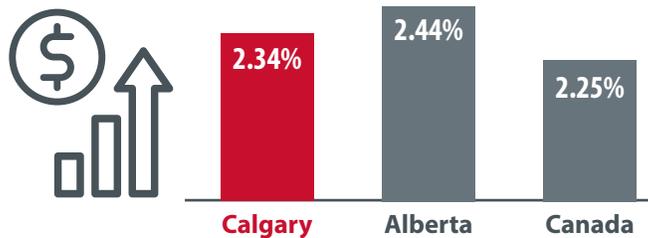




January 2019 Headline Inflation

Comparison is based on 12-month-moving-average of the CPI

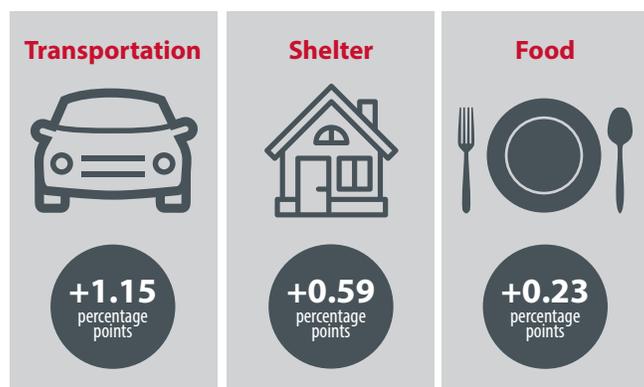


Calgary: In January 2019, the Consumer Price Index (CPI) increased 2.34 per cent and 0.08 per cent compared to January 2018 and December 2018 respectively.

The major contributor to the January 2019 annual inflation rate was the cost of transportation. It added 1.15 percentage points to the annual inflation rate. The contribution of transportation costs to annual inflation at the same time last year was 0.64 percentage points. Excluding the impact of transportation costs, the annual average CPI rose 1.19 per cent in January 2019.

The second largest contributor to inflation was food and shelter adding 0.82 percentage points to the January 2019 annual inflation rate. Like transportation, the contribution of food and shelter costs to annual inflation is much higher than it was in January 2018. In recent months, increases to the cost of transportation, food and shelter have played a more significant role in the annual inflation rate.

Major Contributors to Calgary's Inflation Rate

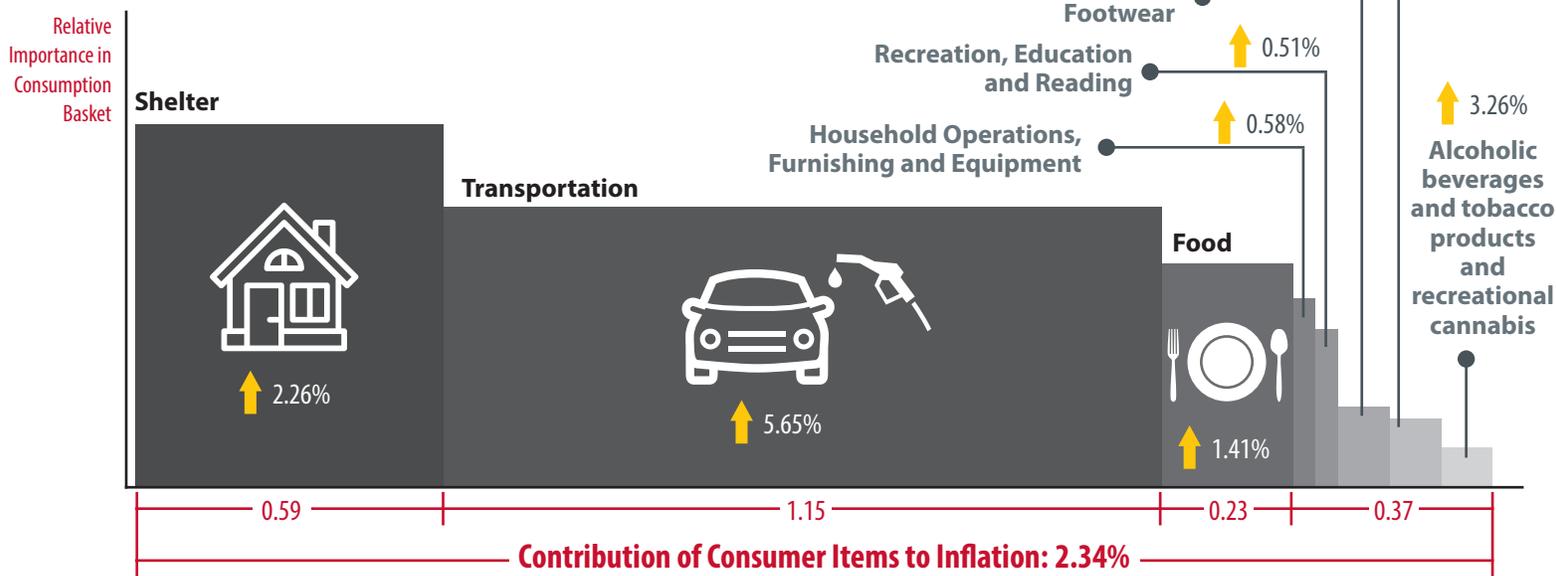


Alberta: It was in October 2018, that the final component of planned increases to the Alberta minimum wage took effect. The minimum wage became \$15/hour. Apart from Alberta, the provinces of Ontario, Québec and Prince Edward Island introduced minimum wage increases in 2018. The impact of the minimum wage increase should flow through to inflation as producers and providers of goods and services look to benefit from the higher purchasing power of local consumers.

Canada: The United States tariffs on Steel and Aluminum (25 and 10 per cent respectively) remain in place. Canada's retaliatory tariffs are also still in place. Both sets of tariffs put upward pressure on inflation as the higher costs of goods with steel and aluminum components get passed on to consumers.

For January 2019, the Alberta and Canada-wide annual inflation rates were 2.44 and 2.25 per cent respectively. The January 2019 annual inflation rates for Calgary and Alberta are slightly higher than Canada.

Calgary Census Metropolitan Area Share of Goods and Services of a Typical Urban Dweller Consumption Basket, 2017 Weights, January 2019



Inflation Rates

	Relative Importance (%) [*]	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Jan-19	Dec-18	Nov-18	Jan-19	Dec-18	Nov-18
Calgary: All-items	100.00	2.34	2.37	2.37	0.08	2.37	2.21
Calgary: All-items excluding food and energy	76.28	1.54	1.51	1.45	0.11	1.51	1.35
Food	16.59	1.41	1.46	1.42	0.17	1.46	1.28
Shelter	26.26	2.26	2.08	2.06	0.21	2.08	1.88
Rented accommodation	5.68	0.39	0.14	-0.01	0.18	0.14	0.07
Owned accommodation	15.48	1.26	1.26	1.33	0.14	1.26	1.17
Water, fuel and electricity	5.09	7.85	7.39	7.38	0.44	7.39	6.66
Household operations, furnishing and equipment	12.93	0.58	0.52	0.31	0.08	0.52	0.37
Clothing and footwear	5.15	1.18	1.34	1.59	-0.05	1.34	1.37
Transportation	20.28	5.65	5.95	6.20	-0.05	5.95	5.76
Gasoline	3.26	16.70	18.57	20.62	-1.09	18.57	19.20
Health and personal care	4.81	1.40	1.68	1.85	-0.04	1.68	1.66
Recreation, education and reading	10.49	0.51	0.45	0.32	0.02	0.45	0.36
Alcoholic beverages, tobacco products and recreational cannabis	3.48	3.26	3.22	3.21	0.23	3.22	2.98
Alberta: All-items	100.00	2.44	2.47	2.46	0.10	2.47	2.29
Alberta: All-items excluding food and energy	76.28	1.65	1.61	1.53	0.12	1.61	1.43
Canada: All-items	100.00	2.25	2.27	2.26	0.12	2.27	2.10
Canada: All-items excluding food and energy	77.01	1.96	1.93	1.88	0.16	1.93	1.73

^{*} Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 2019.

Sources: Statistics Canada, Corporate Economics, February 27, 2019

Next release: March 22, 2019

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