

# Inflation Review

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

September 22, 2015

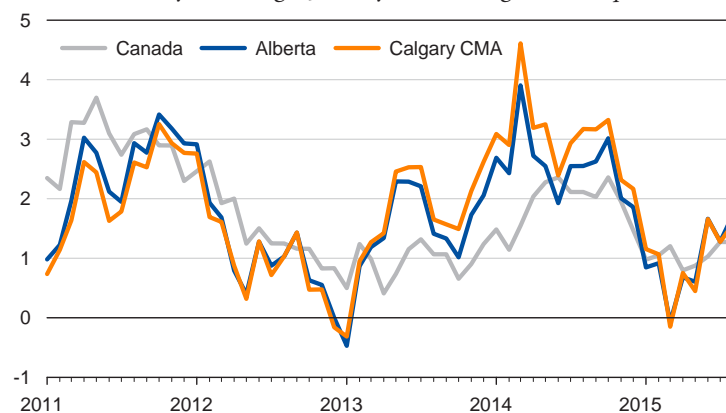
## Energy prices kept Calgary's inflation rate low in August.

In August, the headline inflation rate for the Calgary census metropolitan area (CMA) picked up to 1.6 per cent year-over-year as energy prices fell 7.2 per cent. Gasoline prices tumbled 7.3 per cent compared to a year ago, though they have jumped 43.1 per cent since January. With falling gasoline prices, transportation costs shrank 0.3 per cent in August after decreasing 0.7 per cent in July. Shelter cost inflation remained low at 0.7 per cent, largely due to the annual decline in the natural gas prices of 8.6 per cent and electricity prices of 5.7 per cent.

Significant cost increases were observed in food, which climbed 3.5 per cent from August 2014. Meat recorded a gain of 7.3 per cent year-over-year, while prices for vegetables jumped 5.5 per cent and fruits rose 4.8 per cent. Prices for imported produce and meat are expected to remain high as a result of the depreciation of the Canadian dollar. On top of paying more for food, Calgarians paid more for alcoholic beverages and tobacco products (up 5.6 per cent), household operations, furnishing and equipment (up 2.5 per cent), and recreation, education and reading (up 2.5 per cent).

The year-over-year inflation in Alberta was 1.7 per cent in August, up from 1.3 per cent in July. Canada's all-items inflation rate remained unchanged at 1.3 per cent last month. Lower energy prices continued to moderate the year-over-year rise in the consumer prices for Alberta and Canada in August.

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



Sources: Statistics Canada, Corporate Economics, September 2015

Apart from the highly volatile food and energy categories, Calgary's core inflation rate came in at 2.1 per cent in August. On a year-to-date basis, the headline inflation rate in Calgary is running at 0.9 per cent. This is fairly low relative to the rest of the country. Overall, the inflation rate should continue to stay low in the coming months aided by lower energy costs.

Next release: October 23, 2015

### Inflation Rates

	Relative Importance (%)*	Year-over-year			Year-to-date		
		Aug-15 (%)	Jul-15 (%)	Aug-14 (%)	Aug-15 (%)	Jul-15 (%)	Aug-14 (%)
Calgary: All-items	100.00	1.6	1.3	3.2	0.9	0.8	3.2
Calgary: All-items excluding food and energy	76.49	2.1	2.4	3.3	2.3	2.3	2.9
Food	15.99	3.5	3.7	2.8	3.8	3.8	3.2
Shelter	26.56	0.7	0.1	5.6	0.5	0.6	6.0
Rented accommodation	5.40	2.8	3.0	3.4	3.4	3.5	3.2
Owned accommodation	16.24	1.6	1.7	6.0	2.8	3.0	5.7
Water, fuel and electricity	4.84	(5.5)	(9.5)	7.4	(11.2)	(11.5)	11.1
Household operations, furnishing and equipment	12.27	2.5	3.2	3.4	3.0	3.0	2.4
Clothing and footwear	5.88	1.0	0.5	0.8	0.8	0.8	1.2
Transportation	20.44	(0.3)	(0.7)	3.8	(2.7)	(3.0)	3.2
Gasoline	3.81	(7.3)	(12.4)	3.6	(20.3)	(21.6)	4.5
Health and personal care	4.65	1.6	0.9	1.7	0.9	0.9	1.1
Recreation, education and reading	11.37	2.5	2.2	2.2	1.4	1.3	2.4
Alcoholic beverages and tobacco products	2.83	5.6	5.6	4.1	4.3	4.1	3.5
Alberta: All-items	100.00	1.7	1.3	2.6	0.8	0.8	2.7
Alberta: All-items excluding food and energy	76.49	2.3	2.4	2.7	2.2	2.2	2.4
Canada: All-items	100.00	1.3	1.3	2.1	1.0	1.0	1.9
Canada: All-items excluding food and energy	74.85	1.8	2.0	2.0	1.9	1.9	1.4

Sources: Statistics Canada, Corporate Economics, September 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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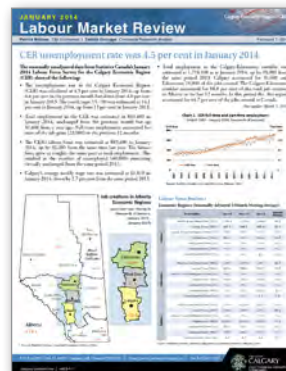
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- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

## 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.