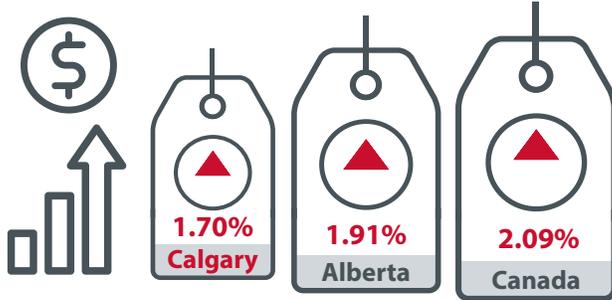


February 2020 Headline Inflation

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



Calgary and Local Conditions Contributing to Inflation

In February 2020, the Consumer Price Index (CPI) increased by 1.7 per cent from February 2019. These estimates reflect the twelve-month moving average that smoothens typically lumpy monthly data updates.

Monthly inflation pressure was higher in February 2020 than it was in January 2020. Specifically, the CPI was already higher by 0.42 per cent this year compared to 0.14 per cent after two months last year.

The major contributor to the February 2020 annual inflation rate was the cost of food and shelter. It added 1.07 percentage points to the inflation rate. The contribution of food and shelter costs to inflation was higher in February this year compared to the same period a year ago. At the same time last year, it contributed 0.84 percentage points to the annual inflation rate.

Major Contributors to Calgary's Inflation Rate

February 2020



The second significant contributor to inflation was transportation. It added 0.34 percentage points to the February 2020 annual inflation rate. The contribution of transportation costs to the February 2019 annual inflation rate was 1.07 percentage points. The main reason for lower transportation costs in February 2020 was the fall in the cost of gasoline.

Excluding the contribution of transportation, food and shelter costs, the annual average CPI was higher by 0.29 percentage points in February 2020 compared to 0.33 percentage points in February 2019.

The COVID-19 outbreak and the global oil supply glut would contribute to lower energy prices going forward. The impact of lower energy prices would oppose the upward pressure on inflation from disruptions in the goods sector supply chain. The full effects on the CPI would manifest in the coming months.

Inflation Rates

	Relative Importance (%)*	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Feb-20	Jan-20	Dec-19	Feb-20	Jan-20	Dec-19
Calgary: All-items	100.00	1.70	1.63	1.42	0.42	0.28	1.42
Calgary: All-items excluding food and energy	76.28	1.67	1.60	1.53	0.36	0.22	1.53
Food	16.59	3.59	3.60	3.39	0.60	0.33	3.39
Shelter	26.26	1.77	1.95	2.08	0.17	0.12	2.08
Rented accommodation	5.68	-0.08	0.24	0.56	-0.24	-0.16	0.56
Owned accommodation	15.48	2.01	2.02	2.02	0.26	0.10	2.02
Water, fuel and electricity	5.09	3.21	3.63	3.84	0.26	0.19	3.84
Household operations, furnishing and equipment	12.93	-0.08	0.08	0.24	-0.16	-0.08	0.24
Clothing and footwear	5.15	2.17	1.55	0.93	1.23	0.62	0.93
Transportation	20.28	1.67	1.39	0.91	0.76	0.41	0.91
Gasoline	3.26	-10.23	-10.51	-11.87	0.25	0.43	-11.87
Health and personal care	4.81	1.24	1.10	0.95	0.29	0.14	0.95
Recreation, education and reading	10.49	0.87	0.61	0.61	0.17	0.00	0.61
Alcoholic beverages, tobacco products and recreational cannabis	3.48	0.58	0.76	1.00	0.00	0.00	1.00
Alberta: All-items	100.00	1.91	1.85	1.78	0.42	0.21	1.78
Alberta: All-items excluding food and energy	76.28	1.97	1.82	1.82	0.36	0.14	1.82
Canada: All-items	100.00	2.09	2.10	1.95	0.37	0.22	1.95
Canada: All-items excluding food and energy	77.01	2.03	2.03	2.03	0.31	0.15	2.03

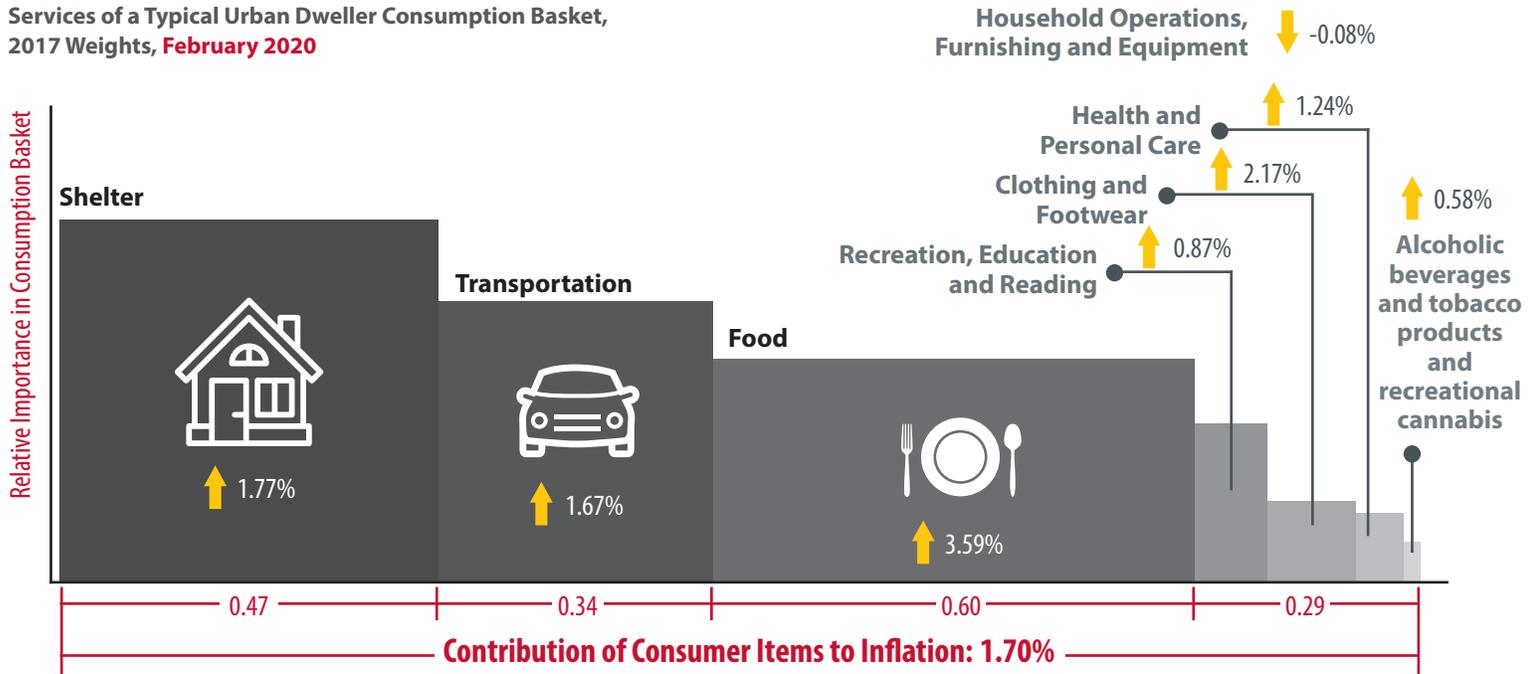
* Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 2019. Sources: Statistics Canada, Corporate Economics, March 18, 2020

External Inflation Conditions and Contributing Factors

For February 2020, the Alberta and Canada-wide annual inflation rates were 1.9 and 2.1 per cent, respectively. The February 2020 annual inflation rate for Calgary was lower than in Canada and Alberta.

In Alberta, the cost of electricity was the primary driver of higher shelter costs, like January. The elements of food with the most significant cost increases were fresh vegetables and assorted fresh or frozen meats. Mild inflation pressure on transportation because of the impact of increases in passenger vehicle insurance premiums persists.

Calgary Census Metropolitan Area Share of Goods and Services of a Typical Urban Dweller Consumption Basket, 2017 Weights, February 2020



Sources: Statistics Canada, Corporate Economics, March 18, 2020

Next release: April 22, 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.

For media inquiry, please contact:

The Media Line at 403.828.2954 or media.relations@calgary.ca

For the technical questions, please contact:

Oyin Shyllon
City Economist & Regulatory Lead
403.268.1590
oshyllon@calgary.ca

Chukwudi Osuji, Ph.D.
Senior Corporate Economist
403.268.3752
chukwudi.osuji@calgary.ca

Estella Scruggs
Corporate Research Analyst
403.268.5556
estella.scruggs@calgary.ca

Many of our publications are available on the internet at www.calgary.ca/economy

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Sources: Statistics Canada, Bank of Canada, Corporate Economics