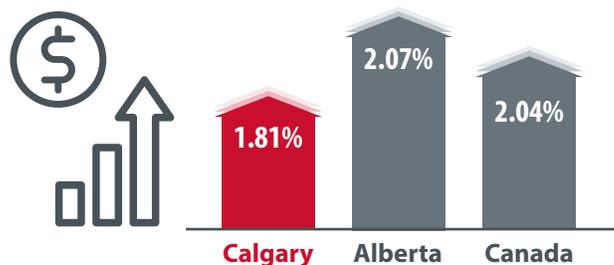
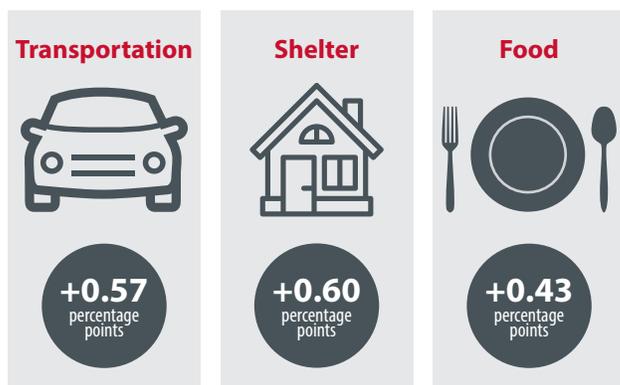


July 2019 Headline Inflation

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



Major Contributors to Calgary's Inflation Rate



Local Inflation Conditions and Contributing Factors

In July 2019, the Calgary Consumer Price Index (CPI) increased by 1.8 per cent from July 2018. For the initial seven months of 2019, inflation pressure was lower than it was for the initial seven months of 2018.

Specifically, the CPI was higher by 0.85 per cent for the initial seven months of 2019. Last year, it took less than five months to achieve the same pace of inflation. The CPI increased by 1.40 per cent for the initial seven months of 2018. The deceleration in the annual inflation rate is consistent with other economic indicators. The take-away is that the local Calgary economy remains in the expansionary phase of the business cycle with no immediate risk of overheating.

The most significant contributors to the annual inflation rate are the cost of food and shelter (1.03 per cent). The second most significant contributor was transportation (0.57 per cent). These consumer goods categories represent 63 per cent of the consumer goods basket. They typically account for most of the inflationary pressure observed. Other goods and services represented 0.21 per cent of the annual inflation rate.

The leading driver of cost increases was due to water, fuel and electricity. The annual inflation rate for this category was 6.82 per cent. The slowest pace of cost increases for Calgarians was attributable to clothing and footwear. Relative to twelve months ago, costs

were flat with an annual inflation rate of -0.01 per cent.

Inflation Rates

| | Relative Importance (%)* | Year-over-year (12-MMA, %) | | | Year-to-Date (12-MMA, %) | | |
|---|--------------------------|----------------------------|--------|--------|--------------------------|--------|--------|
| | | Jul-19 | Jun-19 | May-19 | Jul-19 | Jun-19 | May-19 |
| Calgary: All-items | 100.00 | 1.81 | 2.02 | 2.15 | 0.85 | 0.77 | 0.68 |
| Calgary: All-items excluding food and energy | 76.28 | 1.48 | 1.55 | 1.55 | 0.81 | 0.70 | 0.57 |
| Food | 16.59 | 2.62 | 2.31 | 2.01 | 1.92 | 1.56 | 1.22 |
| Shelter | 26.26 | 2.32 | 2.46 | 2.43 | 1.35 | 1.32 | 1.18 |
| Rented accommodation | 5.68 | 0.39 | 0.55 | 0.73 | 0.12 | 0.27 | 0.44 |
| Owned accommodation | 15.48 | 1.53 | 1.45 | 1.39 | 1.15 | 0.98 | 0.81 |
| Water, fuel and electricity | 5.09 | 6.82 | 7.71 | 7.75 | 3.31 | 3.54 | 3.27 |
| Household operations, furnishing and equipment | 12.93 | 0.71 | 0.69 | 0.53 | 0.46 | 0.44 | 0.33 |
| Clothing and footwear | 5.15 | -0.01 | 0.24 | 0.67 | -0.18 | -0.07 | 0.04 |
| Transportation | 20.28 | 2.85 | 3.86 | 4.58 | 0.68 | 0.77 | 0.77 |
| Gasoline | 3.26 | -1.28 | 3.24 | 7.49 | -5.87 | -4.19 | -2.59 |
| Health and personal care | 4.81 | 0.49 | 0.55 | 0.70 | 0.24 | 0.16 | 0.09 |
| Recreation, education and reading | 10.49 | 0.27 | 0.15 | 0.08 | -0.09 | -0.27 | -0.32 |
| Alcoholic beverages, tobacco products and recreational cannabis | 3.48 | 1.91 | 2.16 | 2.44 | 0.64 | 0.62 | 0.60 |
| Alberta: All-items | 100.00 | 2.07 | 2.26 | 2.37 | 1.03 | 0.92 | 0.80 |
| Alberta: All-items excluding food and energy | 76.28 | 1.74 | 1.79 | 1.78 | 0.99 | 0.85 | 0.69 |
| Canada: All-items | 100.00 | 2.04 | 2.12 | 2.15 | 1.11 | 0.94 | 0.77 |
| Canada: All-items excluding food and energy | 77.01 | 2.08 | 2.09 | 2.04 | 1.23 | 1.04 | 0.85 |

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

Sources: Statistics Canada, Corporate Economics, August 21, 2019

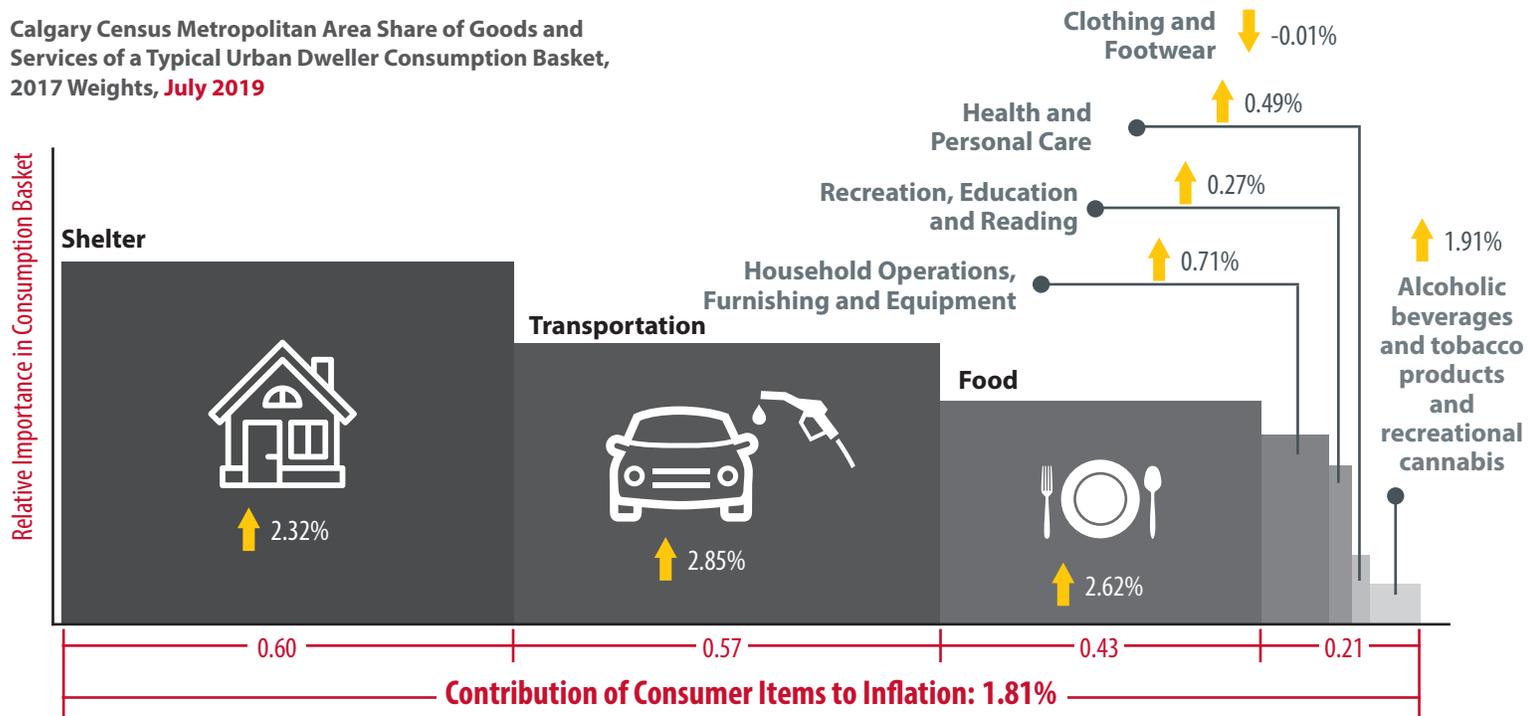
External Inflation Conditions and Contributing Factors

For July 2019, the Alberta and Canada-wide annual inflation rates were 2.1 and 2.0 per cent, respectively. The July 2019 annual inflation rate for Calgary was lower than for Alberta and Canada. A significant difference for Alberta relative to Canada was the non-food and energy inflation rate. For Alberta, it was 1.74 per cent compared with 2.08 per cent for Canada.

continued on next page ➡



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



Sources: Statistics Canada, Corporate Economics, August 21, 2019

Next release: September 18, 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