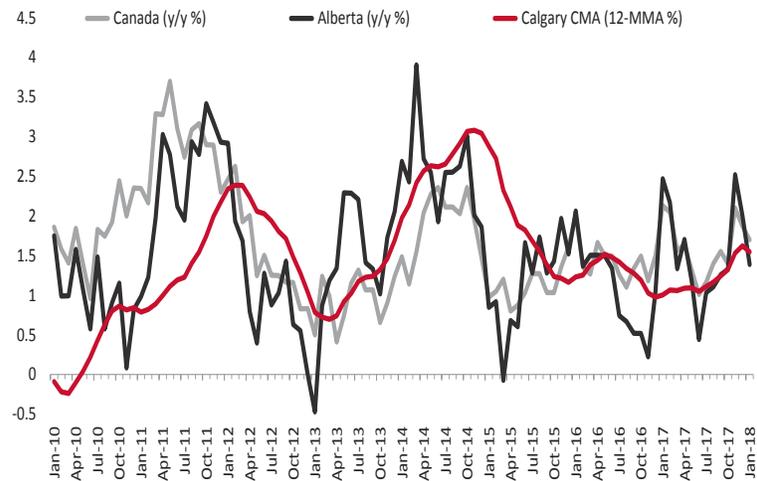


Inflation Review

Highlights:

- Inflation in Calgary sits at 1.55 per cent, up a half per cent from last year due mostly to increases in transportation costs as a result of the Alberta carbon tax. It would have been up even more compared to a year ago but for a gasoline price war that was waged in Alberta in late 2016 which is still impacting annual comparisons. The carbon tax is making its way through the price system, now impacting prices for imported food items. We anticipate it will soon impact prices for imported durable goods as well. Offsetting the upward trend, prices for rented accommodation continue to decline in Calgary as landlords continue to try to attract tenants.
- Across Alberta the same story is playing out with carbon taxes raising food prices while accommodation prices offset the tax-push inflation. Alberta inflation sits at 1.4 per cent in January and it too is likely to climb in coming months. Across Canada inflation now sits at 1.7 per cent on a 12-month moving average basis, which removes month to month fluctuations in the data. Monthly data, which is more volatile, hints that national inflation is heating up heralding more interest rate hikes by the Bank of Canada. With conflicting national signals on inflation, we expect that the Bank of Canada will not raise interest rates again until after the U.S. Federal Reserve raises U.S. interest rates. The next U.S. Federal Reserve announcement will be on March 21.

Headline Inflation Comparison
(Per cent, 12-MMA, year-over-year change, Jan. 2010 - Jan. 2018)



Source: Statistics Canada, Corporate Economics

Inflation Rates

Next release on March 23, 2018

	Relative Importance (%)*	Year-over-year (12 MMA, %)			Month-over-month (12MMA, %)		
		Jan-18	Dec-17	Jan-17	Jan-18	Dec-17	Jan-17
Calgary: All-items	100.00	1.55	1.62	1.00	0.94	(0.65)	1.55
Calgary: All-items excluding food and energy	76.49	0.97	1.12	1.74	0.52	(0.59)	0.67
Food	15.99	2.71	1.71	(2.80)	1.05	(0.35)	0.07
Shelter	26.56	0.48	2.20	1.77	0.48	0.72	2.20
Rented accommodation	5.40	(0.87)	(0.95)	(2.47)	0.08	0.00	0.00
Owned accommodation	16.24	1.68	1.89	0.87	(0.21)	0.32	0.00
Water, fuel and electricity	4.84	0.21	8.39	8.07	2.96	2.90	11.37
Household operations, furnishing and equipment	12.27	0.33	(0.67)	0.93	0.91	(2.19)	(0.09)
Clothing and footwear	5.88	1.31	2.72	0.50	(1.60)	(2.85)	(0.22)
Transportation	20.44	2.71	5.18	7.57	1.59	(0.50)	4.03
Gasoline	3.81	5.59	15.55	33.68	4.88	(6.86)	14.77
Health and personal care	4.65	2.77	2.26	0.75	1.10	0.15	0.60
Recreation, education and reading	11.37	(0.45)	(0.55)	4.50	1.64	(1.59)	1.53
Alcoholic beverages and tobacco products	2.83	2.46	2.66	2.43	0.30	(0.13)	0.49
Alberta: All-items	100.00	1.39	2.00	2.47	0.94	(0.58)	1.56
Alberta: All-items excluding food and energy	76.49	0.97	1.13	1.90	0.52	(0.52)	0.68
Canada: All-items	100.00	1.70	1.87	2.13	0.69	(0.38)	0.86
Canada: All-items excluding food and energy	74.85	1.53	1.70	2.22	0.48	(0.48)	0.65

Sources: Statistics Canada, Corporate Economics, February 23, 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.

Forecasting

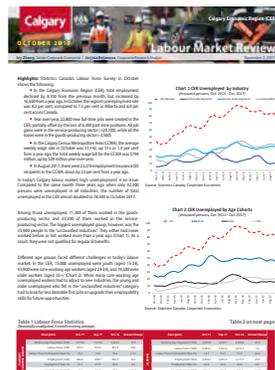


Calgary and Region Economic Outlook
2017 - 2026
Fall 2017

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

Information Provision



- ▶ Current Economic Analysis
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- ▶ Other Research Reports

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