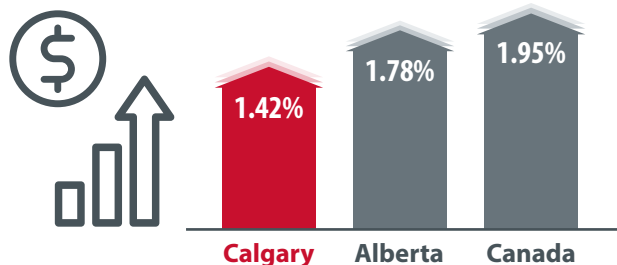
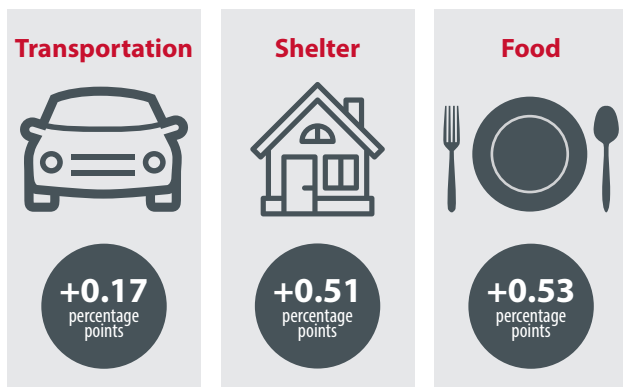


December 2019 Headline Inflation

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



Major Contributors to Calgary's Inflation Rate



Calgary and Local Conditions Contributing to Inflation

In 2019, the Consumer Price Index (CPI) increased by 1.4 per cent from 2018. Inflation pressure was lower in 2019 than it was in 2018. Specifically, the average level of the CPI increased by 2.4 per cent in 2018.

The major contributor to the 2019 annual inflation rate was the cost of food and shelter. It added 1.04 percentage points to the 2019 annual inflation rate. The contribution of food and shelter costs to annual inflation was higher in 2019. For 2018, it contributed 0.79 percentage points to the annual inflation rate.

Food alone, among the eight major inflation categories, contributed 37 per cent to the total annual increase in the cost of living for 2019 compared to 10 per cent in 2018. In 2019, the higher cost of food and shelter contributed 73 per cent to the increase in the cost of living compared to 33 per cent in 2018.

The second significant contributor to inflation was the cost of transportation. It added 0.17 percentage points to the 2019 annual inflation rate. The contribution of transportation costs to the 2018 annual inflation rate was 1.23 percentage points. In 2019, the temporary elimination of the carbon tax later in the year and subdued oil price movements limited inflation pressure from transportation costs.

The increase in the cost of transportation was responsible for 12 per cent of the rise in the cost of living for Calgarians. In 2018, 51 per cent of the increase in the cost of living was due to the higher cost of transportation.

Excluding the contribution of transportation, food and shelter costs, the annual average CPI was higher by 0.21 percentage points in 2019 compared to 0.38 percentage points in 2018.

Inflation Rates

	Relative Importance (%)*	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Dec-19	Nov-19	Oct-19	Dec-19	Nov-19	Oct-19
Calgary: All-items	100.00	1.42	1.49	1.42	1.42	1.28	1.13
Calgary: All-items excluding food and energy	76.28	1.53	1.60	1.46	1.53	1.46	1.24
Food	16.59	3.39	3.33	3.20	3.39	3.12	2.84
Shelter	26.26	2.08	2.08	2.21	2.08	1.90	1.78
Rented accommodation	5.68	0.56	0.56	0.64	0.56	0.48	0.48
Owned accommodation	15.48	2.02	1.97	1.92	2.02	1.86	1.70
Water, fuel and electricity	5.09	3.84	4.14	5.00	3.84	3.44	3.30
Household operations, furnishing and equipment	12.93	0.24	0.49	0.57	0.24	0.33	0.41
Clothing and footwear	5.15	0.93	0.41	0.10	0.93	0.52	0.21
Transportation	20.28	0.91	0.91	0.84	0.91	0.70	0.56
Gasoline	3.26	-11.87	-12.40	-11.88	-11.87	-11.92	-11.16
Health and personal care	4.81	0.95	0.73	0.58	0.95	0.73	0.58
Recreation, education and reading	10.49	0.61	0.52	0.44	0.61	0.44	0.26
Alcoholic beverages, tobacco products and recreational cannabis	3.48	1.00	1.29	1.30	1.00	1.06	0.88
Alberta: All-items	100.00	1.78	1.71	1.71	1.78	1.56	1.42
Alberta: All-items excluding food and energy	76.28	1.82	1.83	1.76	1.82	1.68	1.46
Canada: All-items	100.00	1.95	1.88	1.88	1.95	1.72	1.57
Canada: All-items excluding food and energy	77.01	2.03	2.12	2.04	2.03	1.88	1.72

* Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 2019. Sources: Statistics Canada, Corporate Economics, January 22, 2020

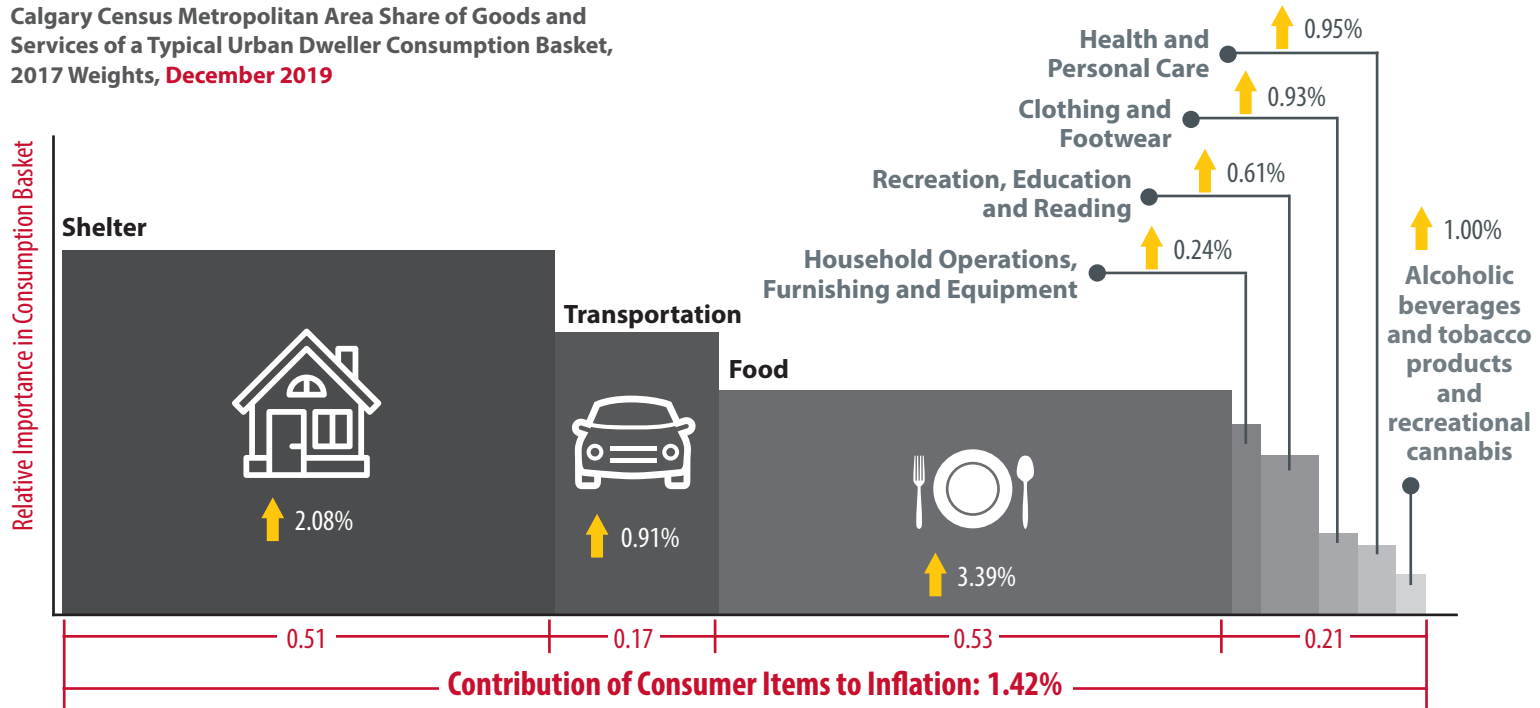
External Inflation Conditions and Contributing Factors

For 2019, the Alberta and Canada-wide annual inflation rates were 1.8 and 1.9 per cent, respectively. The 2019 annual inflation rate for Calgary was significantly lower than in Canada and Alberta.

For Albertans, increases to the cost of fresh vegetables (food), the cost of electricity (shelter) and passenger vehicle insurance premiums (transportation) put upward pressure on the Alberta annual inflation rate. The cost of gasoline (transportation) and prices for traveller accommodation services (recreation, education and reading) were significantly lower in Alberta in 2019 than a year ago.

continued on next page ➡

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



Sources: Statistics Canada, Corporate Economics, January 22, 2020

Next release: February 19, 2020

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