

# Inflation Review

## April 2025

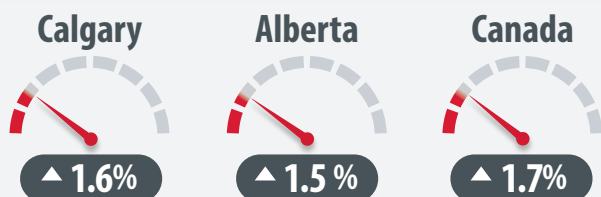
Hotaka Kobori Associate Economist | Estella Scruggs Senior Corporate Research Analyst

May 20, 2025

### HIGHLIGHTS

#### Headline Inflation Comparison\*

April 2025



\*Compared to the same month last year

#### Top Three Contributors to Alberta's Inflation Rate

April 2025



The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

### Inflation Rates

	Relative Importance (%) <sup>*</sup>	Apr-25	Year-over-year (%) Mar-25	Feb-25
<b>Calgary: All-items</b>	<b>100.00</b>	<b>1.6</b>	<b>3.0</b>	<b>2.8</b>
Shelter	27.18	3.0	5.3	3.6
Rented accommodation	5.49	0.8	4.7	4.1
Owned accommodation	18.02	5.8	6.1	6.4
Water, fuel and electricity	3.67	-7.2	1.7	-7.4
<b>Alberta: All-items</b>	<b>100.00</b>	<b>1.5</b>	<b>2.8</b>	<b>2.8</b>
Alberta: All-items excluding food and energy	75.39	2.9	3.0	3.1
<b>Canada: All-items</b>	<b>100.00</b>	<b>1.7</b>	<b>2.3</b>	<b>2.6</b>
Canada: All-items excluding food and energy	76.30	2.6	2.4	2.9

<sup>\*</sup> CPI basket weights are based on the 2023 expenditure data, modified in June 2024.  
Sources: Statistics Canada, Corporate Economics, May 20, 2025.

### Calgary's inflation rate slowed to 1.6 per cent in April 2025, while the national rate dropped to 1.7 per cent

In April 2025, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) rose 1.6 per cent year over year (YoY), down from 3.0 per cent in March. This was the slowest YoY growth rate since February 2021. Similarly, Alberta's inflation rate slowed to 1.5 per cent from 2.8 per cent in March, while Canada's overall inflation dropped to 1.7 per cent from 2.3 per cent.

Amid concerns that tariffs could raise consumer prices, the national slowdown was primarily driven by the removal of the carbon tax (see below), coupled with lower energy prices. On April 16, the Bank of Canada held the policy interest rate at 2.75 per cent. The next rate announcement is scheduled for June 4. According to the April Monetary Policy Report, the national inflation rate is projected to be around 2 per cent.

With the release of April 2025, the methodology to calculate the changes in premiums for both home and vehicle insurances has been updated to capture the changes in costs more accurately. Updated methodology utilizes more granular data on insurance types, customers, vehicles (top 50 insured vehicle models) as well as at detailed geographical levels. Combined these components carry 3.59 per cent of CPI basket weight. The home and vehicle insurance in Alberta increased by 7.7 per cent and 11.8 per cent YoY, respectively.

### The removal of the consumer carbon tax lowered the inflation figure and will continue temporarily suppressing inflation for the next 12 months

Effective April 2025, the Government of Canada removed the federal fuel charges, also known as consumer carbon tax, that was applied to 21 fossil fuels and combustible waste at the point of delivery, importation, or use. Following this change, the gasoline price index in the CPI and natural gas prices fell by about 12.4 per cent and 28.4 per cent month over month in Alberta, respectively. For gasoline, this was the largest monthly drop since December of 2022.

According to the Canada Revenue Agency, this removal of the \$80 per tonne carbon charge reduced prices by approximately \$0.18 per litre for gasoline and \$0.15 per cubic metre for marketable natural gas. The charge had been scheduled to rise to \$170 per tonne by 2030, increasing by \$15 per tonne each April, reaching an estimated \$0.37 per litre for gasoline by 2030. For April 2025, the charge was set to increase to \$0.21 per litre. Without the tax removal, the counterfactual price for regular unleaded gasoline in the Calgary CMA would have been about 152.16 cents per litre, compared to the recorded price of 130.2 cents per litre in April 2025 (See Table 1).

According to the Bank of Canada, the removal is expected to temporarily lower inflation by 0.7 per cent for 12 months, from April 2025 to March 2026, after which the effect will no longer appear in YoY comparisons.

It is noteworthy that Alberta's provincial fuel tax of 13 cents per litre still remains in effect. This tax had been temporarily suspended in response to higher energy prices until January 2024. With West Texas Intermediate (WTI) crude oil prices expected to stay below \$80 per barrel, the fuel tax of 13 cents is expected to remain in place throughout this year.

**Table 1: Impact of Carbon Tax Removal on Gasoline Prices**

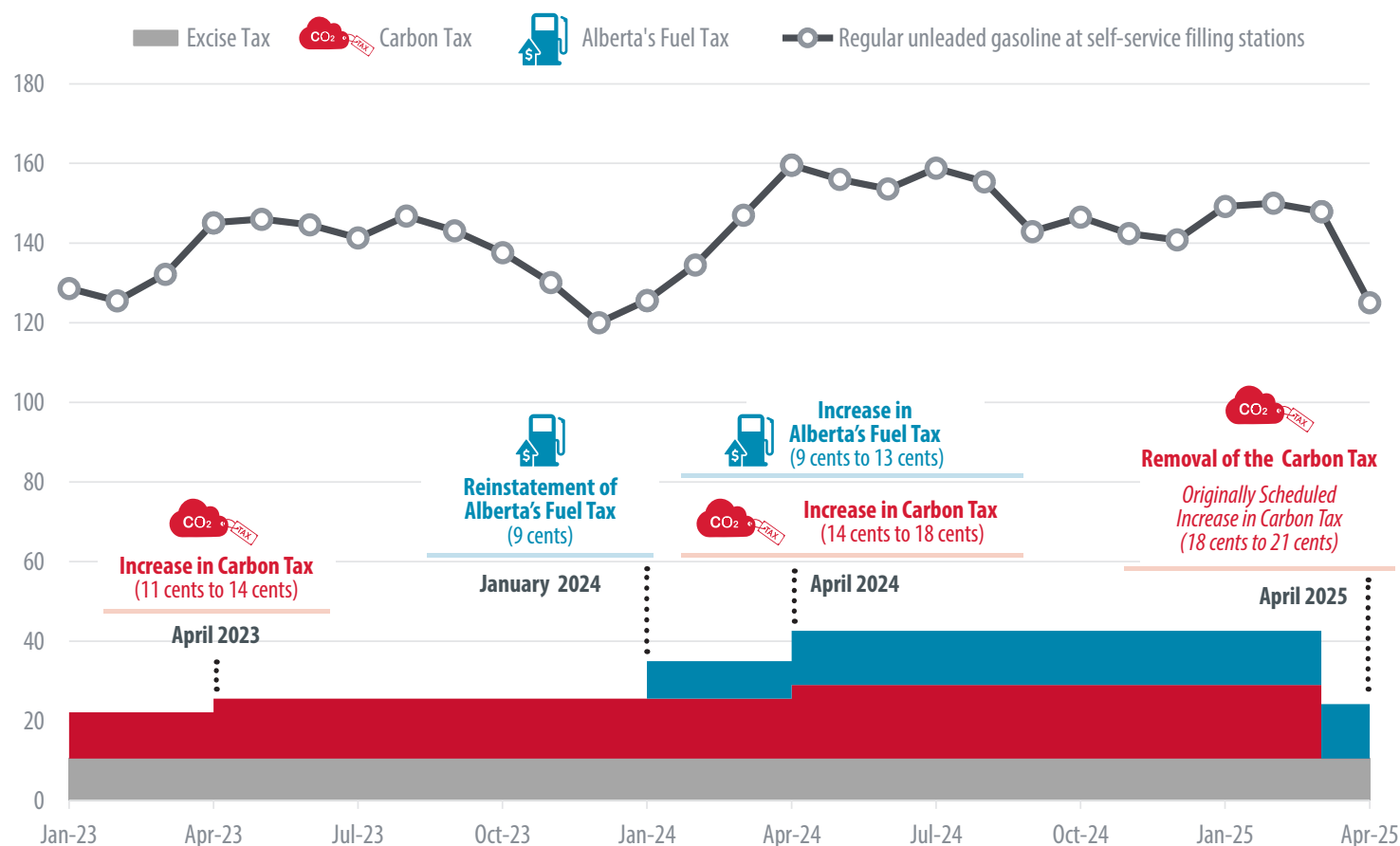
	Price of Gasoline in Calgary CMA (April 2025, cents per litre)	YoY Inflation Rate for Gasoline in Alberta (%)
With Carbon Tax Removed	130.20	-18.2%
If Carbon Tax Had Not Been Removed*	152.16	-3.9%**

Note:

\* Assumes the scheduled increase to 21 cents per litre.

\*\* Estimated as the average YoY inflation rate of regular and premium gasoline in Calgary and Edmonton, which closely tracks Alberta's gasoline inflation rate in the CPI, with an added 21 cents per litre plus GST to approximate the effect of the carbon tax.

Source: Statistics Canada, Corporate Economics

**Chart 1: Nominal Gasoline Prices and Tax Components in Calgary CMA, (cents per litre) January 2023 - April 2025**

<sup>1</sup> <https://www.canada.ca/en/departement-finance/news/2025/03/removing-the-consumer-carbon-price-effective-april-1-2025.html>

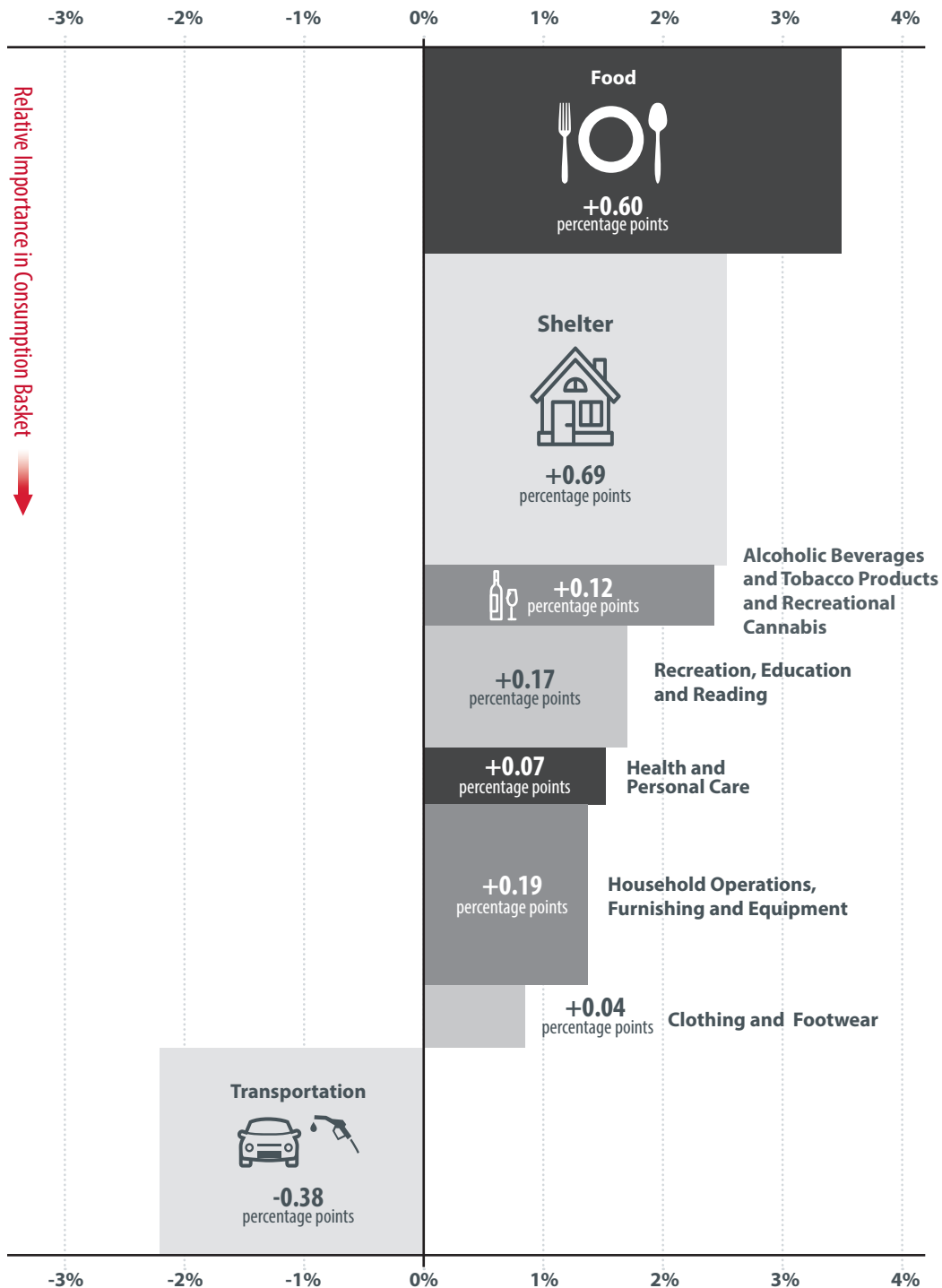
<sup>2</sup> <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcrates/fuel-charge-rates.html>

Source: Statistics Canada Table 18-10-0001-01, Corporate Economics

Contribution of Consumer Items to Inflation: **Alberta**

April 2025

Inflation Rate →



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, May 20, 2025.

Next release: June 24, 2025

## 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.

For media inquiry, please contact:  
The Media Line at 403.828.2954  
or  
[media.relations@calgary.ca](mailto:media.relations@calgary.ca)

For the technical questions, please contact:

**Stanley Kongnetiman**  
Manager, Corporate Economics  
City Economist  
[stanley.kongnetiman@calgary.ca](mailto:stanley.kongnetiman@calgary.ca)

**Hotaka Kobori**  
Associate Economist  
[hotaka.kobori@calgary.ca](mailto:hotaka.kobori@calgary.ca)

**Estella Scruggs**  
Senior Corporate Research Analyst  
[estella.scruggs@calgary.ca](mailto:estella.scruggs@calgary.ca)

Many of our publications are available on the internet at  
[www.calgary.ca/economy](http://www.calgary.ca/economy).

The City of Calgary provides this information in good faith. However, the aforementioned organization makes no representation, warranty or condition, statutory express or implied, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability for any loss arising from any use or reliance on this report.

Sources:  
Bank of Canada, Statistics Canada,  
Corporate Economics