

# Inflation Review

Patrick Walters, City Economist | Estella Scruggs, Corporate Research Analyst

September 20, 2013

## Calgary's headline inflation was 1.7 per cent in August 2013

### The year-over-year headline inflation rates for Calgary, Alberta and Canada decelerated in August

In August 2013, Calgary's headline inflation rose by 1.7 per cent over the same month last year. Consumer prices increased 1.4 per cent in Alberta and 1.1 per cent in Canada in August. (See Chart 1).

Consumer prices rose in seven of the eight major components in Calgary. Significant cost increases were observed in food (2.4 per cent), shelter, household operations, furnishings and equipment and clothing and footwear (2.1 per cent). The only decline was in health and personal care (1 per cent).

### Calgary's housing market continued to boom in August

In August 2013, the 12-month-moving-average for shelter prices in Calgary advanced 1.6 per cent: rented accommodation increased by 2.8 per cent, owned accommodation increased by 2 per cent, but water, fuel and electricity decreased by 1 per cent (See Chart 2).

Calgary's residential market continued its upward trend in the month of August as increases were observed in both the number of sales and average sale prices over the previous year. According to Calgary Real Estate Board (CREB), single-family home sales increased by 30 per cent and sale prices increased by 8 per cent over the same time last year. The condominium apartment and townhouse markets are experiencing a similar scenario. Condominium apartment sales increased by 26 per cent and average price went up by 5.6 per cent from last August. Condominium townhouse sales climbed 18 per cent and average sales price advanced by 7 per cent in August compared to last year. People who were displaced by the June flood, as well as extra demand from growth in employment and population will put more pressure on this already tight housing market in Calgary in the near terms.

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

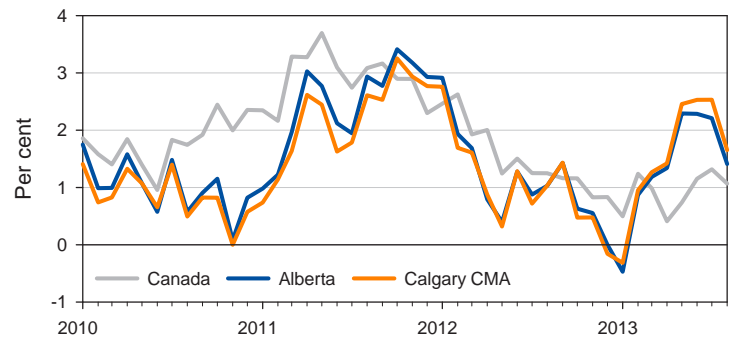
**Food:** The 12-month-moving-average inflation rate for food was 1.8 per cent in August 2013, which contributed 0.29 per cent to Calgary's overall inflation.

**Shelter:** In August 2013, shelter costs increased 1.6 per cent, which contributed 0.42 per cent to Calgary's overall inflation.

**Transportation:** Transportation prices increased 0.5 per cent in August 2013, which contributed 0.11 per cent to the overall inflation in Calgary. Retail gasoline price at the pump advanced 1.5 per cent in August for the 12-month-moving-average.

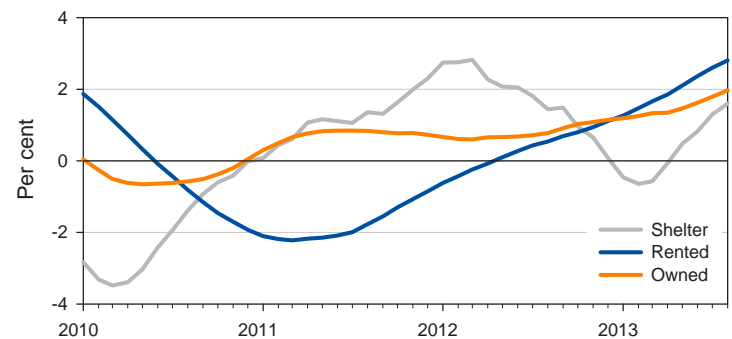
Next release: October 18, 2013

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



Source: Statistics Canada, Corporate Economics, September 2013

Chart 2. Changes in shelter costs in Calgary  
(12-month-moving-average, January 2010 - August 2013, per cent)



Source: Statistics Canada, Corporate Economics, September 2013

### Inflation Rates

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

	Relative Importance (%) *	Aug-13 (%)	Jul-13 (%)	Aug-12 (%)
Calgary: All-items	100.00	1.2	1.2	1.8
Calgary: All-items excluding food and energy	76.49	1.3	1.3	1.3
Food	15.99	1.8	1.8	3.0
Shelter	26.56	1.6	1.3	1.4
Owned accommodation	16.24	2.0	1.8	0.8
Water, fuel and electricity	4.84	(1.0)	(1.9)	6.2
Household operations, furnishing and equipment	12.27	1.8	1.8	1.7
Clothing and footwear	5.88	0.1	(0.1)	(0.9)
Transportation	20.44	0.5	0.6	3.2
Gasoline	3.81	1.5	1.7	4.6
Health and personal care	4.65	0.2	0.5	3.2
Recreation, education and reading	11.37	0.7	0.7	(0.2)
Alcoholic beverages and tobacco products	2.83	1.4	1.5	2.0
Alberta: All-items	100.00	1.1	1.1	1.9
Alberta: All-items excluding food and energy	76.49	1.2	1.2	1.4
Canada: All-items	100.00	0.9	1.0	2.1
Canada: All-items excluding food and energy	74.85	0.8	0.9	1.5

Source: Statistics Canada, Corporate Economics, September 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.

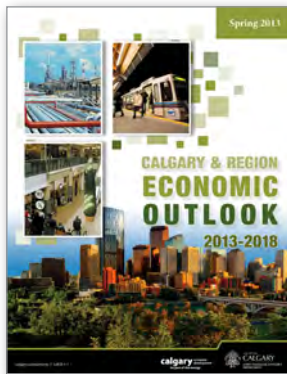
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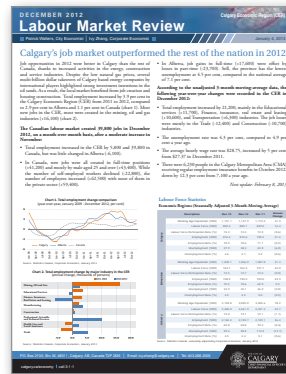
Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

## 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, Calgary Real Estate Board (CREB), Corporate Economics.