

Inflation Review

Clyde Pawluk Senior Economist | Jorjeta Bojanova, Corporate Research Analyst

January 20, 2017

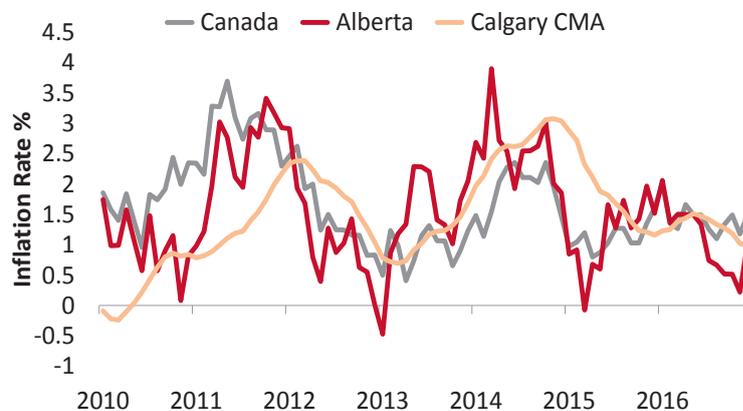
Calgary's headline inflation rate remains low

Headlights:

- Calgary CMA's inflation rate for December 2016 was estimated at 0.97 per cent, down from 1.03 per cent in the previous month and from 1.16 per cent for the same time in 2015. Gasoline prices shot up in December by 7.69 per cent, far in excess of the 5 cents per litre carbon tax implemented in January 2017. Price increases in recreation (2.35 per cent) and alcoholic beverages (2.25 per cent) were offset by price decreases in rented accommodation (-2.5 per cent) and water and electricity prices (-3.4 per cent).
- The December inflation rate for Alberta was 1.05 per cent while the Canadian average was 1.5 per cent. Inflation below the Bank of Canada's target rate of 2.0 per cent bodes well for Canadian interest rates remaining low, at least for the immediate future.
- Inflationary pressures are building in the Province. Prices are slowly rising outside the Province and Alberta retailers are having a difficult time passing on those increases during the current recession. At some point in the future Alberta retailers will not be able to absorb those increases and inflation in Alberta and Calgary

Headline inflation comparison

(Year-over-year change, January 2010 - December 2016, per cent)



Source: Statistics Canada, Corporate Economics

will spike above the national average. The longer the local recession lasts the higher that future spike in prices could be.

Next release on February 17, 2017

Inflation Rates

	Relative Importance (%)*	Year-over-year (12 MMA,%)			Month-over-month (12MMA, %)		
		Dec-16	Nov-16	Dec-15	Dec-16	Nov-16	Dec-15
Calgary: All-items	100.00	0.97	1.03	1.16	(0.07)	(0.66)	(0.89)
Calgary: All-items excluding food and energy	76.49	1.29	0.83	2.17	(0.22)	(0.59)	(0.68)
Food	15.99	(1.35)	(1.28)	3.73	0.36	0.58	0.43
Shelter	26.56	(0.49)	(0.30)	0.12	(0.24)	0.00	(0.06)
Rented accommodation	5.40	(2.55)	(2.47)	1.49	(0.08)	(0.16)	0.00
Owned accommodation	16.24	0.93	0.88	2.23	0.16	0.11	0.11
Water, fuel and electricity	4.84	(3.39)	(2.26)	(9.71)	(2.24)	0.22	(1.09)
Household operations, furnishing and equipment	12.27	1.61	1.02	1.97	0.00	(0.56)	(0.58)
Clothing and footwear	5.88	(0.26)	(2.31)	0.32	(3.17)	(3.44)	(5.16)
Transportation	20.44	3.23	0.39	1.19	1.08	(2.03)	(1.70)
Gasoline	3.81	7.69	(8.69)	(7.02)	4.87	(8.93)	(11.08)
Health and personal care	4.65	0.76	0.00	2.49	0.38	(0.15)	(0.38)
Recreation, education and reading	11.37	2.35	1.50	1.02	(0.54)	(0.52)	(1.37)
Alcoholic beverages and tobacco products	2.83	2.25	2.58	8.68	(0.06)	(0.01)	0.26
Alberta: All-items	100.00	1.05	0.22	1.52	(0.07)	(0.59)	(0.89)
Alberta: All-items excluding food and energy	76.49	1.45	0.98	2.18	(0.22)	(0.52)	(0.68)
Canada: All-items	100.00	1.50	1.18	1.61	(0.16)	(0.39)	(0.47)
Canada: All-items excluding food and energy	74.85	1.81	1.72	1.68	(0.40)	(0.40)	(0.49)

Sources: Statistics Canada, Corporate Economics, January 2017

* 2013 CPI basket weights at January 2015 prices, date modified February 26, 2015

Figures in 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.

For more information, please contact:

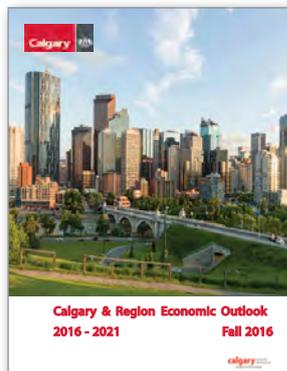
Patrick Walters
City Economist
403.268.1335
patrick.walters@calgary.ca

Clyde Pawluk
Senior Economist
403.268.2643
clyde.pawluk@calgary.ca

Jorjeta Bojanova
Corporate Research Analyst
403.268.5556
jorjeta.bojanova@calgary.ca

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Sources: Statistics Canada, Bank of Canada, Corporate Economics

