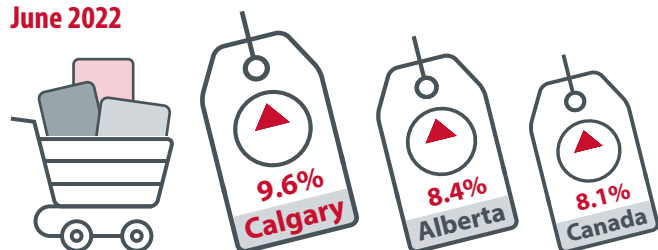


Headline Inflation Comparison

June 2022



Inflation in the Calgary Census Metropolitan Area Again Marks a Nearly 20-year High

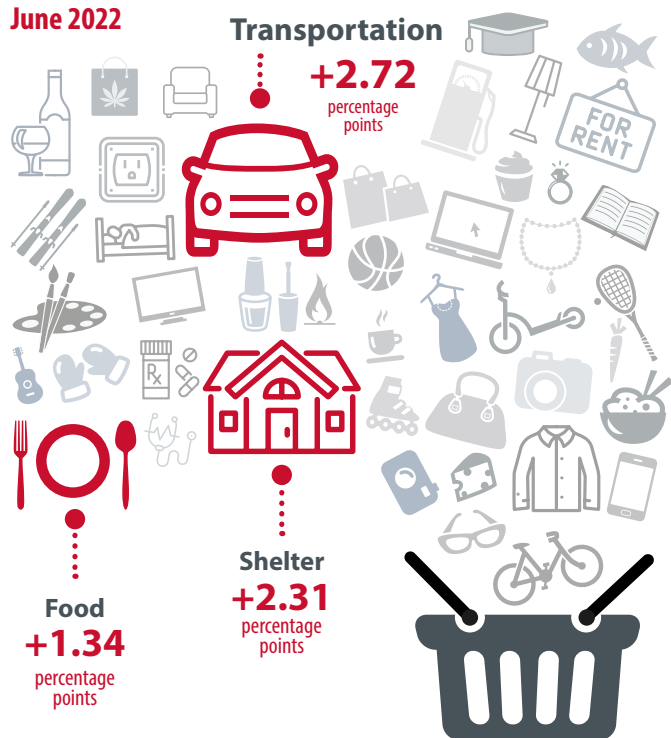
In June 2022, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 9.6 per cent over the previous twelve months. The year-over-year inflation rate increased from May's 8.0 per cent rate and was the highest Calgary has seen in nearly 20 years, since November 2002.

Both supply-side and demand-side issues contributed to Calgary's eye-popping high inflation rate in June. The impact of global supply chain disruptions continued to be felt, and the conflict in Ukraine and sanctions on Russia continued to elevate oil and other commodity prices. A strong economic recovery in Calgary also created demand-side pressures. On June 1, the Bank of Canada raised its policy interest rate by 50 basis points, but increased interest rates did not immediately result in softened inflation in June. Continued rapid increases in interest rates, including the 100 basis point rate hike on July 13, should gradually reduce demand-side inflationary pressures in the coming months.

Shelter costs in Calgary rose by 11.4 per cent year-over-year in June, with utility bills increasing by 31.5 per cent. Calgary's increases in the cost of rented accommodation (3.1 per cent) and owned accommodation (8.6 per cent) outstripped the rest of the province, contributing to Calgary's higher overall inflation rate.

Major Contributors to Alberta's Inflation Rate

June 2022



Price Increases Reported Across All Categories in Alberta

Alberta reported year-over-year CPI inflation of 8.4 per cent in June, lower than Calgary's inflation rate. The inflation rate in Canada was also lower, at 8.1 per cent.

In Alberta, transportation costs increased the fastest and contributed the most to June's overall inflation. The cost of transportation rose by 16.9 per cent year-over-year, led by a 46.0 per cent increase in gasoline prices. Transportation contributed 2.72 percentage points to overall inflation.

Shelter costs had the next most significant increase, rising by 8.7 per cent year-over-year. Rapidly rising utility bills were a major cause, along with home price increases. Natural gas prices increased the most among individual items from all categories, increasing by 54.6 per cent since June 2021. Electricity prices were also driven up partly because of high natural gas prices, rising by 35.6 per cent year-over-year. Shelter costs contributed 2.31 percentage points to Alberta's overall inflation.

Food prices in Alberta also increased substantially, rising by 7.6 per cent year-over-year and adding 1.34 percentage points to overall inflation in June.

Year-over-year price increases were observed across all major categories in June. However, a few individual items within some categories still posted price decreases, such as reading material and children's clothing.

Inflation Rates

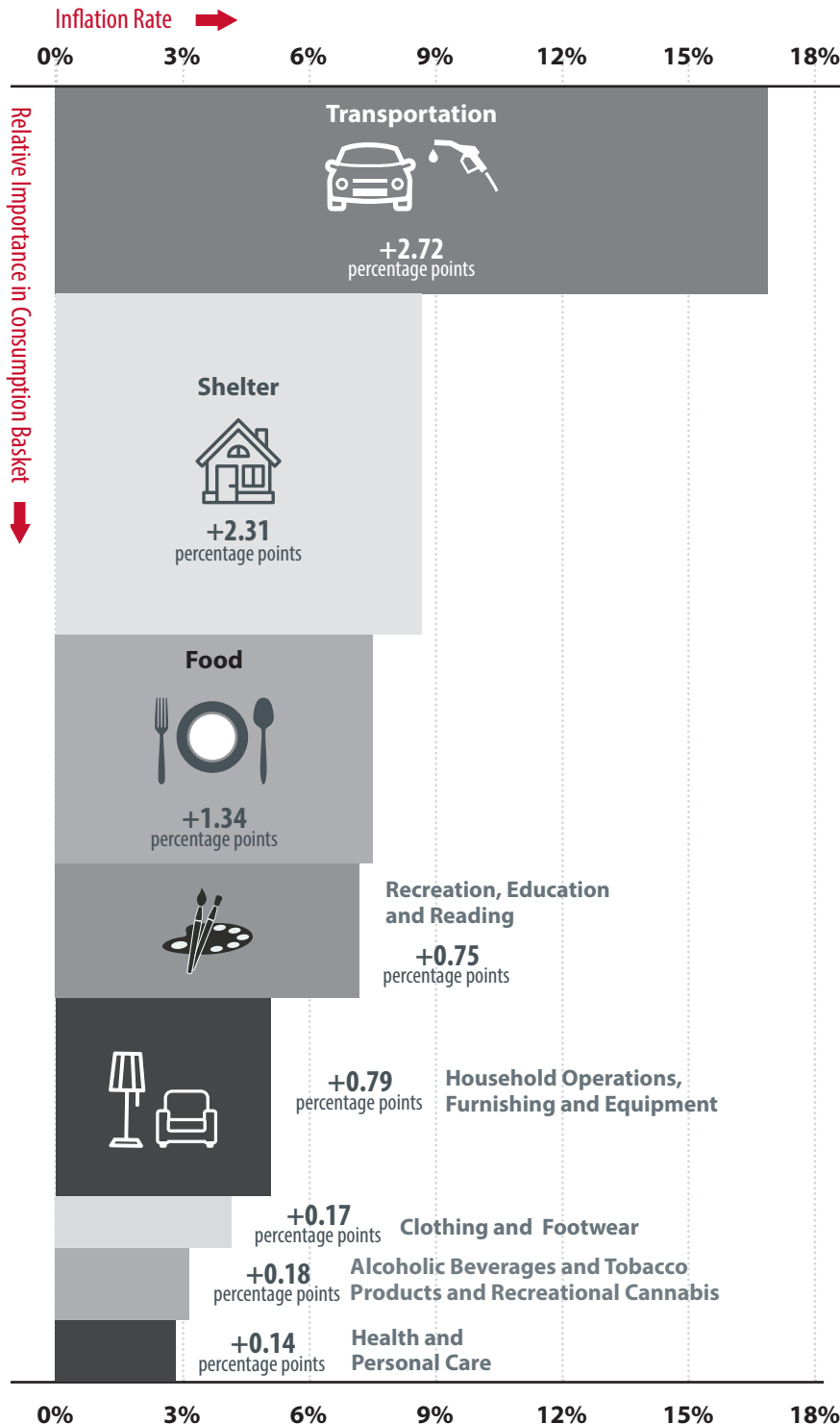
	Relative Importance (%) *	Year-over-year (%)			Year-to-Date Average (%)
		Jun-22	May-22	Apr-22	
Calgary: All-items	100.00	9.6	8.0	7.1	7.3
Shelter	26.35	11.4	10.0	9.3	9.1
Rented accommodation	5.77	3.1	4.1	3.3	4.4
Owned accommodation	16.55	8.6	8.8	8.5	6.7
Water, fuel and electricity	4.03	31.5	21.1	18.3	22.5
Alberta: All-items	100.00	8.4	7.1	6.3	6.4
Alberta: All-items excluding food and energy	75.72	5.2	4.9	4.3	4.0
Canada: All-items	100.00	8.1	7.7	6.8	6.7
Canada: All-items excluding food and energy	77.06	5.3	5.2	4.6	4.5

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

Sources: Statistics Canada, Corporate Economics, July 20, 2022.

Contribution of Consumer Items to Inflation: Alberta

June 2022



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.