

Inflation Review

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

March 18, 2016

Calgary's headline inflation slowed in February 2016

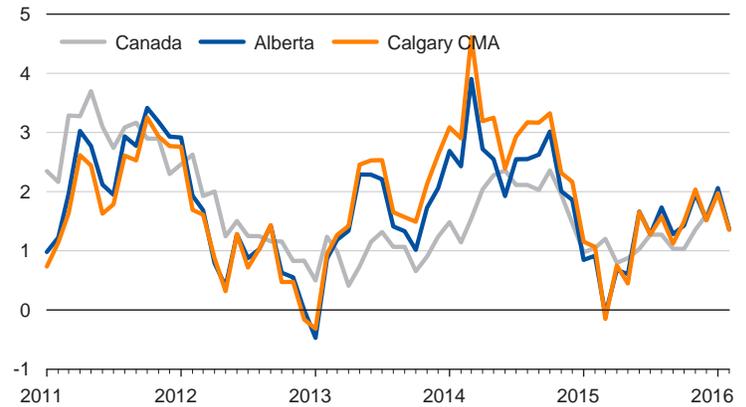
In February 2016, Calgary's inflation rate slowed to 1.4 per cent year-over-year, following a 2.0 per cent increase in the previous month. The inflation rates for Alberta and Canada also cooled to 1.4 per cent from around 2.0 per cent in January. Gasoline prices were down in February which contributed the most to the overall deceleration in the consumer prices for Calgary, Alberta, and Canada in the month.

Calgary's energy prices dropped 11.7 per cent year-over-year, following a 6.9 per cent contraction in January. Transportation costs rose slightly by 0.4 per cent as gasoline prices tumbled 20.1 per cent compared to a year ago, and 12.3 per cent from the previous month. Shelter costs were kept low at 1.0 per cent as electricity prices fell 10.3 per cent in February.

Significant cost increases were observed in both alcoholic beverages and tobacco products, and food from February 2015, climbing 9.1 per cent and 3.2 per cent respectively. Food purchased from stores was 3.1 per cent more expensive, specifically fruits (up 5.9 per cent), fish and seafood (up 4.9 per cent) and vegetables (up 3.7 per cent).

Clothing and footwear was the only major category where prices declined in February with a 2.3 per cent drop, following a 0.6 per cent price decrease in January.

Chart 1. Headline inflation comparison
(Year-over-year change, January 2011 - February 2016, per cent)



Sources: Statistics Canada, Corporate Economics, March 2016

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

Next release: April 22, 2016

Inflation Rates

	Relative Importance (%) [*]	Year-over-year			Month-over-month		
		Feb-16 (%)	Jan-16 (%)	Feb-15 (%)	Feb-16 (%)	Jan-16 (%)	Dec-15 (%)
Calgary: All-items	100.00	1.4	2.0	1.1	0.1	0.1	(0.9)
Calgary: All-items excluding food and energy	76.49	2.1	2.3	2.4	0.5	0.2	(0.7)
Food	15.99	3.2	3.9	4.0	(0.7)	1.6	0.4
Shelter	26.56	1.0	(0.2)	1.6	0.4	(0.1)	(0.1)
Rented accommodation	5.40	0.6	1.3	3.6	(0.3)	(0.1)	0.0
Owned accommodation	16.24	1.7	1.9	3.7	0.0	0.1	0.1
Water, fuel and electricity	4.84	(1.4)	(10.1)	(8.8)	3.3	(0.4)	(1.1)
Household operations, furnishing and equipment	12.27	2.6	2.4	3.6	1.1	0.6	(0.6)
Clothing and footwear	5.88	(2.3)	(0.6)	3.1	0.2	(1.0)	(5.2)
Transportation	20.44	0.4	3.4	(4.1)	(1.5)	(0.2)	(1.7)
Gasoline	3.81	(20.1)	1.6	(22.7)	(12.3)	(7.5)	(11.1)
Health and personal care	4.65	1.9	2.6	1.5	(0.4)	0.6	(0.4)
Recreation, education and reading	11.37	0.5	1.6	1.5	2.0	(0.6)	(1.4)
Alcoholic beverages and tobacco products	2.83	9.1	8.6	3.0	0.9	0.3	0.3
Alberta: All-items	100.00	1.4	2.1	0.9	0.1	0.1	(0.9)
Alberta: All-items excluding food and energy	76.49	2.1	2.4	2.2	0.5	0.2	(0.7)
Canada: All-items	100.00	1.4	2.0	1.0	0.2	0.2	(0.5)
Canada: All-items excluding food and energy	74.85	1.7	1.8	1.8	0.6	0.2	(0.5)

Sources: Statistics Canada, Corporate Economics, March 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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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.

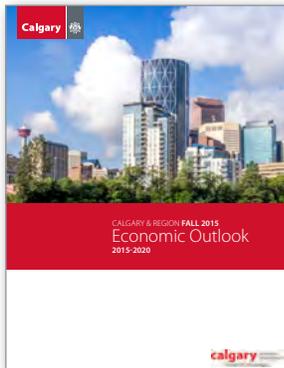
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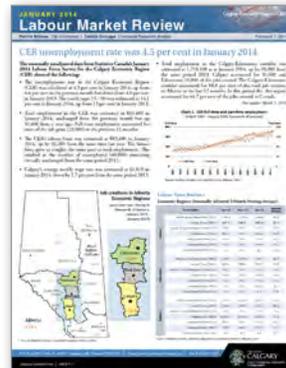
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.

