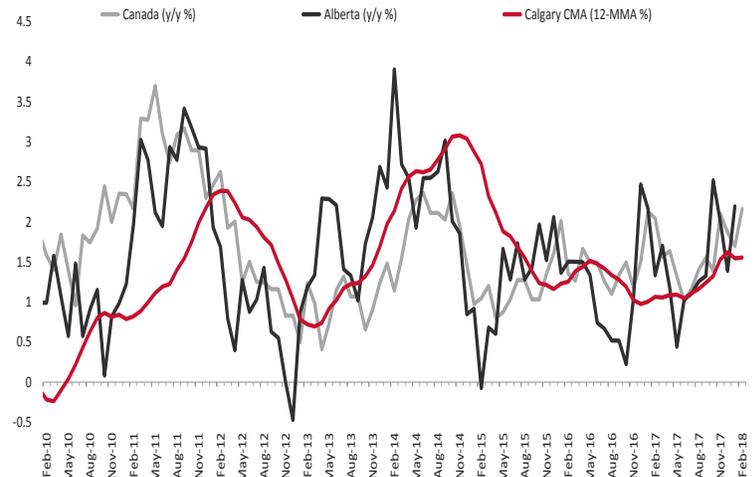


Highlights:

- This year's Provincial budget sees a significant reduction in grants to Calgary. The significant shortfall in the City of Calgary's income will limit what municipal projects can be undertaken in the near and distant future, and bodes ill for any possible Olympics bid. Ordinarily a reduction in provincial grants would slow inflation in Calgary's future but the current Provincial plan is to increase carbon (gas) taxes and use that money to balance the provincial books. On net that means increased inflation in Calgary's future. Currently, Calgary's inflation is 1.6 per cent and the most significant contributor to it is increased gasoline prices with gas inflation hitting 14.6 per cent in February. Increased 2018 carbon taxes are already filtering to consumer prices for things like electricity (up almost 8 per cent), clothing, personal care products and alcoholic beverages.
- Inflation throughout Alberta is rising faster than in Calgary, hitting 2.2 per cent as increased taxes raise prices and housing prices in other Alberta centres have been more robust than in Calgary. Across the country, Canadian inflation sits at 2.2 per cent. The U.S. Federal reserve raised U.S. interest rates this week. With the additional pressure caused by Canadian inflation above the Bank of Canada's target rate of 2.0 per cent it is now more likely that the Bank of Canada will raise Canadian interest rates

Headline Inflation Comparison

(Feb. 2010 - Feb. 2018; 12-MMA, year-over-year change; per cent)



Source: Statistics Canada, Corporate Economics

at its next meeting on Wednesday April 18th. We anticipate major Canadian banks will start raising mortgage rates starting on Friday the 13th of April.

Next release on April 20, 2018

Inflation Rates

	Relative Importance (%)*	Year-over-year (12 MMA, %)			Month-over-month (12MMA, %)		
		Feb-18	Jan-18	Feb-17	Feb-18	Jan-18	Feb-17
Calgary: All-items	100.00	1.56	1.55	1.06	0.65	0.94	(0.15)
Calgary: All-items excluding food and energy	76.49	1.40	0.97	1.73	0.96	0.52	0.52
Food	15.99	1.70	2.71	(1.55)	(0.42)	1.05	0.57
Shelter	26.56	2.06	0.48	0.12	0.36	0.48	(1.20)
Rented accommodation	5.40	(0.79)	(0.87)	(2.33)	(0.08)	0.08	(0.16)
Owned accommodation	16.24	1.73	1.68	0.82	0.00	(0.21)	(0.05)
Water, fuel and electricity	4.84	7.75	0.21	(1.08)	1.64	2.96	(5.48)
Household operations, furnishing and equipment	12.27	1.15	0.33	(0.16)	0.81	0.91	(0.01)
Clothing and footwear	5.88	2.58	1.31	1.89	2.88	(1.60)	1.60
Transportation	20.44	4.46	2.71	7.52	0.14	1.59	(1.54)
Gasoline	3.81	14.61	5.59	37.59	(2.05)	4.88	(9.76)
Health and personal care	4.65	2.70	2.77	0.83	(0.37)	1.10	(0.30)
Recreation, education and reading	11.37	0.17	(0.45)	4.76	2.85	1.64	2.21
Alcoholic beverages and tobacco products	2.83	3.12	2.46	1.98	1.15	0.30	0.51
Alberta: All-items	100.00	2.19	1.39	2.17	0.58	0.94	(0.22)
Alberta: All-items excluding food and energy	76.49	1.41	0.97	1.81	0.89	0.52	0.45
Canada: All-items	100.00	2.16	1.70	2.05	0.61	0.69	0.15
Canada: All-items excluding food and energy	74.85	1.84	1.53	2.04	0.71	0.48	0.40

Sources: Statistics Canada, Corporate Economics, March 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

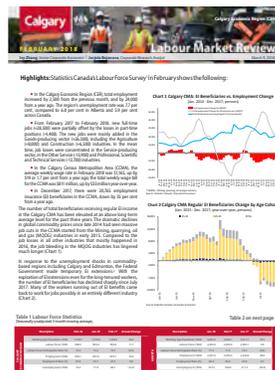


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- ▶ A Case of Fiscal Imbalance: The Calgary Experience
- ▶ Diesel Fuel Price Pass-Through in Calgary
- ▶ Calgary Residential and Commercial Real Estate Markets

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Sources: Statistics Canada, Bank of Canada, Corporate Economics