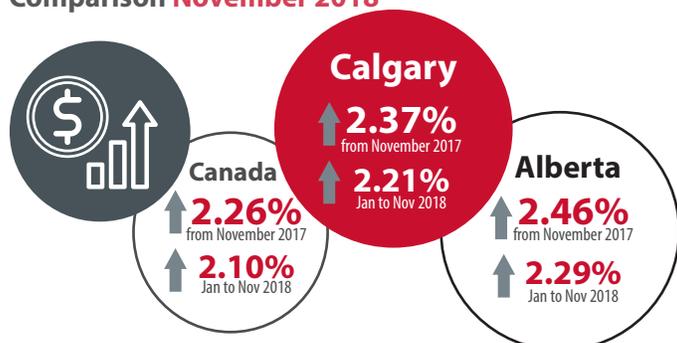
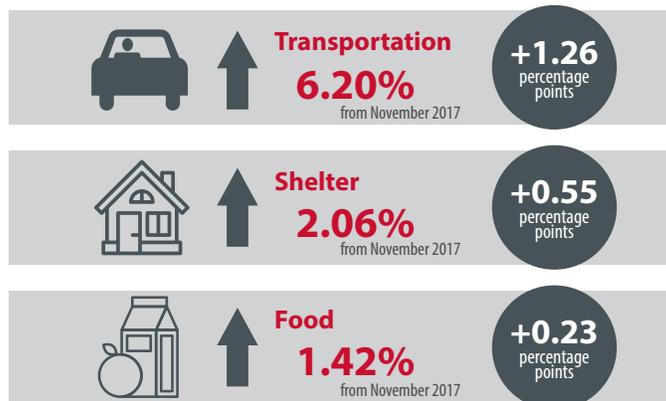




Headline Inflation 12-month-moving-average Comparison November 2018



Major Contributors to consumer price inflation



Highlights:

- In November 2018 headline inflation in Calgary rose to 2.37 per cent from November 2017. The major contributor to consumer price inflation in Calgary was the cost of transportation. It added 1.26 percentage points to the annual inflation rate. The second largest contributor was food and shelter, which added 0.77 percentage points.
- Transportation inflation includes the cost of operating passenger vehicles. Transportation inflation continues to have a significant influence despite the recent drop in oil prices. The relative stability is due to a comparison with prices in November 2017. Specifically, crude oil price fell 19.5 per cent from October 2018 to November 2018. Nevertheless, the current price of US\$57 dollars per barrel is comparable to the average price in November 2017.
- The impact of tariffs on steel and aluminum also lingers. Canadian tariffs on imports from non-U.S. trading partners started in late October, and seven categories of steel are affected. Aluminum and steel are significant components in the manufacture of many products. Some or all the cost increases are expected to be passed on to consumers. Increases would show up in transportation inflation through passenger vehicle purchases and repairs. They would also turn up in food and shelter inflation through the costs of food packaging and building maintenance and repairs.
- Going forward, the opposing drivers will moderate inflation just as they have done for November 2018. The pass-through of costs from tariffs to manufactured products will raise prices. A lower level for oil prices will lead to a decline in consumer prices. A challenging labour market and higher borrowing costs will affect shelter costs.

Inflation Rates

	Relative Importance (%)*	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Nov-18	Oct-18	Sep-18	Nov-18	Oct-18	Sep-18
Calgary: All-items	100.00	2.37	2.47	2.38	2.21	2.09	1.87
Calgary: All-items excluding food and energy	76.49	1.45	1.48	1.45	1.35	1.27	1.15
Food	15.99	1.42	1.48	1.49	1.28	1.14	0.97
Shelter	26.56	2.06	1.91	1.82	1.88	1.62	1.43
Rented accommodation	5.40	-0.01	-0.17	-0.31	0.07	-0.01	-0.05
Owned accommodation	16.24	1.33	1.37	1.45	1.17	1.07	0.99
Water, fuel and electricity	4.84	7.38	6.68	6.27	6.66	5.71	5.05
Household operations, furnishing and equipment	12.27	0.31	0.46	0.48	0.37	0.38	0.35
Clothing and footwear	5.88	1.59	1.88	1.84	1.37	1.46	1.44
Transportation	20.44	6.20	6.67	6.32	5.76	5.64	5.11
Gasoline	3.81	20.62	23.71	22.50	19.20	19.57	17.85
Health and personal care	4.65	1.85	2.07	2.30	1.66	1.67	1.66
Recreation, education and reading	11.37	0.32	0.30	0.28	0.36	0.31	0.21
Alcoholic beverages and tobacco products	2.83	3.21	3.21	3.16	2.98	2.75	2.49
Alberta: All-items	100.00	2.46	2.53	2.41	2.29	2.15	1.92
Alberta: All-items excluding food and energy	76.49	1.53	1.54	1.48	1.43	1.33	1.19
Canada: All-items	100.00	2.26	2.29	2.21	2.10	1.96	1.76
Canada: All-items excluding food and energy	74.85	1.88	1.88	1.82	1.73	1.59	1.41

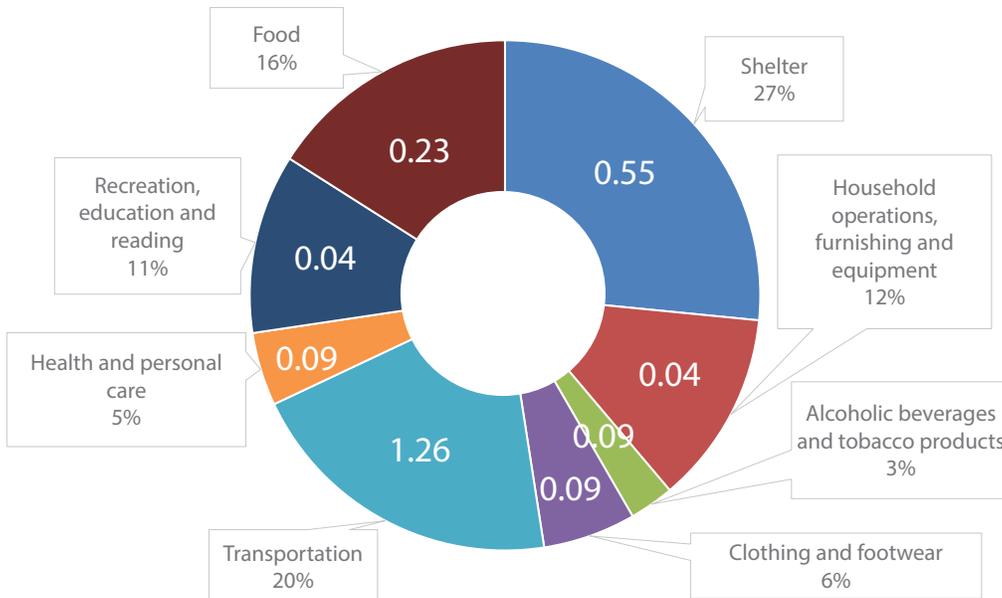
Sources: Statistics Canada, Corporate Economics, December 19, 2018

* 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

Next release: January 18, 2019
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: 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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Sources: Statistics Canada, Bank of Canada, Corporate Economics