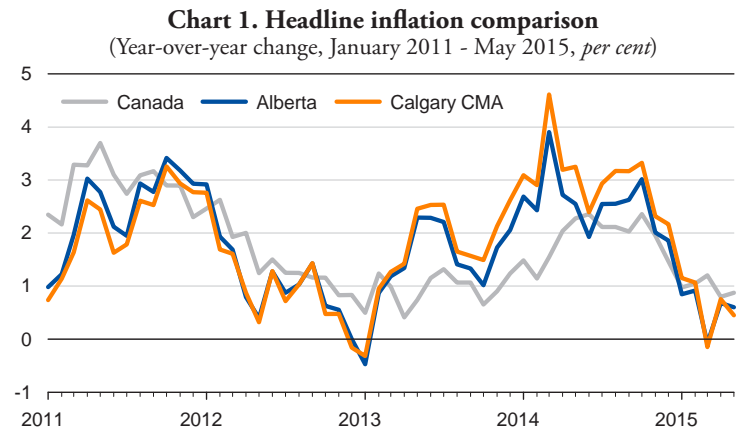
June 23, 2015

Lower energy prices continued to keep a lid on Calgary's inflation.

In May, Calgary's inflation rate slowed to 0.4 per cent year-over-year as energy prices fell 20.7 per cent. This helped to drag down shelter and transportation costs. Shelter cost inflation contracted by 1.2 per cent in the month as prices for electricity plunged 28.9 per cent, and natural gas prices were down 12.3 per cent year-over-year. Transportation costs shrank 2.5 per cent in May, after falling 3.0 per cent in April. Slumping gasoline prices were the main reason for the decline in transportation costs, which tumbled 20.0 per cent in May from a year ago.

Significant cost increases were observed in food from May 2014, up by 3.6 per cent. Food purchased from stores climbed 3.6 per cent and restaurant bills were up 3.7 per cent. The primary driver of food inflation continued to be meat prices, which recorded a gain of 7.3 per cent year-over-year. Prices for other commonly purchased food items from stores also jumped: vegetables (4.9 per cent), fruits and nuts (3.9 per cent), fish and seafood (3.4 per cent), and bakery and cereal products (3.2 per cent). Overall, higher food prices were driven by a lower Canadian dollar, which increased the cost for imported goods.

Annual inflation in Alberta increased 0.6 per cent in May, after rising 0.7 per cent in April. Nationally, Canada's all-items annual inflation rate rose to 0.9 per cent in May. Gasoline prices were



Sources: Statistics Canada, Corporate Economics, June 2015

down 17.4 per cent and natural gas prices contracted by 14.4 per cent compared with the same month a year earlier.

Apart from the highly volatile food and energy categories, Calgary's core inflation rate came in at 2.1 per cent in May. On a year-to-date basis, the inflation rate for the first five months of the year in Calgary is running at 0.7 per cent. This is fairly low relative to the rest of the country. Overall, the inflation rate should stay low in the coming months aided by lower energy costs.

Next release: July 17, 2015

Inflation Rates

	Relative Importance (%) [*]	Year-over-year			Year-to-date		
		May-15 (%)	Apr-15 (%)	May-14 (%)	May-15 (%)	Apr-15 (%)	May-14 (%)
Calgary: All-items	100.00	0.4	0.8	3.2	0.7	0.7	3.4
Calgary: All-items excluding food and energy	76.49	2.1	2.1	3.2	2.2	2.3	2.9
Food	15.99	3.6	3.8	3.1	3.8	3.9	2.9
Shelter	26.56	(1.2)	0.8	6.2	0.3	0.7	6.7
Rented accommodation	5.40	3.5	3.7	3.0	3.6	3.6	3.2
Owned accommodation	16.24	2.2	2.4	6.1	3.2	3.5	5.6
Water, fuel and electricity	4.84	(18.7)	(8.8)	11.4	(13.7)	(12.5)	16.1
Household operations, furnishing and equipment	12.27	2.2	2.9	2.7	3.0	3.2	2.4
Clothing and footwear	5.88	0.8	(0.3)	1.3	1.0	1.1	1.2
Transportation	20.44	(2.5)	(3.0)	3.3	(3.4)	(3.7)	3.7
Gasoline	3.81	(20.0)	(22.6)	3.9	(23.2)	(24.1)	6.2
Health and personal care	4.65	0.5	(0.0)	1.9	0.8	0.9	0.9
Recreation, education and reading	11.37	1.6	0.9	2.6	1.2	1.1	2.5
Alcoholic beverages and tobacco products	2.83	5.1	4.9	4.1	3.8	3.5	3.4
Alberta: All-items	100.00	0.6	0.7	2.5	0.6	0.6	2.9
Alberta: All-items excluding food and energy	76.49	2.3	2.0	2.5	2.2	2.2	2.3
Canada: All-items	100.00	0.9	0.8	2.3	1.0	1.0	1.7
Canada: All-items excluding food and energy	74.85	1.8	1.9	1.5	1.9	1.9	1.3

Sources: Statistics Canada, Corporate Economics, June 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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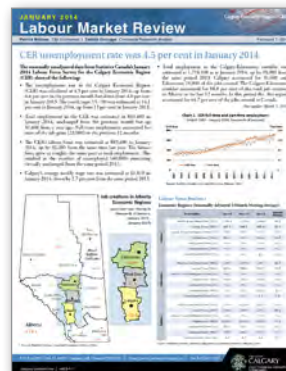
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- ▶ Current Economic Analysis
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- ▶ A Case of Fiscal Imbalance: The Calgary Experience
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.

