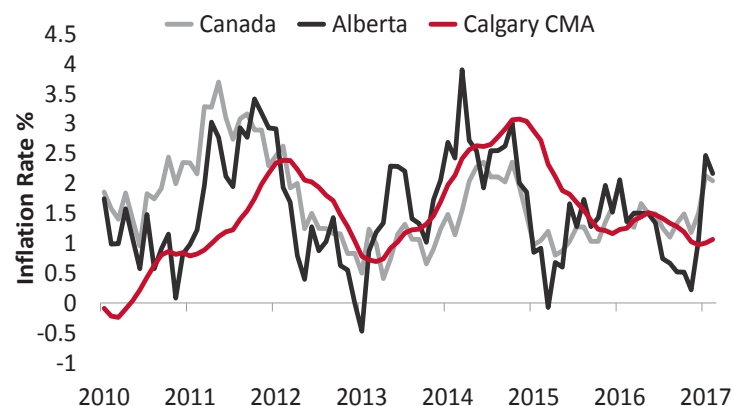


## Highlights:

- Headline inflation in Calgary was a soft 1.06 per cent in February. There was an unusual gasoline price war in Calgary last February. Compared to last February today's gas prices look exceptionally high. If we correct for that gas war then headline inflation in Calgary looks to be even softer at about 0.7 per cent. We expect next month's inflation report to reflect gasoline prices without reference to that gas war and as such to be near the 0.7 per cent mark.
- Low inflation in Calgary is the result of significant decreases in food prices, particularly beef, fruits and vegetables as well as reduced prices to rent accommodation. There are some inflationary pressures but they are limited to gasoline prices, recreation prices and transportation costs.
- Alberta's inflation rate came in at 2.2 per cent as other parts of the Province are not experiencing quite the decreases in rental prices that Calgary is. Across Canada the average inflation rate in February was 2.05 per cent, slightly lower than Alberta's despite the significant price increases in rented and owned accommodation

### Headline inflation comparison

(Year-over-year change, February 2010 - February 2017, per cent)



Source: Statistics Canada, Corporate Economics

particularly in Ontario. The national inflation rate is in line with the Bank of Canada's target inflation so there is no local pressure for the Bank of Canada to raise interest rates even though the U.S. Federal Reserve raised the U.S. Reserve Rate last week.

Next release on April 21, 2017

## Inflation Rates

|   | Relative Importance (%)* | Year-over-year (12 MMA, %) |             |             | Month-over-month (12MMA, %) |             |             |
|---|--------------------------|----------------------------|-------------|-------------|-----------------------------|-------------|-------------|
|   |                          | Feb-17                     | Jan-17      | Feb-17      | Jan-17                      | Feb-17      | Jan-17      |
| <b>Calgary: All-items</b>                           | <b>100.00</b>            | <b>1.06</b>                | <b>1.00</b> | <b>1.25</b> | <b>(0.15)</b>               | <b>1.55</b> | <b>0.07</b> |
| <b>Calgary: All-items excluding food and energy</b> | <b>76.49</b>             | <b>1.73</b>                | <b>1.74</b> | <b>2.08</b> | <b>0.52</b>                 | <b>0.67</b> | <b>0.53</b> |
| Food  | 15.99                    | (1.55)                     | (2.80)      | 3.18        | 0.57                        | 0.07        | (0.70)      |
| Shelter   | 26.56                    | 0.12                       | 1.77        | 0.98        | (1.20)                      | 2.20        | 0.43        |
| Rented accommodation                                | 5.40                     | (2.33)                     | (2.47)      | 0.62        | (0.16)                      | 0.00        | (0.31)      |
| Owned accommodation                                 | 16.24                    | 0.82                       | 0.87        | 1.67        | (0.05)                      | 0.00        | 0.00        |
| Water, fuel and electricity                         | 4.84                     | (1.08)                     | 8.07        | (1.41)      | (5.48)                      | 11.37       | 3.26        |
| Household operations, furnishing and equipment      | 12.27                    | (0.16)                     | 0.93        | 2.63        | (0.01)                      | (0.09)      | 1.09        |
| Clothing and footwear                               | 5.88                     | 1.89                       | 0.50        | (2.26)      | 1.60                        | (0.22)      | 0.22        |
| Transportation                                      | 20.44                    | 7.52                       | 7.57        | 0.40        | (1.54)                      | 4.03        | (1.50)      |
| Gasoline  | 3.81                     | 37.59                      | 33.68       | (20.11)     | (9.76)                      | 14.77       | (12.32)     |
| Health and personal care                            | 4.65                     | 0.83                       | 0.75        | 1.85        | (0.30)                      | 0.60        | (0.38)      |
| Recreation, education and reading                   | 11.37                    | 4.76                       | 4.50        | 0.45        | 2.21                        | 1.53        | 1.96        |
| Alcoholic beverages and tobacco products            | 2.83                     | 1.98                       | 2.43        | 9.08        | 0.51                        | 0.49        | 0.95        |
| <b>Alberta: All-items</b>                           | <b>100.00</b>            | <b>2.17</b>                | <b>2.47</b> | <b>1.36</b> | <b>(0.22)</b>               | <b>1.56</b> | <b>0.07</b> |
| <b>Alberta: All-items excluding food and energy</b> | <b>76.49</b>             | <b>1.81</b>                | <b>1.90</b> | <b>2.08</b> | <b>0.45</b>                 | <b>0.68</b> | <b>0.53</b> |
| <b>Canada: All-items</b>                            | <b>100.00</b>            | <b>2.05</b>                | <b>2.13</b> | <b>1.36</b> | <b>0.15</b>                 | <b>0.86</b> | <b>0.24</b> |
| <b>Canada: All-items excluding food and energy</b>  | <b>74.85</b>             | <b>2.04</b>                | <b>2.22</b> | <b>1.66</b> | <b>0.40</b>                 | <b>0.65</b> | <b>0.58</b> |

Sources: Statistics Canada, Corporate Economics, March 2017

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

Figures in parentheses indicate negative.

## 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:

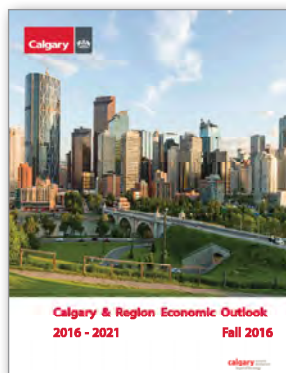
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Many of our publications are available on the internet at [www.calgary.ca/inflation](http://www.calgary.ca/inflation).

## Forecasting



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

## Information Provision



- ▶ Current Economic Analysis
- ▶ Labour Market Review
- ▶ Housing Review
- ▶ Inflation 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