

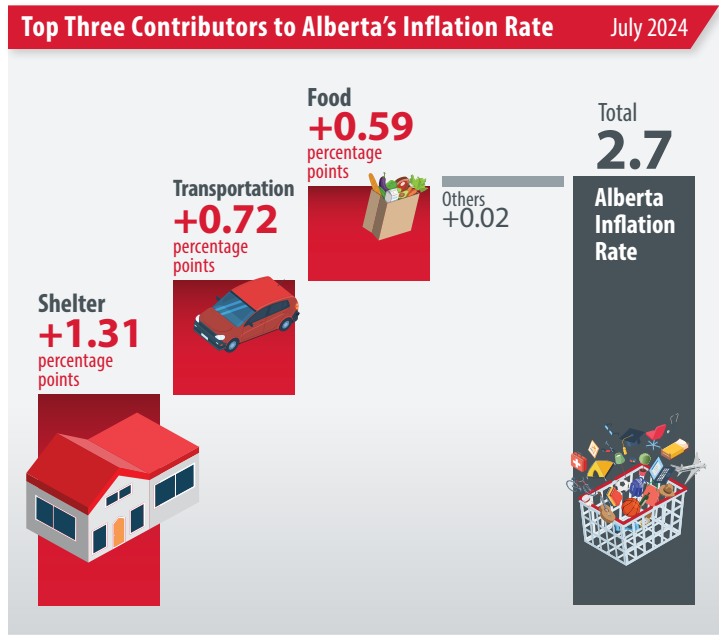
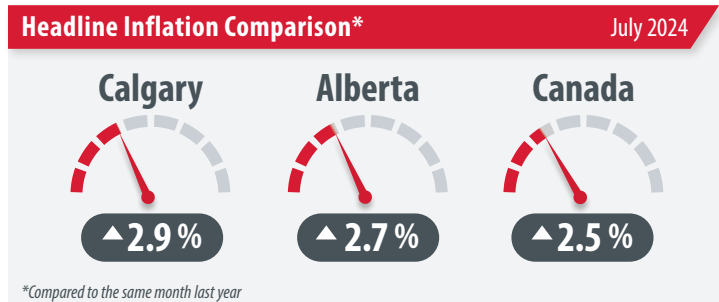


Inflation Review July 2024

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HIGHLIGHTS



The inflation rate in Calgary further softened to 2.9 per cent in July 2024, while Canada's inflation dropped to 2.5 per cent, the lowest rate since March 2021

In July 2024, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) rose by 2.9 per cent year-over-year (YoY), down from 3.6 per cent in June. This marks the first slowdown in four months after inflation had plateaued at 3.6 per cent from April to June. Alberta's inflation rate also declined to 2.7 per cent from 3.0 per cent in June. The downward pressure in Alberta primarily resulted from lower electricity prices compared to July 2023, which had high summer demand; Alberta experienced the largest nationwide change in electricity prices, a decrease of 35.5 per cent YoY. Canada's national inflation rate slowed to 2.5 per cent, down from 2.7 per cent in June, the lowest reading since March 2021. The deceleration was driven by reduced costs for passenger vehicles due to improved inventory and lower travel tour prices following spikes in July 2023 when pent-up demand from COVID-19 restrictions surged. Mortgage interest cost also eased following the Bank of Canada's rate cuts of 0.25 per cent in both June and July, bringing the policy rate to 4.5 per cent. The Bank of Canada forecasts an annual inflation rate of 2.6 per cent for 2024, according to its July Monetary Policy Report¹. Core inflation, excluding volatile items such as food and energy, also dipped to 3.0 per cent in Alberta and 2.7 per cent in Canada, from 3.2 per cent and 2.9 per cent in June, respectively.

How does inflation impact your back-to-school shopping?

With the new school year just around the corner, we've compiled inflation rates for items typically purchased during the back-to-school season. Nationally, school textbooks and supplies increased by 3.9 per cent YoY in July 2024. Meanwhile, Children's clothing in Alberta decreased by 6.4 per cent, while Children's footwear in Canada saw a decline of 8.4 per cent. Household furnishings and equipment in Alberta dropped by 2.7 per cent, but household cleaning products in Alberta have climbed by 1.8 per cent. Considering a new laptop? According to Statistics Canada, computer equipment, software, and supplies, along with multipurpose digital devices, have decreased by 10.4 per cent and 8.6 per cent, respectively. These items often show deflation over time, primarily due to technological advancements that lower the cost of purchasing the same quality of technology². The tuition fee index will be updated in October (for the September edition).

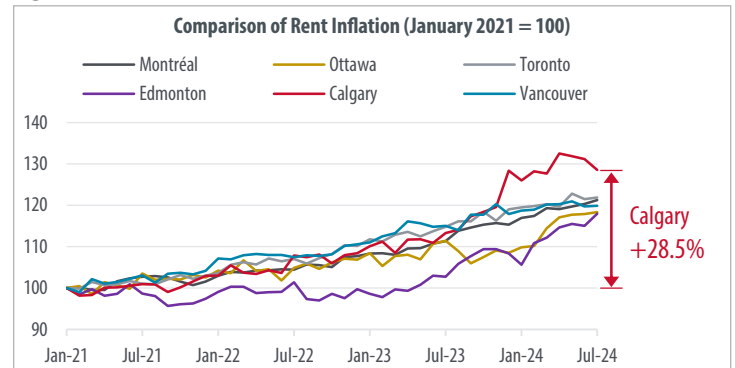
The new moving-in season met with a steep rent inflation of 13.5 per cent

As the new school season approaches, both newcomers and current residents facing lease renewals are encountering significant rent increases. As of July 2024, the rent inflation for accommodations in the Calgary CMA was the second highest in the nation. This is in stark contrast to other major cities like Vancouver and Toronto, where rent inflation is cooling. Calgary's rental market is catching up these cities, driven by relatively lower base rents and robust population growth. This rapid increase has made Calgary the only Canadian city where rents have surged by more than 25 per cent since January 2021. In comparison, Edmonton, Calgary's neighbour to the north, experienced a 18 per cent increase during the same period. Ongoing structural supply shortages and strong population growth are expected to keep rental costs high for the foreseeable future.

Inflation Rates

	Relative Importance (%)*	Year-over-year (%)		
		Jul-24	Jun-24	May-24
Calgary: All-items	100.00	2.9	3.6	3.6
Shelter	27.18	5.6	8.8	9.3
Rented accommodation	5.49	13.5	18.3	18.0
Owned accommodation	18.02	9.9	10.0	9.4
Water, fuel and electricity	3.67	-17.4	-8.4	-3.4
Alberta: All-items	100.00	2.7	3.0	3.0
Alberta: All-items excluding food and energy	75.39	3.0	3.2	3.0
Canada: All-items	100.00	2.5	2.7	2.9
Canada: All-items excluding food and energy	76.30	2.7	2.9	2.9

* CPI basket weights are based on the 2023 expenditure data, modified in June 2024. Sources: Statistics Canada, Corporate Economics, August 20, 2024.

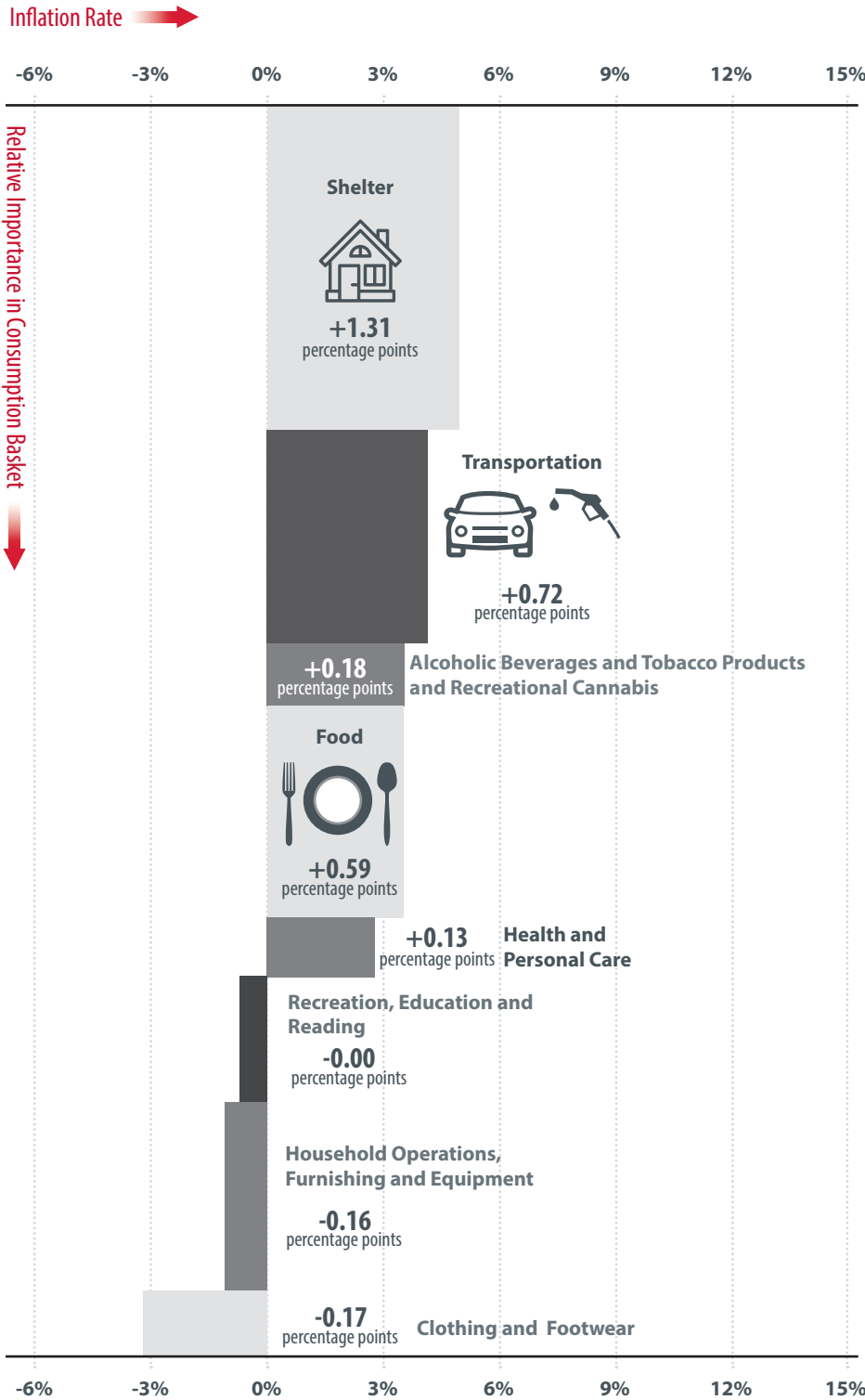


¹ <https://www.bankofcanada.ca/2024/07/mpr-2024-07-24/>

² Poloz, S. (2024). The Next Age of Uncertainty: How the World Can Adapt to a Riskier Future. Penguin.

Contribution of Consumer Items to Inflation: Alberta

July 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, August 20, 2024.

Next release: September 17, 2024

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Sources:
Bank of Canada, Statistics Canada, Corporate Economics.