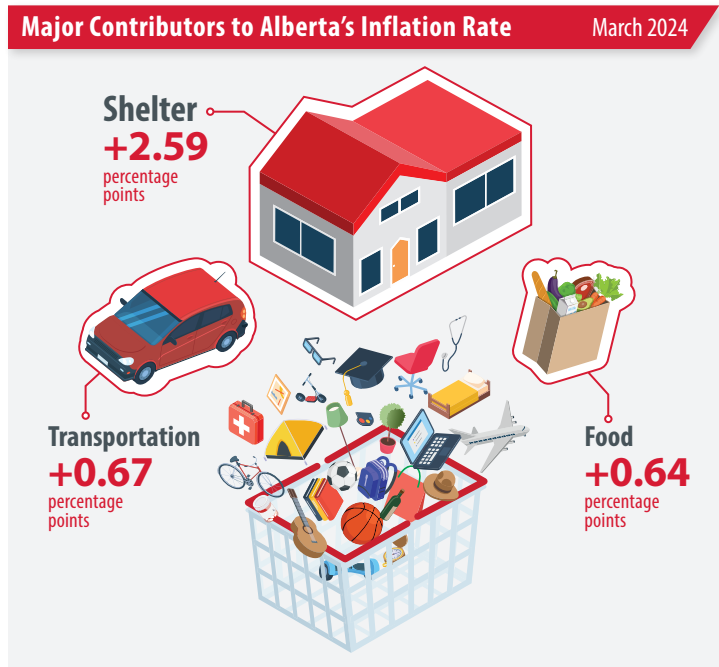
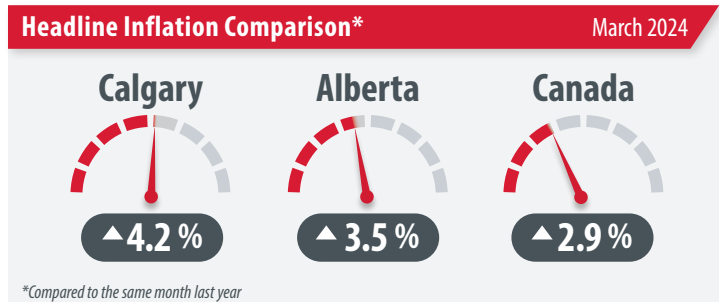


HIGHLIGHTS



Calgary's inflation eased to 4.2 per cent, while national inflation rose to 2.9 per cent in March 2024

In March 2024, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) increased by 4.2 per cent year-over-year (YoY), a considerable drop from 5.1 per cent in February 2024. This is the first deceleration seen in Calgary's overall inflation since last October. The base year effect on electricity costs from Alberta's 2023 energy rebate program moderated this month as a result of the rebate reduction from \$75 to \$25 from February to March 2023. Meanwhile, rent costs increased by 17.7 per cent, marking the sixth consecutive month of growth exceeding 10 per cent since October 2023. In fact, this increase is the highest recorded for the month of March in both Calgary and all the other CMAs.

Similarly, the inflation rate for Alberta subsided to 3.5 per cent from February's 4.2 per cent. The main drivers of Alberta's inflation were higher shelter costs (+10.1 per cent YoY) as well as transportation costs (+4.0 per cent), led by high gasoline prices (+10.4 per cent). On the other hand, Canada's national inflation rate stood at 2.9 per cent, a slight increase from February's 2.8 per cent. The national inflation rate remained below 3 per cent for the third consecutive month. Bank of Canada decided to hold its policy rates at 5.0 per cent in both March and April meetings. Bank of Canada forecasts 2024's average inflation to be 2.6 per cent, according to its [April Monetary Policy Report](#). Core inflation, which excludes volatile items such as food and energy, in Alberta, fell to 2.5 per cent from 2.9 per cent in February, whereas it increased to 2.9 per cent from 2.8 per cent for Canada.

Food inflation is slowing, yet weather-related events drive up costs for certain items

The food inflation in Alberta is steadily easing. Since 2022, inflation in food costs has remained higher than the overall inflation rate, driven by high energy costs resulting from the Russian invasion of Ukraine and supply chain interruptions caused by the pandemic. In Alberta, annual food inflation in March 2024 marked 3.8 per cent, a considerable improvement from 8.4 per cent recorded in March 2023. As the inflation for food normalizes, certain items are now finally cheaper than in the previous year for the first time since 2020. For instance, the prices of eggs and butter have decreased by 0.5 per cent and 2.5 per cent, respectively, compared to March 2023, marking the first YoY decline since the winter of 2019. Other items, including nuts and seeds, as well as whole milk, were 1.0 per cent and 0.4 per cent cheaper nationally, respectively.

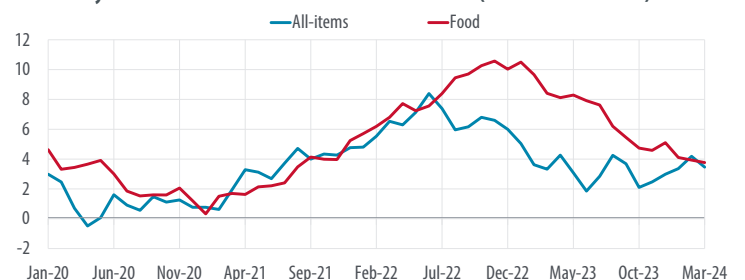
However, the El Niño and related weather conditions have led to supply constraints, pushing prices upwards for certain items. Droughts and extreme weather have resulted in poor yields for olives in the Mediterranean regions, Robusta coffee in Southeast Asian countries, and cocoa in West African countries like Ghana and Ivory Coast, coupled with diseases affecting these crops. The prices for these items have reached record highs in the commodity market. The potential for a price surge builds further on the ongoing inflation observed since the onset of the pandemic (e.g., 33.4 per cent increase for roasted or ground coffee since January 2020). Additionally, droughts in North America are expected to maintain high beef prices, which increased 9.7 per cent YoY in March 2024 in Alberta. The global supply chain challenges, exacerbated by extreme weather conditions, will continue to contribute to cost-push inflation.

Inflation Rates

	Relative Importance (%)*	Year-over-year (%)		
		Mar-24	Feb-24	Jan-24
Calgary: All-items	100.00	4.2	5.1	4.1
Shelter	25.89	12.0	14.8	12.2
Rented accommodation	5.91	17.7	15.3	14.4
Owned accommodation	16.14	9.3	9.6	9.5
Water, fuel and electricity	3.85	13.8	35.1	18.6
Alberta: All-items	100.00	3.5	4.2	3.4
Alberta: All-items excluding food and energy	76.10	2.5	2.9	2.8
Canada: All-items	100.00	2.9	2.8	2.9
Canada: All-items excluding food and energy	76.57	2.9	2.8	3.1

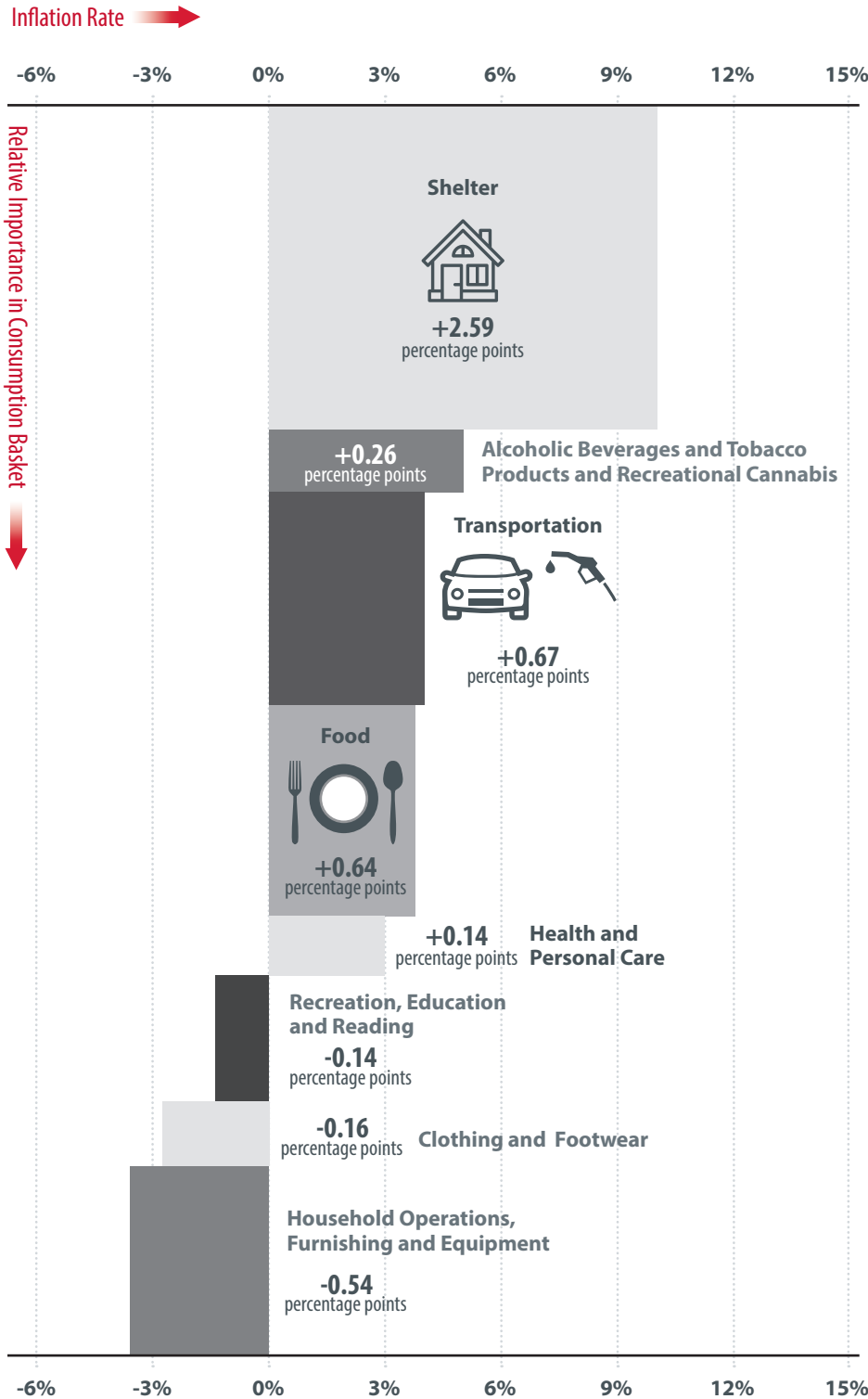
* CPI basket weights are based on the 2022 expenditure data, modified in June 2023. Sources: Statistics Canada, Corporate Economics, April 16, 2024.

Year-over-year Overall and Food Inflation Rates in Alberta (Jan 2020 - Mar 2024)



Contribution of Consumer Items to Inflation: Alberta

March 2024



The calculation for contribution incorporates the effects of changes in basket weight. The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Sources: Statistics Canada, Corporate Economics, April 16, 2024.

Next release: May 21, 2024

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.