

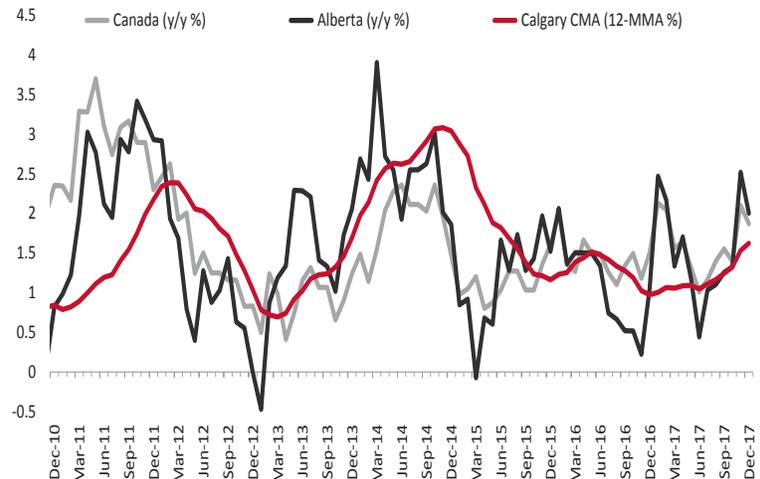


# Inflation Review

## Highlights:

- Alberta's current carbon tax system saw new taxes passed on to energy consumers starting in January 2017. That resulted in a sudden spike in prices across the country which resulted in consumers pulling back on their spending early in the year. When carbon taxes were slated to bump up again in January 2018 it appears now that energy companies decided to pass that increase along starting in November in an attempt to soften the blow to consumers. Gasoline prices rose across the country in November and December in response to Alberta's increasing carbon tax.
- In Calgary inflation in December increased slightly to 1.6 per cent, up slightly from 1.5 per cent as fuel and electricity prices continued to climb while apartment rents continued to fall, offsetting the fuel price increases somewhat. A similar story occurred across Alberta with inflation softening from 2.5 per cent in November 2017 to 2.0 per cent in December.
- Nationally, inflation fell slightly from 2.1 per cent in November to 1.9 per cent in December 2017 as most of the increases in fuel prices were passed on in November. December's national inflation was below the Bank of Canada's target rate of 2.0 per cent, and it now appears that the bank will at least be cautious about raising interest rates at their next meeting on March 7th, 2018.

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



Source: Statistics Canada, Corporate Economics

Next release on February 23, 2018

## Inflation Rates

	Relative Importance (%)*	Year-over-year (12 MMA, %)			Month-over-month (12MMA, %)		
		Dec-17	Nov-17	Dec-16	Dec-17	Nov-17	Dec-16
<b>Calgary: All-items</b>	<b>100.00</b>	<b>1.62</b>	<b>1.53</b>	<b>0.97</b>	<b>(0.65)</b>	<b>0.51</b>	<b>(0.07)</b>
<b>Calgary: All-items excluding food and energy</b>	<b>76.49</b>	<b>1.12</b>	<b>1.49</b>	<b>1.29</b>	<b>(0.59)</b>	<b>(0.07)</b>	<b>(0.22)</b>
Food	15.99	1.71	2.44	(1.35)	(0.35)	0.84	0.36
Shelter	26.56	2.20	1.22	(0.49)	0.72	0.00	(0.24)
Rented accommodation	5.40	(0.95)	(1.03)	(2.55)	0.00	(0.08)	(0.08)
Owned accommodation	16.24	1.89	1.74	0.93	0.32	(0.05)	0.16
Water, fuel and electricity	4.84	8.39	2.98	(3.39)	2.90	0.15	(2.24)
Household operations, furnishing and equipment	12.27	(0.67)	1.55	1.61	(2.19)	0.25	0.00
Clothing and footwear	5.88	2.72	2.39	(0.26)	(2.85)	(0.89)	(3.17)
Transportation	20.44	5.18	6.85	3.23	(0.50)	2.51	1.08
Gasoline	3.81	15.55	30.10	7.69	(6.86)	12.13	4.87
Health and personal care	4.65	2.26	2.49	0.76	0.15	(0.59)	0.38
Recreation, education and reading	11.37	(0.55)	0.52	2.35	(1.59)	(0.79)	(0.54)
Alcoholic beverages and tobacco products	2.83	2.66	2.73	2.25	(0.13)	0.11	(0.06)
<b>Alberta: All-items</b>	<b>100.00</b>	<b>2.00</b>	<b>2.52</b>	<b>1.05</b>	<b>(0.58)</b>	<b>0.58</b>	<b>(0.07)</b>
<b>Alberta: All-items excluding food and energy</b>	<b>76.49</b>	<b>1.13</b>	<b>1.42</b>	<b>1.45</b>	<b>(0.52)</b>	<b>0.00</b>	<b>(0.22)</b>
<b>Canada: All-items</b>	<b>100.00</b>	<b>1.87</b>	<b>2.10</b>	<b>1.50</b>	<b>(0.38)</b>	<b>0.31</b>	<b>(0.16)</b>
<b>Canada: All-items excluding food and energy</b>	<b>74.85</b>	<b>1.70</b>	<b>1.77</b>	<b>1.81</b>	<b>(0.48)</b>	<b>0.00</b>	<b>(0.40)</b>

Sources: Statistics Canada, Corporate Economics, January 26, 2018\* 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.

## 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](http://www.calgary.ca/inflation).

## Forecasting

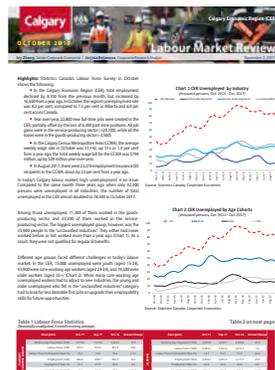


Calgary and Region Economic Outlook  
2017 - 2026  
Fall 2017

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Sources: Statistics Canada, Bank of Canada, Corporate Economics