

## Headline Inflation Comparison

March 2021



## CPI Inflation in the Calgary Census Metropolitan Area

The headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) rose by 0.3 per cent from February of 2021 and increased by 1.7 per cent over the past twelve months. CPI for Alberta and Canada in March 2021 rose by 1.9 and 2.2 per cent, respectively, from March 2020.

Inflation pressures were higher in March than in February this year. The health-related restrictions first introduced in March of 2020 due to the COVID-19 pandemic caused prices to decline significantly last year. As a result, the annual increase in March 2021 CPI inflation was partly a consequence of the lower price base in March 2020 for the twelve-month comparison. The lower annual price level will remain consequential in April, when inflation had fallen -0.6 per cent in April 2020.

In March 2021, the cost of shelter increased by 0.3 per cent from a month ago and rose by 1.8 per cent from March 2020.

## External Inflation Conditions and Contributing Factors in Alberta

The major contributor to the March 2021 inflation in Alberta was the cost of transportation. It added a 1.8 percentage point to total inflation, 1.1 percentage points higher than the February contribution to total inflation in 2021.

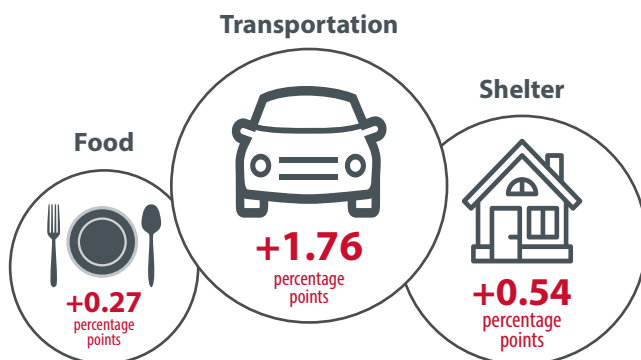
The second-largest contributor to inflation in March was food and shelter. It added 0.8 percentage points to the total inflation, increasing from its contribution in February. Shelter cost alone contributed 0.5 percentage points to inflation.

The most significant factor to offset the March inflation was the price for clothing and footwear. It contributed -0.7 percentage points to the total inflation, an increase from its contribution in February 2021.

The three largest inflation ticket-items in Alberta in March 2021 were gasoline, natural gas and food driven by higher crude oil prices, weather conditions, relaxed health restrictions and the lower price base year. The least three inflation ticket-items were telephone services, recreational cannabis, and women's clothing.

## Major Contributors to Alberta's Inflation Rate

March 2021



## Inflation Rates

	Relative Importance (%) <sup>*</sup>	Year-over-year (%)			Year-to-Date (%)		
		Mar-21	Feb-21	Jan-21	Mar-21	Feb-21	Jan-21
Calgary: All-items	100.00	1.7	0.5	0.8	1.2	0.8	0.6
Shelter	26.26	1.8	0.8	1.0	-0.2	-0.5	-0.3
Rented accommodation	5.68	-2.1	-2.2	-0.6	-4.3	-4.5	-2.7
Owned accommodation	15.48	0.2	0.6	0.7	-0.2	-0.3	-0.1
Water, fuel and electricity	5.09	12.8	4.9	3.9	4.5	3.5	1.6
Alberta: All-items	100.00	1.9	0.6	0.8	1.5	1.1	0.7
Alberta: All-items excluding food and energy	76.28	-0.1	-0.4	0.6	0.3	0.2	0.3
Canada: All-items	100.00	2.2	1.1	1.0	1.6	1.1	0.6
Canada: All-items excluding food and energy	77.01	0.9	0.8	1.4	0.9	0.7	0.5

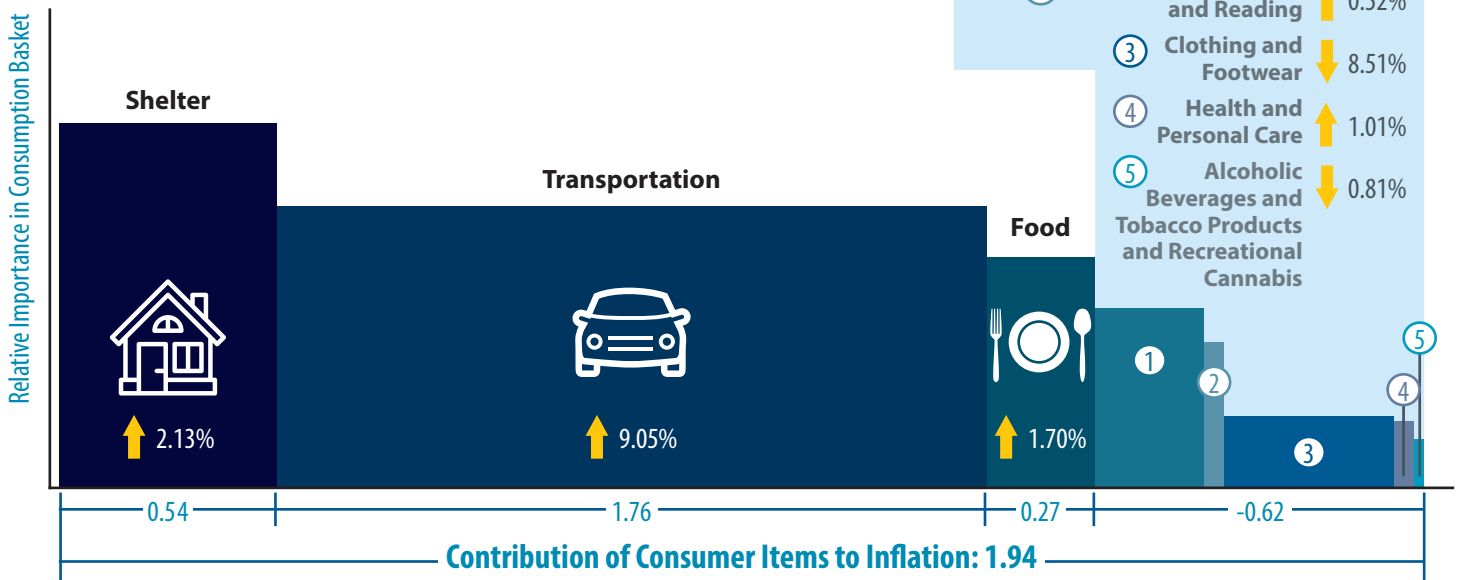
<sup>\*</sup> CPI basket weights are based on the 2017 Survey of Household Spending, modified on March 2019.

Starting from March 2021, we are no longer providing the 12-month-moving averages for CPI except for end of year. We have decided to use Alberta CPI categories rather than estimates of Calgary CMA CPI categories to highlight contributions from the 8 major categories of CPI. Statistics Canada only publicly provides the shelter category with three sub-categories for Calgary CMA.

Sources: Statistics Canada, Corporate Economics, April 21, 2021.

continued on next page ➡

## Contribution of Consumer Items to Inflation: Alberta March 2021



Note: Figures might not add up due to rounding.

Starting from March 2021, we are only going to report on the Alberta CPI categories which Statistics Canada provides.

Sources: Statistics Canada, Corporate Economics, April 21, 2021

Next release: May 19, 2021

## 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