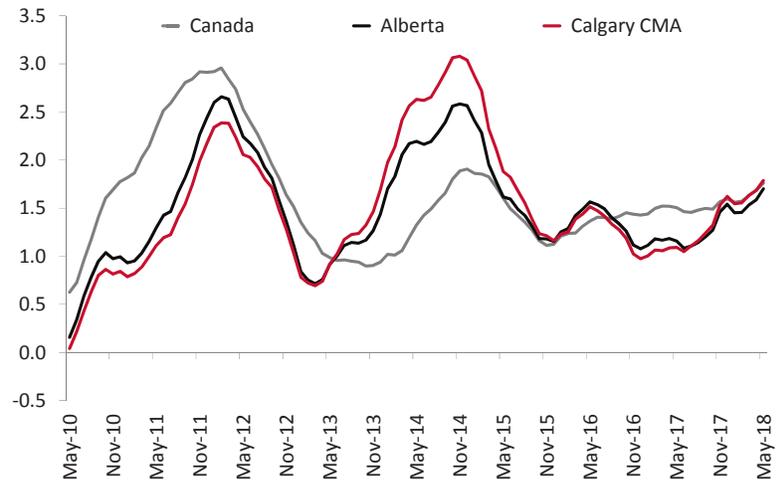




Highlights:

- In May headline inflation in Calgary rose to 1.79 per cent from 1.69 per cent a year ago and increased by 0.9 per cent year to date based on a twelve-month moving average.
- Rising tensions between the United States and its trading partners as tariff wars loom and gloom over trade, which is bound to affect prices of consumer products both directly and indirectly in Canada. Alberta and correspondingly Calgary will not be immune. Currently, the effects of the United States tariffs will not exhibit the retaliatory impact of Canadian tariffs until July 1st, 2018, however this action will further intensify the pressures on consumer products. The consumer price index is expected to rise beyond May inflation as the full impacts of the trade retaliatory effects weigh in.
- However, the change in mortgage rules introduced by the Bank of Canada in January of 2018 generated initial downward pressure on real estate sales across Canada, but, further increase in construction cost due to the U.S. Aluminum and Steel tariffs and the retaliatory actions of trading partners will continue to increase costs in the real estate market on both sides of the isle.

Headline Inflation Comparison (12-MMA, year-over-year change; per cent)



Source: Statistics Canada, Corporate Economics

- Headline inflation in Alberta increased to 1.7 per cent year over year and rose by 0.89 per cent year to date, while Canada saw an increase of 1.76 per cent year over year and an increase of 0.88 per cent year to date on a twelve-month moving average.

Next release on July 20, 2018

Inflation Rates

	Relative Importance (%) [*]	Year-over-year (12 MMA, %)			Year-to-Date (12MMA, %)		
		May-18	Apr-18	Mar-18	May-18	Apr-18	Mar-18
Calgary: All-items	100.00	1.79	1.69	1.63	0.90	0.68	0.48
Calgary: All-items excluding food and energy	76.49	1.18	1.15	1.13	0.53	0.41	0.30
Food	15.99	1.42	1.35	1.10	0.68	0.61	0.47
Shelter	26.56	1.67	1.64	1.53	0.83	0.67	0.40
Rented accommodation	5.40	-0.92	-1.11	-1.32	-0.15	-0.15	-0.17
Owned accommodation	16.24	1.72	1.72	1.67	0.68	0.56	0.43
Water, fuel and electricity	4.84	5.30	5.50	5.44	2.92	2.35	1.33
Household operations, furnishing and equipment	12.27	0.55	0.63	0.47	0.32	0.35	0.20
Clothing and footwear	5.88	1.67	1.56	1.42	0.70	0.57	0.41
Transportation	20.44	3.60	3.19	3.09	2.09	1.53	1.08
Gasoline	3.81	12.67	10.41	10.49	7.45	4.86	3.31
Health and personal care	4.65	2.23	2.12	2.04	1.06	0.84	0.66
Recreation, education and reading	11.37	0.85	0.85	1.29	0.05	-0.19	-0.06
Alcoholic beverages and tobacco products	2.83	2.95	2.85	2.73	1.36	1.05	0.74
Alberta: All-items	100.00	1.70	1.59	1.53	0.89	0.68	0.49
Alberta: All-items excluding food and energy	76.49	1.09	1.05	1.03	0.53	0.41	0.30
Canada: All-items	100.00	1.76	1.68	1.63	0.88	0.70	0.51
Canada: All-items excluding food and energy	74.85	1.59	1.57	1.54	0.73	0.59	0.44

Sources: Statistics Canada, Corporate Economics, June 22, 2018

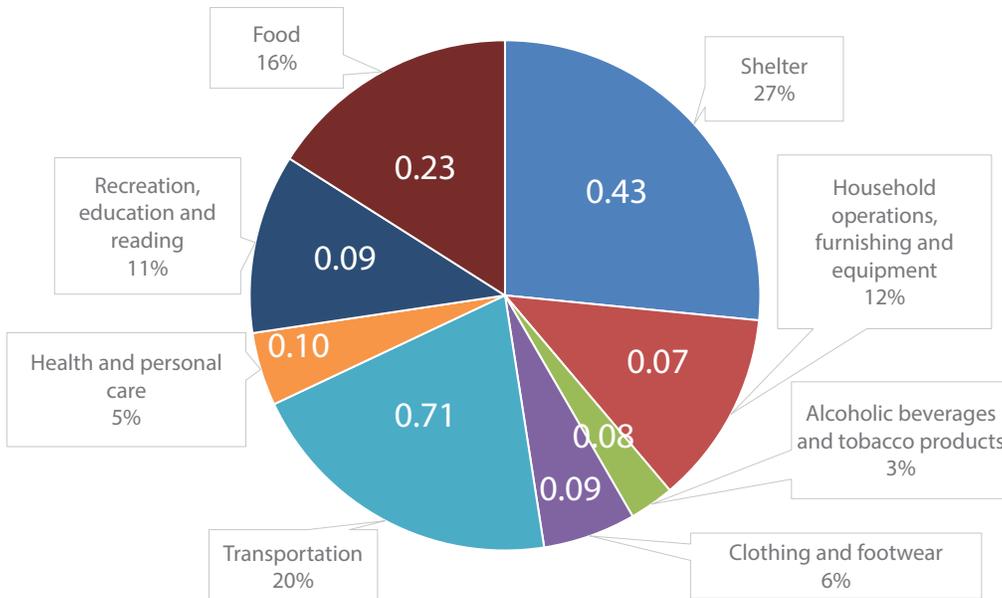
^{*} 2013 CPI basket weights at January 2015 prices, date modified on February 26, 2015;

^{**} CPI historical data was adjusted by Statistics Canada on April 21, 2017

continued on next page ➡



Calgary Census Metropolitan Area Share of Goods and Services of a Typical Urban Dweller Consumption Basket, 2013 Weights



* contribution of inflation by percentage points are highlighted in white on pie chart above

Glossary:

Headline Inflation: Is the contribution of all components of inflation within the consumer basket of goods and services.

Core Inflation: Is the contribution of all components of inflation excluding food and transportation inflation contributions within the consumer basket of goods and services.

Overnight Rate: The interest rate the Bank of Canada charges commercial banks to borrow money.

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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Sources: Statistics Canada, Bank of Canada, Corporate Economics