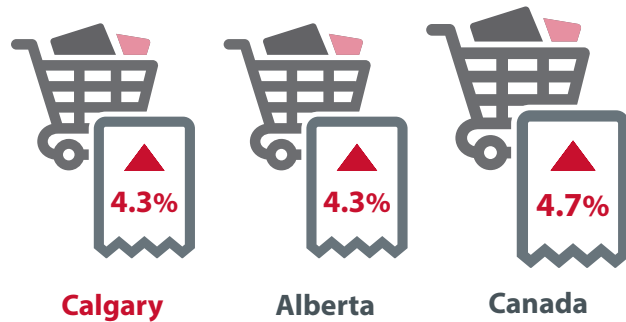


Headline Inflation Comparison

October 2021



Inflation in the Calgary Metropolitan Area Remains High

In October 2021, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 0.4 per cent from September and by 4.3 per cent over the previous twelve months.

The October year-over-year inflation rate of 4.3 per cent was a slight increase over the September rate of 4.2 per cent. It also marked the fourth consecutive month in which the inflation rate was greater than four per cent, an occurrence last seen in 2007. These recent months of unusually high inflation have also raised expectations for the annual inflation rate for 2021. If prices in the last two months of the year stay constant or rise only marginally, the annual CPI level in 2021 is expected to increase above the annual CPI level of 2020 by 3.2 per cent in the Calgary CMA.

In October 2021, the cost of shelter in the CMA remained constant from September 2021 but still posted a 4.4 per cent year-over-year increase.

Energy Prices Fuel Inflation in Alberta

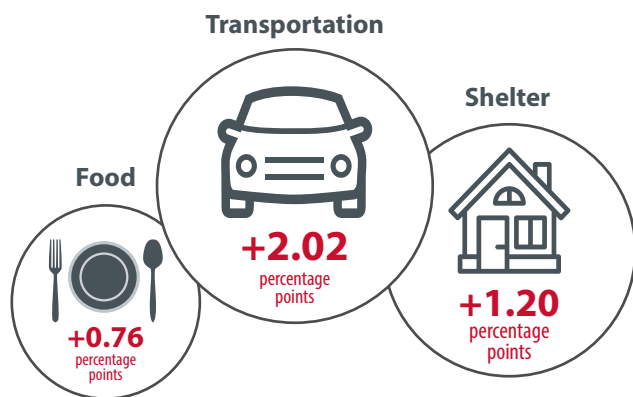
Alberta reported year-over-year CPI inflation of 4.3 per cent in October. The inflation rate in Canada was even higher, reaching 4.7 per cent in October.

The greatest contributor to inflation in Alberta in October was the cost of transportation, adding 2.02 percentage points to total inflation. The West Texas Intermediate (WTI) crude oil price rose to over US\$81 per barrel in October 2021, more than double the price seen twelve months earlier, as surging global demand for oil outpaced measured supply increases from oil-producing countries. Global oil prices feed into Alberta's gasoline prices, which increased by 40.5 per cent since October 2020 and were the primary contributor to increases in the cost of transportation.

The next largest contributors to Alberta's October inflation were shelter and food. Shelter cost increases contributed 1.20 percentage points to total inflation, while food contributed 0.76 percentage points. Natural gas prices, which rose by 32.7 per cent since October 2020, contributed to shelter cost increases along with a 23.7 per cent increase in electricity prices. Year-over-year price increases for meats such as beef, pork, and chicken ranged from 10 to 20 per cent and contributed to the increased cost of food.

Major Contributors to Alberta's Inflation Rate

October 2021



Inflation Rates

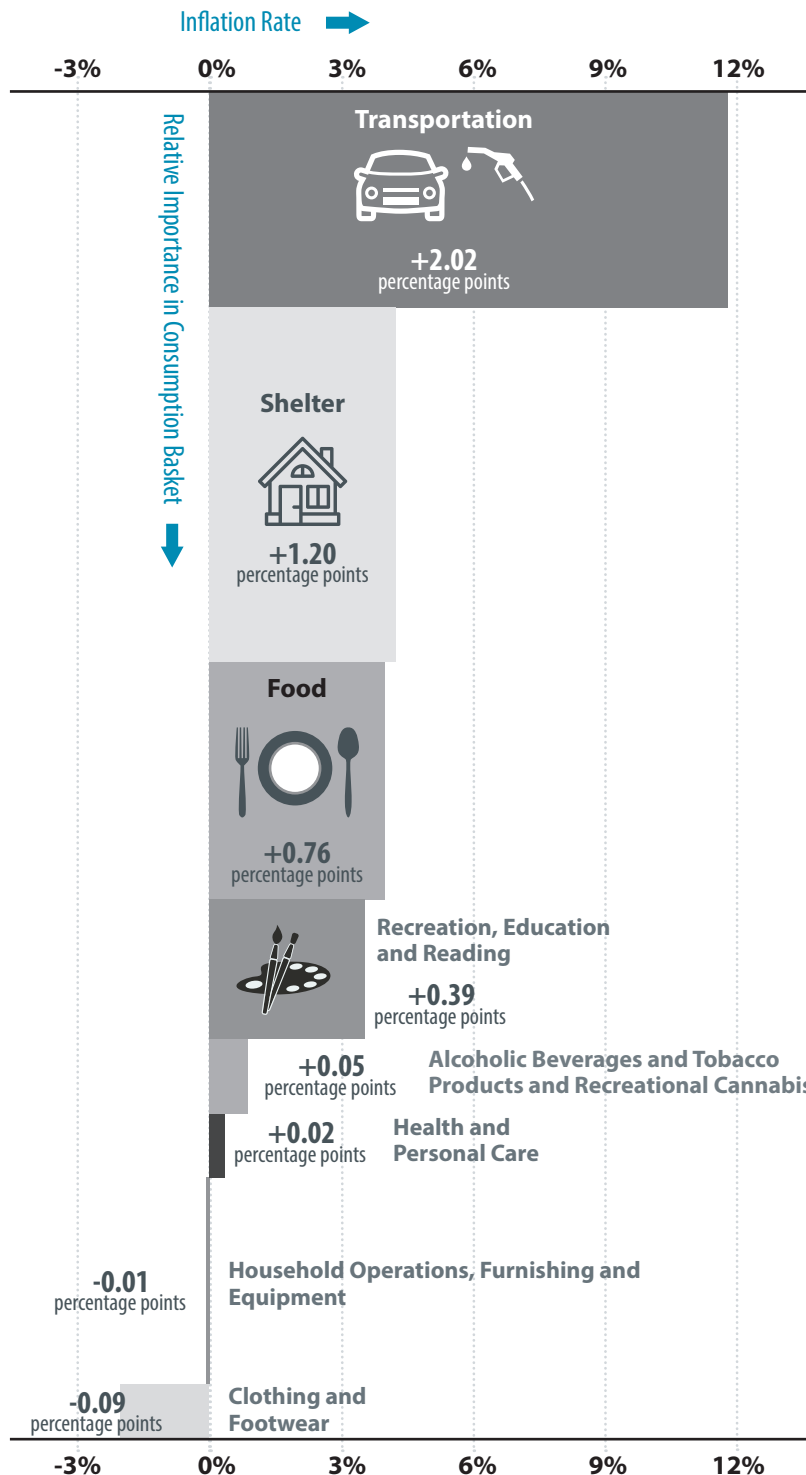
	Relative Importance (%) [*]	Year-over-year (%)			Year-to-Date (%)		
		Oct-21	Sep-21	Aug-21	Oct-21	Sep-21	Aug-21
Calgary: All-items	100.00	4.3	4.2	4.9	4.7	4.3	4.4
Shelter	26.35	4.4	4.4	6.3	3.6	3.6	4.4
Rented accommodation	5.77	-1.6	-2.6	-1.0	-2.6	-3.6	-1.9
Owned accommodation	16.55	2.4	4.6	4.7	2.7	3.5	3.4
Water, fuel and electricity	4.03	18.6	11.7	21.3	13.9	12.6	15.2
Alberta: All-items	100.00	4.3	4.0	4.7	4.6	4.1	4.3
Alberta: All-items excluding food and energy	75.72	1.9	2.4	2.5	2.5	2.3	2.4
Canada: All-items	100.00	4.7	4.4	4.1	4.7	4.0	3.8
Canada: All-items excluding food and energy	77.06	3.2	3.3	3.0	3.5	3.0	2.8

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

Sources: Statistics Canada, Corporate Economics, November 17, 2021.

Despite the high inflation rate, not all prices increased. In October, the greatest offset to Alberta's price inflation came from a decrease in prices for clothing and footwear, contributing -0.09 percentage points to total inflation. The individual products and services that reported the largest price decreases were telephone services, children's clothing, and women's clothing.

Contribution of Consumer Items to Inflation: Alberta October 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.