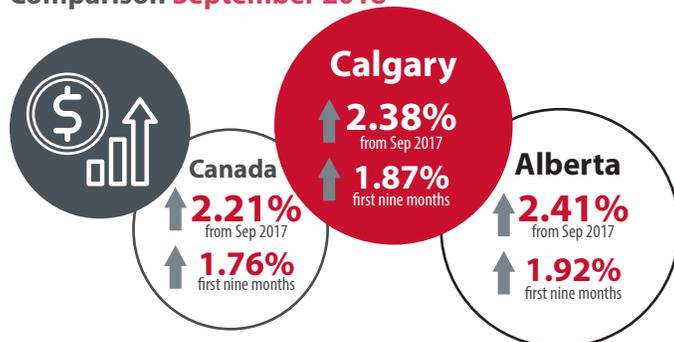
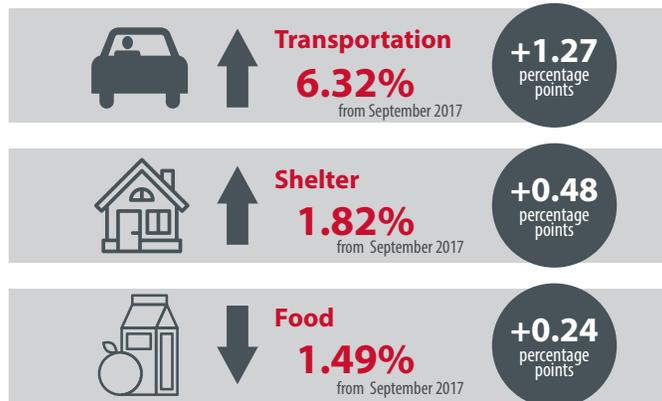




Headline Inflation 12-month-moving-average Comparison September 2018



Major Contributors to consumer price inflation



Inflation Rates

	Relative Importance (%) *	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Sep-18	Aug-18	Jul-18	Sep-18	Aug-18	Jul-18
Calgary: All-items	100.00	2.38	2.26	2.12	1.87	1.64	1.40
Calgary: All-items excluding food and energy	76.49	1.45	1.39	1.30	1.15	1.02	0.84
Food	15.99	1.49	1.54	1.47	0.97	0.85	0.78
Shelter	26.56	1.82	1.74	1.74	1.43	1.25	1.12
Rented accommodation	5.40	-0.31	-0.46	-0.60	-0.05	-0.09	-0.13
Owned accommodation	16.24	1.45	1.59	1.67	0.99	0.95	0.87
Water, fuel and electricity	4.84	6.27	5.61	5.43	5.05	4.27	3.86
Household operations, furnishing and equipment	12.27	0.48	0.44	0.45	0.35	0.28	0.28
Clothing and footwear	5.88	1.84	1.74	1.87	1.44	1.31	1.17
Transportation	20.44	6.32	5.93	5.23	5.11	4.53	3.71
Gasoline	3.81	22.50	21.07	19.05	17.85	15.53	13.05
Health and personal care	4.65	2.30	2.33	2.36	1.66	1.53	1.42
Recreation, education and reading	11.37	0.28	0.31	0.41	0.21	0.15	0.09
Alcoholic beverages and tobacco products	2.83	3.16	3.13	3.08	2.49	2.22	1.94
Alberta: All-items	100.00	2.41	2.27	2.10	1.92	1.67	1.41
Alberta: All-items excluding food and energy	76.49	1.48	1.39	1.28	1.19	1.04	0.86
Canada: All-items	100.00	2.21	2.15	2.03	1.76	1.57	1.34
Canada: All-items excluding food and energy	74.85	1.82	1.77	1.70	1.41	1.26	1.07

Highlights:

- In September 2018 headline inflation in Calgary rose to 2.38 per cent from September 2017. The inflation rate over the first nine months of 2018 was 1.87 per cent using the twelve-month moving average.
- In September, the major contributor to consumer price inflation in Calgary was the cost of transportation like it was in August. It added 1.27 percentage points to the annual inflation rate. The contribution of the increase in transportation costs to annual inflation was 0.08 percentage points higher than it was in August. The second largest contributor to inflation was food and shelter, which added 0.72 percentage points in September. Most of the increase in transportation costs was due to higher retail diesel and gasoline prices.
- The headline annual inflation rate in Calgary was slightly lower than Alberta but higher than Canada. The profile for the headline year-to-date inflation rate is identical with August.
- A new trilateral free trade agreement between Canada, Mexico and the United States (U.S.), known as the United States-Mexico-Canada Agreement (USMCA), relaxes the prospect of additional inflationary threats due to would-be tariffs on imports from the U.S. to Canada.
- One risk factor that the Bank of Canada has been monitoring, given the now normalized trade relations with Canada's largest trading partner, the United States, has subsided significantly. Canada remains an attractive business and investment destination because of low transaction costs when goods and services move between Canada and the U.S.

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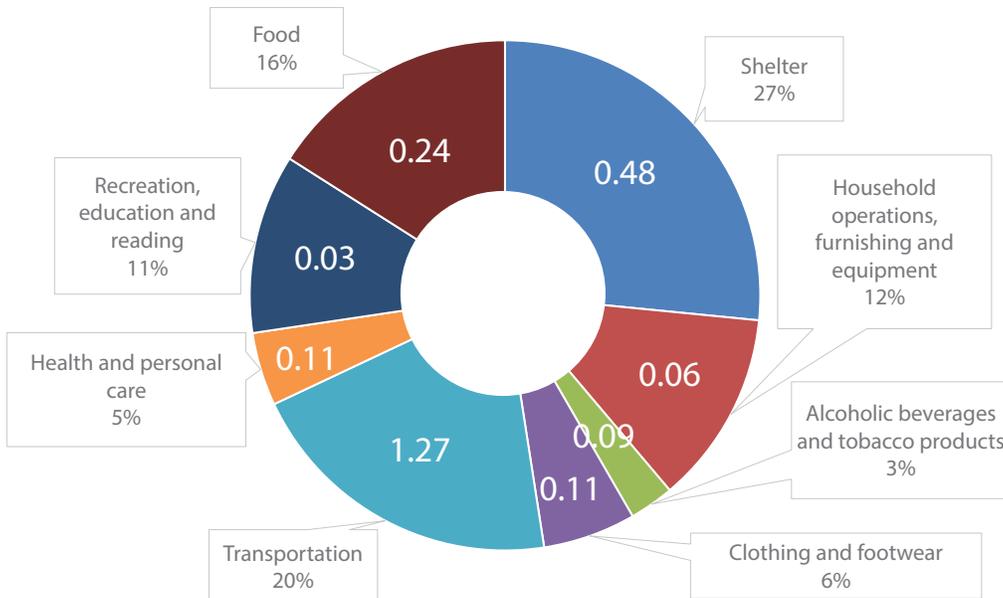
- Calgary and other Canadian consumers will benefit from product variety as access to Canadian markets are unrestrained by tariffs, which should foster competition and put downward pressure on prices as producers strive for lower cost production methods to remain competitive. However, the trade concessions Canada made under USMCA will have an impact on a limited section of the local and regional economy.

Sources: Statistics Canada, Corporate Economics, October 19, 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

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: This is the inflation rate measured using all components of the consumer basket of goods and services.

Core Inflation: This is the inflation rate after excluding food and transportation from 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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