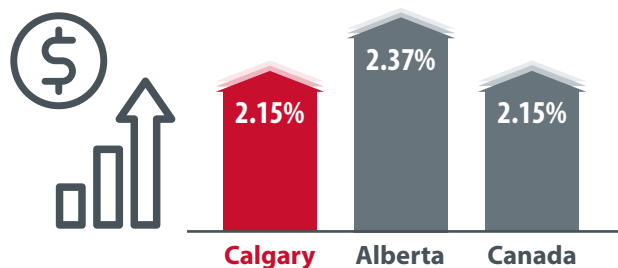


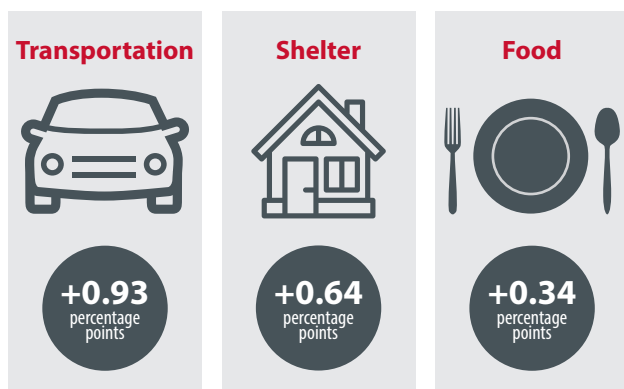


## May 2019 Headline Inflation

Comparison is based on 12-month-moving-average of the Consumer Price Index



## Major Contributors to Calgary's Inflation Rate



## Inflation Rates

	Relative Importance (%) *	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		May-19	Apr-19	Mar-19	May-19	Apr-19	Mar-19
Calgary: All-items	100.00	2.15	2.21	2.26	0.68	0.53	0.37
Calgary: All-items excluding food and energy	76.28	1.55	1.55	1.54	0.57	0.45	0.32
Food	16.59	2.01	1.81	1.70	1.22	0.96	0.70
Shelter	26.26	2.43	2.34	2.42	1.18	0.91	0.73
Rented accommodation	5.68	0.73	0.77	0.77	0.44	0.47	0.46
Owned accommodation	15.48	1.39	1.36	1.29	0.81	0.66	0.46
Water, fuel and electricity	5.09	7.75	7.37	8.03	3.27	2.34	1.93
Household operations, furnishing and equipment	12.93	0.53	0.42	0.58	0.33	0.25	0.26
Clothing and footwear	5.15	0.67	0.80	0.93	0.04	0.04	0.00
Transportation	20.28	4.58	4.88	5.08	0.77	0.50	0.25
Gasoline	3.26	7.49	10.90	12.83	-2.59	-1.92	-1.69
Health and personal care	4.81	0.70	0.90	0.99	0.09	0.07	-0.02
Recreation, education and reading	10.49	0.08	0.50	0.33	-0.32	-0.14	-0.18
Alcoholic beverages, tobacco products and recreational cannabis	3.48	2.44	2.71	2.96	0.60	0.55	0.48
Alberta: All-items	100.00	2.37	2.39	2.40	0.80	0.60	0.42
Alberta: All-items excluding food and energy	76.28	1.78	1.73	1.68	0.69	0.53	0.37
Canada: All-items	100.00	2.15	2.14	2.15	0.77	0.57	0.40
Canada: All-items excluding food and energy	77.01	2.04	1.98	1.96	0.85	0.65	0.48

## Calgary and Local Conditions Contributing to Inflation

In May 2019, the Consumer Price Index (CPI) increased by 2.1 per cent from May 2018. At the start of 2019 inflation pressure was lower than it was at the beginning of 2018. For the first five months of 2019, the CPI was higher by 0.68 per cent. Last year, it took just four months to achieve the same pace of inflation. The CPI increased by 0.9 per cent for the first five months of 2018.

The major contributor to the May 2019 annual inflation rate was the cost of food and shelter. It added 0.98 percentage points to the annual inflation rate. The contribution of food and shelter costs to annual inflation at the same time last year was 0.67 percentage points.

The second significant contributor to inflation was transportation. It added 0.93 percentage points to the May 2019 annual inflation rate. The contribution of transportation costs to the annual inflation rate was about the same as it was in May 2018.

Excluding the contribution of transportation, food and shelter costs, the annual average CPI was higher by 0.23 per cent in May 2019 and about half the pace of price increases for the year leading up to May 2018.

The recent few months of labour market strengthening in Calgary has transmitted to food and shelter cost pressures. They are generally the first set of inflation components to react to improved job market conditions. Real wage and employment growth should increase the demand for shelter and support a decline in residential vacancy rates. Likewise, food cost pressures should mount as traffic at the grocery stores increases due to increased ability to spend and higher employment.

## External Inflation Conditions and Contributing Factors

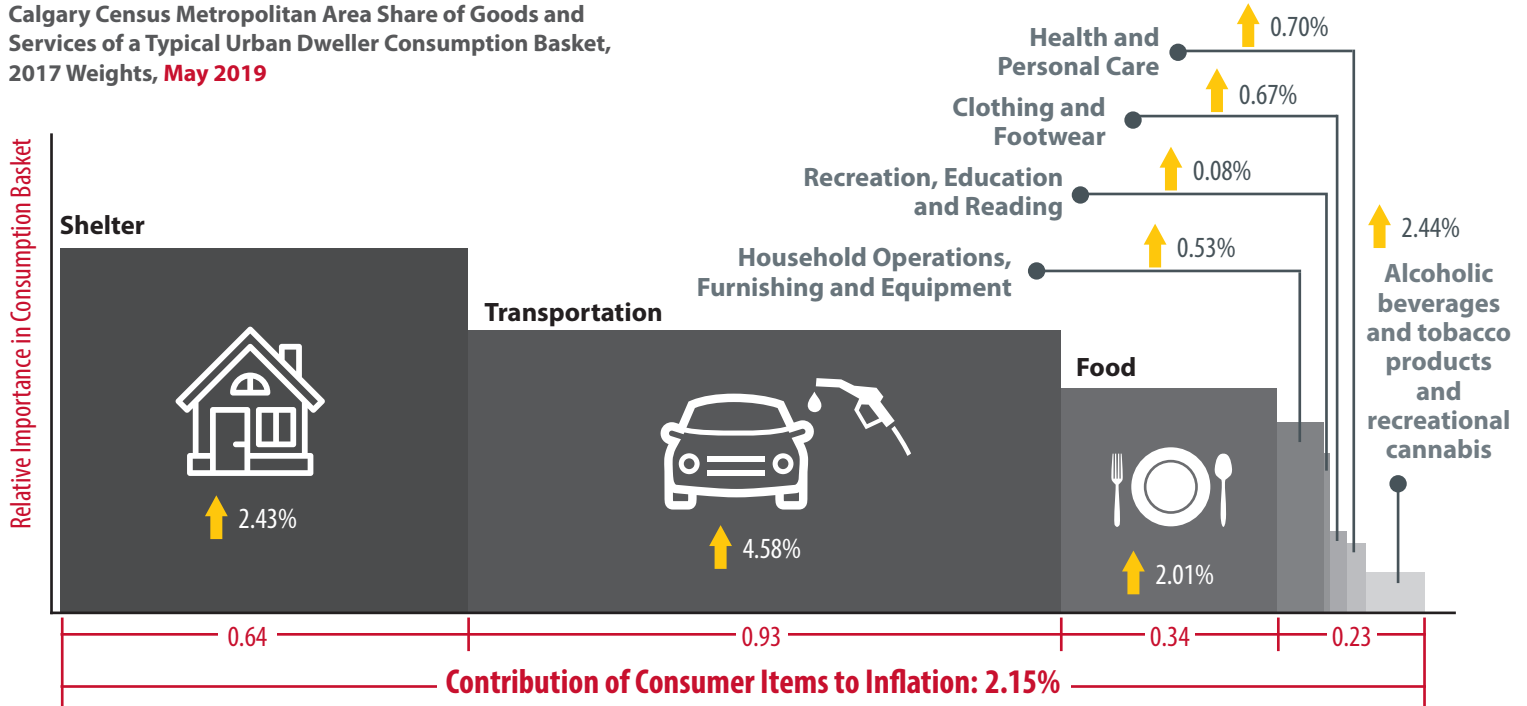
For May 2019, the Alberta and Canada-wide annual inflation rates were 2.4 and 2.1 per cent, respectively. The May 2019 annual inflation rates for Calgary and Canada were lower than for Alberta.

Apart from local economic conditions, external factors are contributing to upward pressure on food prices. Agricultural production and prices are very responsive to changing weather conditions. Drought and other unfavourable farming conditions typically translate to higher food prices. These conditions exist in many regions that are the sources of imported agricultural products into Alberta, putting upward pressure on food prices.

\* Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 2019. Sources: Statistics Canada, Corporate Economics, June 19, 2019



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



Sources: Statistics Canada, Corporate Economics, June 19, 2019

Next release: July 17, 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