

# Inflation Review

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January 22, 2016

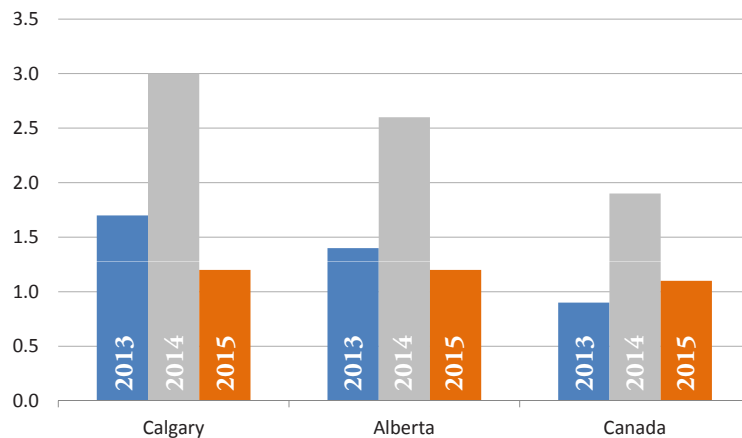
## Year in Review

In 2015, consumer prices in Calgary rose by an average of 1.2 per cent, a significant deceleration from 3.0 per cent in 2014. The inflation rate slowed to 1.2 per cent in Alberta compared to 2.6 per cent in 2014. For Canada, the rate decelerated to 1.1 per cent, a smaller increase than the 1.9 per cent rise in 2014. The all-items inflation rates for Calgary, Alberta, and Canada were moderated by the decline in energy prices.

Calgary's inflation rate in 2015 was kept low due to lower prices in the energy product group, which fell 14.5 per cent from 2014. This is the largest decline since 2009. Prices for gasoline plunged 16.1 per cent from the previous year, natural gas dropped 15.1 per cent and electricity also shrank 10.0 per cent. With the sharp decline in gasoline and electricity prices in 2015, Calgarians paid less for shelter and transportation for the first time in over three years.

Cost increases were observed in a number of categories in 2015. Prices for alcoholic beverages and tobacco products had the largest increase, up 5.4 per cent compared to 3.6 per cent in 2014. Prices for food picked up 3.7 per cent, recreation, education and reading rose 1.7 per cent, health and personal care increased 1.4 per cent, and clothing and footwear were up 1.0 per cent from a year ago. Excluding food and energy, the inflation rate for Calgary slowed to 2.3 per cent, after reaching 2.9 per cent in 2014.

**Chart 1. Headline inflation comparison**  
(Annual Averages, 2013-2015, per cent)



Sources: Statistics Canada, Corporate Economics, January 2016

Overall, higher prices were observed in food and other imported products as they were driven by a lower Canadian dollar. The inflation rate should continue to stay moderate in the coming months aided by lower energy costs.

*Next release: February 19, 2016*

## Inflation Rates

	Relative Importance (%) <sup>*</sup>	Year-over-year			Annual Rates		
		Dec-15 (%)	Nov-15 (%)	Dec-14 (%)	2015 (%)	2014 (%)	2013 (%)
Calgary: All-items	100.00	1.5	2.0	2.2	1.2	3.0	1.7
Calgary: All-items excluding food and energy	76.49	2.2	2.7	2.6	2.3	2.9	1.7
Food	15.99	3.7	3.4	4.4	3.7	3.4	2.3
Shelter	26.56	0.1	1.0	4.4	0.5	5.5	3.3
Rented accommodation	5.40	1.5	1.9	3.5	2.9	3.3	3.3
Owned accommodation	16.24	2.2	2.4	4.5	2.5	5.5	2.7
Water, fuel and electricity	4.84	(9.7)	(4.5)	5.4	(9.8)	9.0	5.5
Household operations, furnishing and equipment	12.27	2.0	2.2	3.2	2.8	2.8	2.0
Clothing and footwear	5.88	0.3	3.2	(0.2)	1.0	0.7	0.7
Transportation	20.44	1.2	0.7	(1.3)	(1.6)	2.7	0.8
Gasoline	3.81	(7.0)	(8.0)	(16.0)	(16.1)	2.0	0.2
Health and personal care	4.65	2.5	2.6	1.1	1.4	1.2	(0.2)
Recreation, education and reading	11.37	1.0	2.4	1.4	1.7	2.3	0.8
Alcoholic beverages and tobacco products	2.83	8.7	8.4	4.1	5.4	3.6	1.5
Alberta: All-items	100.00	1.5	2.0	1.9	1.2	2.6	1.4
Alberta: All-items excluding food and energy	76.49	2.2	2.6	2.3	2.3	2.4	1.4
Canada: All-items	100.00	1.6	1.4	1.5	1.1	1.9	0.9
Canada: All-items excluding food and energy	74.85	1.7	1.8	1.9	1.8	1.6	0.8

Sources: Statistics Canada, Corporate Economics, January 2016

\* 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.

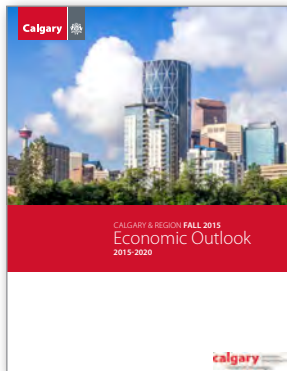
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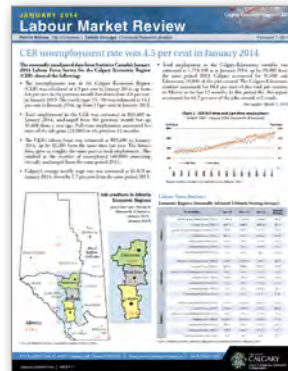
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- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

## 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.