

Inflation Review

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

November 22, 2013

Calgary's headline inflation was 1.5 per cent in October 2013

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

In October 2013, Calgary's headline inflation rose by 1.5 per cent over the same month last year. Consumer prices increased 1.0 per cent in Alberta and 0.7 per cent in Canada in October (Chart 1).

Consumer prices rose in six of the eight major categories in Calgary. Significant cost increases were observed in food and shelter (2.4 per cent), household operations, furnishings and equipment (2 per cent), and alcoholic beverages and tobacco products (1.9 per cent) and. The only declines were in health and personal care (-0.8 per cent) and clothing and footwear (-0.5 per cent).

Calgary's existing home sales and prices continued to rise in October

In October 2013, Calgary's average resale house price rose 4.2 per cent compared to the same month last year; with apartment prices increased by 11 per cent, single-family and townhouse prices increased by 8 per cent from a year ago. Sales for existing homes in Calgary were up 19.3 per cent from last October to 2,510 units. This is the second highest sales recorded in the month of October, just 74 units less than the peak in October 2005. The number of new listings is also on the rise, a 9.5 per cent increase over 2012 to 3,318 units. The boost in sales along with steady growth in new listings drove the sales to new listings ratio to 0.76, which indicate seller's market conditions (Chart 2). A seller's market is when the demand is larger than the supply, which would push home sales prices up. (The market is considered to be in balance if the sales to new listings ratio is within the range of 0.4-0.6). In Calgary, the factors that contributed to the rise of demand are employment growth, strong net migration, low vacancy rate in rental accommodation and low mortgage rate. With resale home prices rising in the near term, this should put upward pressure on accommodation costs and the overall inflation in Calgary.

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

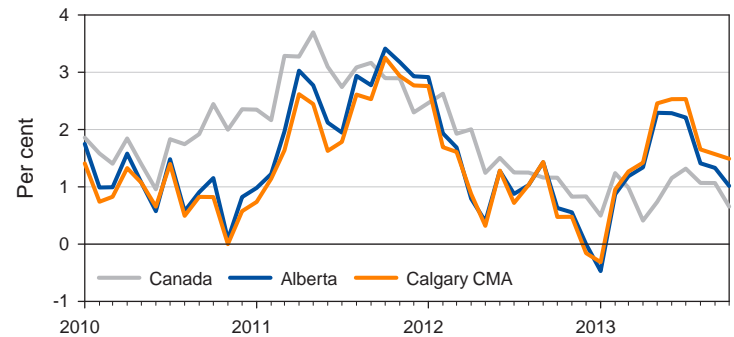
Food: The 12-month-moving-average prices for food advanced 1.9 per cent in October 2013, which contributed 0.31 per cent to Calgary's overall inflation.

Shelter: In October 2013, shelter price grew by 2.2 per cent, which increased Calgary's overall inflation by 0.59 per cent.

Transportation: Transportation prices increased 0.2 per cent in October 2013, which contributed 0.04 per cent to the overall inflation in Calgary.

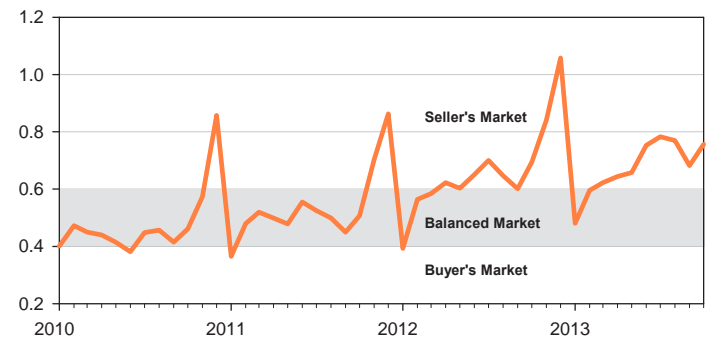
Next release: December 20, 2013

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



Source: Statistics Canada, Corporate Economics, November 2013

Chart 2. Sales to New Listings Ratio in Calgary
(January 2010 - October 2013)



Source: The Canadian Real Estate Association (CREA), Corporate Economics, November 2013

Inflation Rates

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

	Relative Importance (%) *	Oct-13 (%)	Sep-13 (%)	Oct-12 (%)
Calgary: All-items	100.00	1.3	1.2	1.5
Calgary: All-items excluding food and energy	76.49	1.5	1.4	1.3
Food	15.99	1.9	1.9	2.5
Shelter	26.56	2.2	1.8	1.0
Owned accommodation	16.24	2.3	2.1	1.0
Water, fuel and electricity	4.84	1.2	(0.5)	1.5
Household operations, furnishing and equipment	12.27	1.8	1.8	1.5
Clothing and footwear	5.88	0.2	0.2	(0.8)
Transportation	20.44	0.2	0.4	2.5
Gasoline	3.81	(0.5)	0.5	2.9
Health and personal care	4.65	(0.2)	0.1	2.9
Recreation, education and reading	11.37	0.5	0.6	0.0
Alcoholic beverages and tobacco products	2.83	1.3	1.3	2.1
Alberta: All-items	100.00	1.2	1.1	1.6
Alberta: All-items excluding food and energy	76.49	1.3	1.3	1.4
Canada: All-items	100.00	0.9	0.9	1.8
Canada: All-items excluding food and energy	74.85	0.9	0.9	1.4

Source: Statistics Canada, Corporate Economics, November 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.

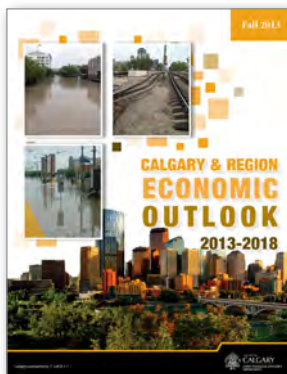
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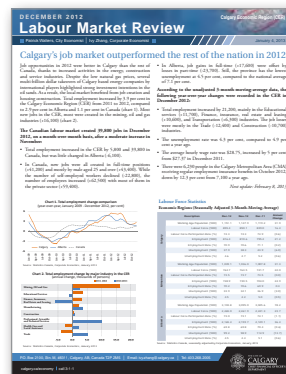
Many of our publications are available on the internet at www.calgary.ca/economy.

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, The Canadian Real Estate Association (CREA), Corporate Economics.