

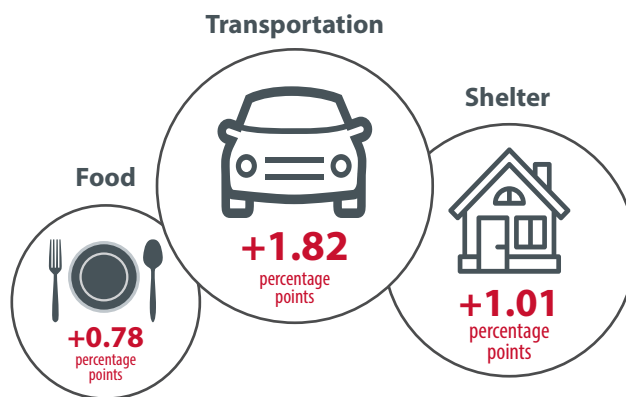
Headline Inflation Comparison

September 2021



Major Contributors to Alberta's Inflation Rate

September 2021



Inflation Rates

	Relative Importance (%)*	Year-over-year (%)			Year-to-Date (%)		
		Sep-21	Aug-21	Jul-21	Sep-21	Aug-21	Jul-21
Calgary: All-items	100.00	4.2	4.9	4.0	4.3	4.4	3.9
Shelter	26.35	4.4	6.3	5.6	3.6	4.4	3.7
Rented accommodation	5.77	-2.6	-1.0	0.6	-3.6	-1.9	-1.8
Owned accommodation	16.55	4.6	4.7	4.5	3.5	3.4	3.7
Water, fuel and electricity	4.03	11.7	21.3	15.8	12.6	15.2	10.3
Alberta: All-items	100.00	4.0	4.7	3.7	4.1	4.3	3.8
Alberta: All-items excluding food and energy	75.72	2.4	2.5	1.8	2.3	2.4	2.1
Canada: All-items	100.00	4.4	4.1	3.7	4.0	3.8	3.6
Canada: All-items excluding food and energy	77.06	3.3	3.0	2.8	3.0	2.8	2.6

* CPI basket weights are based on the 2020 expenditure data, modified on June 2021.

Sources: Statistics Canada, Corporate Economics, October 20, 2021.

Inflation in the Calgary Metropolitan Area Still High but Tapers Slightly

In September 2021, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) decreased by 0.1 per cent from August but increased by 4.2 per cent over the previous twelve months. As a result, the September year-over-year inflation rate was lower than the August 2021 year-over-year inflation of 4.9 per cent.

One of the issues contributing to the overall inflation rate in the CMA is the ongoing disruption to the global supply chain. The complex global system of production, transportation, and distribution of goods has been under stress throughout the course of the pandemic, and the challenges have only intensified in recent months, with numerous contributing factors. Country-specific public health restrictions caused many producers to scale back production in 2020, and economic uncertainty led to a decrease in demand for goods. As economic conditions improved in 2021 despite the lingering pandemic, demand for goods quickly increased. Suppliers have faced pressure to keep up with this release of pent-up demand in 2021 as well as shifting consumer behaviour to purchase more goods instead of services, which have been made less available by continued public health restrictions. Many global factories continue to be impacted by waves of COVID-19 infections and natural disasters, contributing to shortages of manufacturing components such as semiconductor chips. Labour shortages have also impacted transportation of goods, as a lack of dockworkers and truck drivers create backups of container ships at ports. This combination of rising demand combined with limited global supply has contributed to price inflation for imported goods in the CMA.

Cost of Transportation a Major Component of Inflation in Alberta

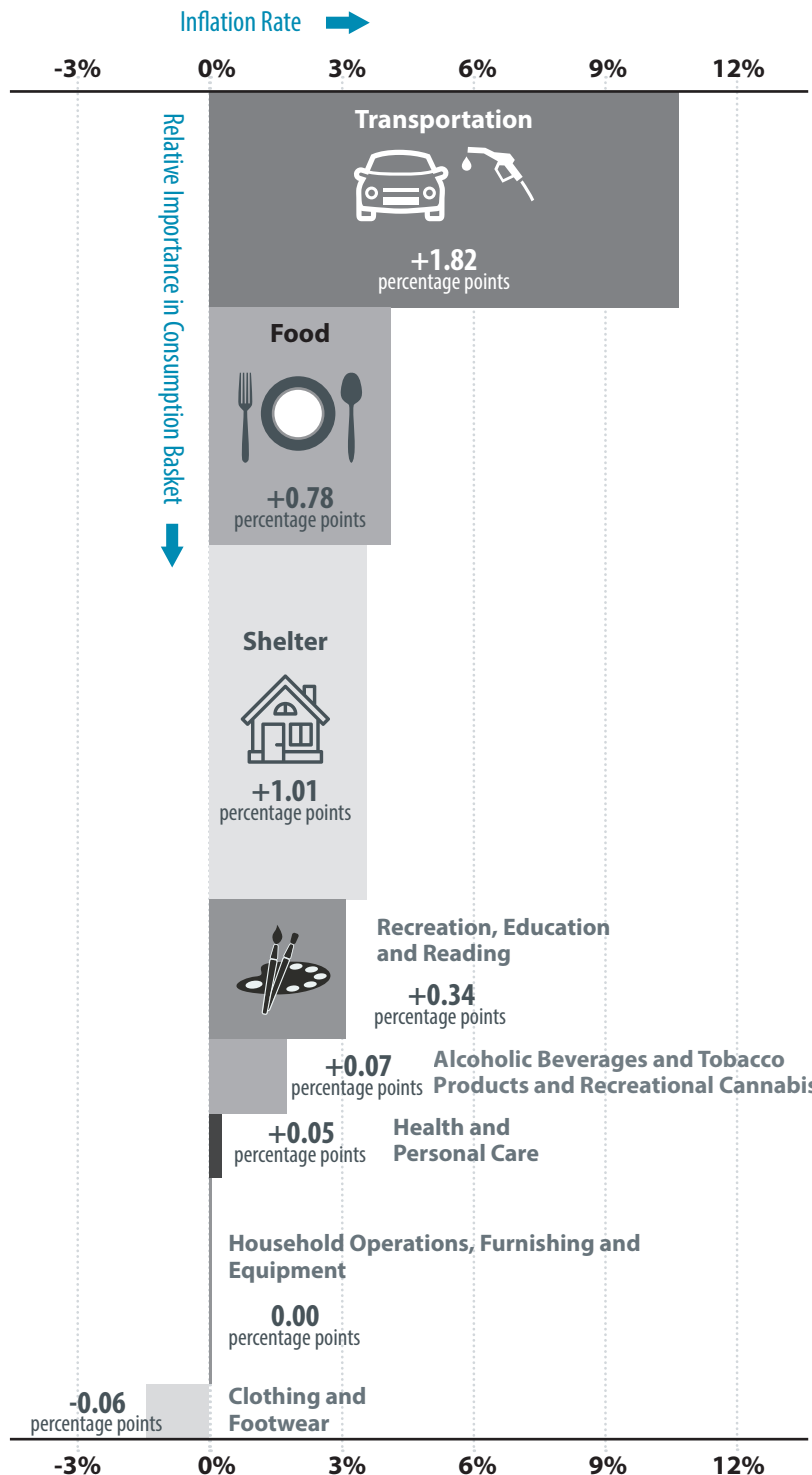
Alberta reported year-over-year CPI inflation of 4.0 per cent in September, a decrease from the rate reported for August. In contrast, the inflation rate in Canada rose to 4.4 per cent in September.

The greatest contributor to inflation in Alberta in September was the cost of transportation, adding 1.82 percentage points to total inflation. Gasoline prices, which increased by 28.6 per cent since September 2020, represented the largest increase among specific goods and services.

The next largest contributors to Alberta's September inflation were shelter and food. Shelter cost increases contributed 1.01 percentage points to total inflation, while food contributed 0.78 percentage points. Natural gas prices, which rose by 23.6 per cent since September 2020, contributed to shelter cost increases, while fresh and frozen chicken rose by 22.2 per cent, contributing to the increase in food prices.

Despite the high inflation rate, not all prices increased. In September, the greatest offset to Alberta's price inflation came from a decrease in prices for clothing and footwear, contributing -0.06 percentage points to total inflation. The individual products and services that reported the largest price decreases were telephone services, women's clothing, and recreational cannabis.

Contribution of Consumer Items to Inflation: Alberta September 2021



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:

Bank of Canada, Statistics Canada, Corporate Economics.