

Inflation Review

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May 17, 2013

Calgary's Consumer Prices Increased in April 2013

Year-over-year headline inflation rates for Calgary and Alberta were higher than the national average

In April 2013, Calgary's headline inflation rose by 1.4 per cent over the same month last year. This is the largest increase since September 2012. Consumer prices increased 1.3 per cent in Alberta but dropped to 0.4 per cent in Canada in April. (See Chart 1).

Consumer prices rose in five of the eight major components in Calgary. Significant cost increases were observed in shelter (4.4 per cent), food (3 per cent), and household operations, furnishings and equipment (2.3 per cent). These increases were offset partially by the declines in transportation costs (2.5 per cent). Gasoline prices fell by 7.3 per cent.

The cost for food in Calgary is rising steadily

Out of the eight major components in the consumer's basket, food has the third largest weight. Average Calgarians spend 16 per cent of their income on food every month. In April 2013, the 12-month-moving-average of food prices in Calgary advanced 1.8 per cent. Grocery costs increased by 1.6 per cent and restaurant bills increased by 2.2 per cent. Among the commonly purchased food items from grocery stores, fruits and nuts recorded the biggest increase in April, by 5.5 per cent. The prices for eggs increased by 5.3 per cent and meat increased 4.1 per cent. Fish and seafood were 5.3 per cent more expensive in April, while vegetables were 4.5 per cent cheaper. The price growth in Calgary's retail market reflected the recent trend in the international market for food and agricultural products to moderate in response to slower economic growth. With the raw materials prices falling, we should expect the growth of food prices to be stable in the second half of this year in Calgary. (See Chart 2).

Major contributors to Calgary's 12-month-moving-average inflation

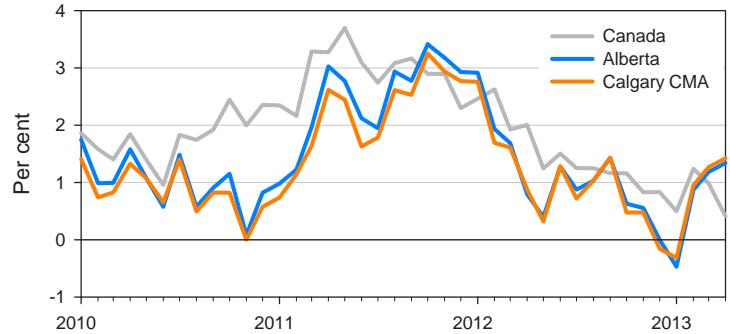
Food: The 12-month-moving-average prices for food advanced 1.8 per cent in April 2013, which contributed 0.29 per cent to Calgary's overall inflation.

Shelter: In April 2013, shelter costs dropped modestly by 0.1 per cent, which lowered Calgary's overall inflation by 0.02 per cent. Lower costs of water and fuel were the major drivers.

Transportation: Transportation prices increased 0.5 per cent in April 2013, which contributed 0.11 per cent to the overall inflation in Calgary. Retail gasoline price at the pump dropped 0.2 per cent in April for the 12-month-moving-average.

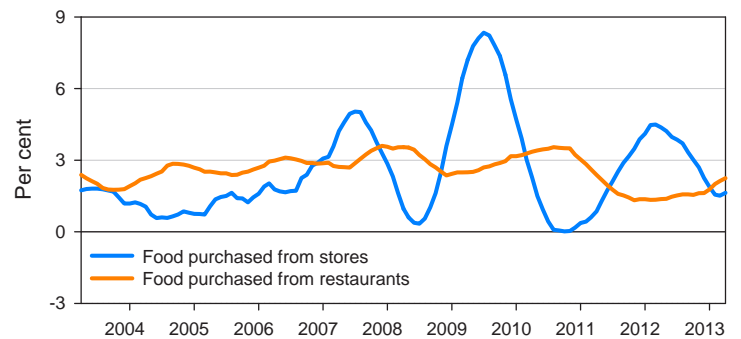
Next release: June 21, 2013

Chart 1. Headline inflation comparison
(year-over-year change, January 2010 - April 2013, per cent)



Source: Statistics Canada, Corporate Economics, May 2013

Chart 2. Price changes in food purchased from stores vs. restaurants
(12-month-moving-average, April 2003 - April 2013, per cent)



Source: Statistics Canada, Corporate Economics, May 2013

Inflation Rates

(12-Month-Moving-Average or average inflation rate for the past 12 months)

| | Relative Importance (%)* | Apr-13 (%) | Mar13 (%) | Apr-12 (%) |
|--|--------------------------|------------|-----------|------------|
| Calgary: All-items | 100.00 | 0.7 | 0.7 | 2.2 |
| Calgary: All-items excluding food and energy | 76.49 | 1.2 | 1.3 | 1.0 |
| Food | 15.99 | 1.8 | 1.7 | 3.4 |
| Shelter | 26.56 | (0.1) | (0.6) | 2.3 |
| Owned accommodation | 16.24 | 1.3 | 1.3 | 0.7 |
| Water, fuel and electricity | 4.84 | (7.3) | (9.8) | 13.4 |
| Household operations, furnishing and equipment | 12.27 | 1.7 | 1.7 | 1.5 |
| Clothing and footwear | 5.88 | (0.5) | (0.4) | (1.6) |
| Transportation | 20.44 | 0.5 | 1.0 | 4.4 |
| Gasoline | 3.81 | (0.2) | 0.7 | 13.1 |
| Health and personal care | 4.65 | 1.3 | 1.6 | 3.2 |
| Recreation, education and reading | 11.37 | 0.5 | 0.5 | (0.1) |
| Alcoholic beverages and tobacco products | 2.83 | 1.9 | 2.0 | 1.6 |
| Alberta: All-items | 100.00 | 0.8 | 0.7 | 2.4 |
| Alberta: All-items excluding food and energy | 76.49 | 1.2 | 1.3 | 1.1 |
| Canada: All-items | 100.00 | 1.0 | 1.2 | 2.7 |
| Canada: All-items excluding food and energy | 74.85 | 1.0 | 1.1 | 1.6 |

Source: Statistics Canada, Corporate Economics, May 2013

* 2011 CPI basket weights at January 2013 prices, date modified March 27, 2013

Figures in red and parentheses indicate negative.

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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 developed reliable methods of forecasting and analysis.

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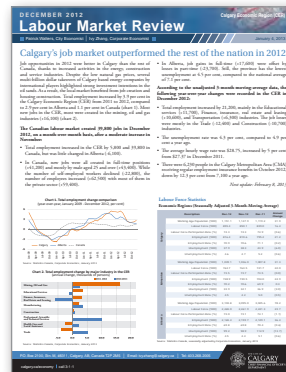
Many of our publications are available on the internet at www.calgary.ca/economy.

Forecasting



- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

Information Provision



- ▶ Labour Market Review
- ▶ Inflation Review
- ▶ Current Economic Analysis
- ▶ Construction Inflation

Policy Analysis



- ▶ A Case of Fiscal Imbalance: The Calgary Experience
- ▶ Diesel Fuel Price Pass-Through in Calgary
- ▶ Calgary Residential and Commercial Real Estate Markets

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Sources: Statistics Canada, Corporate Economics.