

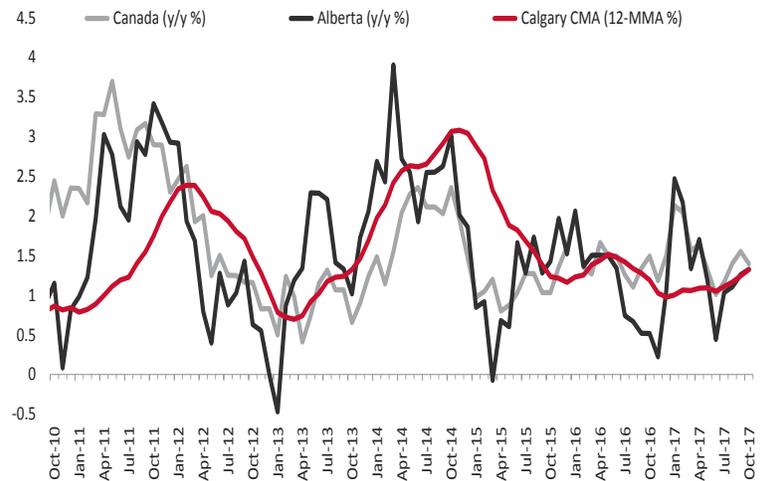


Inflation Review

Highlights:

- Calgary inflation was 1.32 per cent in October 2017, slightly up from 1.24 per cent last month and 1.19 in October 2016. Rapidly rising gasoline prices were a significant contributor to inflation this month in Calgary. Utilities rose 3.06 per cent in October 2017 up from 1.42 per cent in the previous month. Health and personal care were up 2.95 per cent for October 2017, up from 1.81 in September 2017 and 1.46 in October 2016. House prices in Calgary are steadily rising this year by about 1.90 per cent, increasing at a slightly faster pace than last year.
- Alberta inflation was 1.33 per cent in October 2017, up from 0.52 per cent last October 2016. Canada saw inflation of 1.39 per cent, up slightly from 1.49 last October 2016. With such low inflation nationally, it is unlikely that the Bank of Canada will raise interest rates on December 6th. Currently the Bank of Canada target rate is 1.0 per cent and the prime interest rate is 3.2 per cent. Next year, mortgage rules will change. New mortgages will have to pass a "stress" test where new borrowers will have to qualify at an interest rate that is 2 per cent above the lenders posted mortgage rate. It is expected that this will further soften hot real estate markets in Toronto and Vancouver.

Headline Inflation Comparison
(per cent, 12MMA, Year-over-year change, Oct. 2010 - Oct. 2017)



Source: Statistics Canada, Corporate Economics

Next release on December 21, 2017

Inflation Rates

	Relative Importance (%)*	Year-over-year (12 MMA, %)			Month-over-month (12MMA, %)		
		Oct-17	Sep-17	Oct-16	Oct-17	Sep-17	Oct-16
Calgary: All-items	100.00	1.32	1.24	1.19	0.44	(0.29)	0.44
Calgary: All-items excluding food and energy	76.49	0.96	0.82	1.44	0.67	(0.07)	0.52
Food	15.99	2.16	1.94	(1.29)	(0.56)	(0.70)	(0.79)
Shelter	26.56	1.22	1.23	(0.73)	0.61	(0.78)	0.61
Rented accommodation	5.40	(1.11)	(1.26)	(2.24)	0.00	0.00	(0.16)
Owned accommodation	16.24	1.90	2.14	0.82	0.81	0.22	1.04
Water, fuel and electricity	4.84	3.06	1.42	(5.17)	1.32	(4.42)	(0.30)
Household operations, furnishing and equipment	12.27	0.73	0.39	1.26	1.16	(0.57)	0.82
Clothing and footwear	5.88	(0.24)	0.35	0.54	1.14	2.22	1.73
Transportation	20.44	2.11	2.21	1.53	1.12	0.15	1.22
Gasoline	3.81	5.66	10.44	(7.05)	0.26	1.85	4.79
Health and personal care	4.65	2.95	1.81	1.46	1.26	(0.81)	0.15
Recreation, education and reading	11.37	0.78	1.21	0.74	(1.15)	(0.44)	(0.73)
Alcoholic beverages and tobacco products	2.83	2.61	2.75	5.06	(0.00)	0.24	0.13
Alberta: All-items	100.00	1.33	1.26	0.52	0.44	(0.29)	0.37
Alberta: All-items excluding food and energy	76.49	0.89	0.67	1.51	0.67	(0.07)	0.45
Canada: All-items	100.00	1.39	1.55	1.49	0.08	0.23	0.23
Canada: All-items excluding food and energy	74.85	1.37	1.21	1.88	0.32	0.16	0.16

Sources: Statistics Canada, Corporate Economics, November 17, 2017

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

** CPI historical data was adjusted by Statistics Canada on April 21, 2017; the data for Alberta and Canada is not smoothed.

Figures in parentheses indicate negative.



OCTOBER 2017

Inflation Review

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November 17, 2017

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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Many of our publications are available on the internet at www.calgary.ca/inflation.

Forecasting

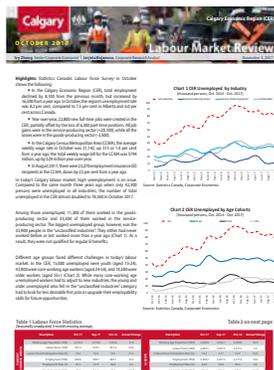


Calgary and Region Economic Outlook
2017 - 2026
Fall 2017

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

Information Provision



- ▶ Current Economic Analysis
- ▶ Labour Market Review
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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