

Inflation Review

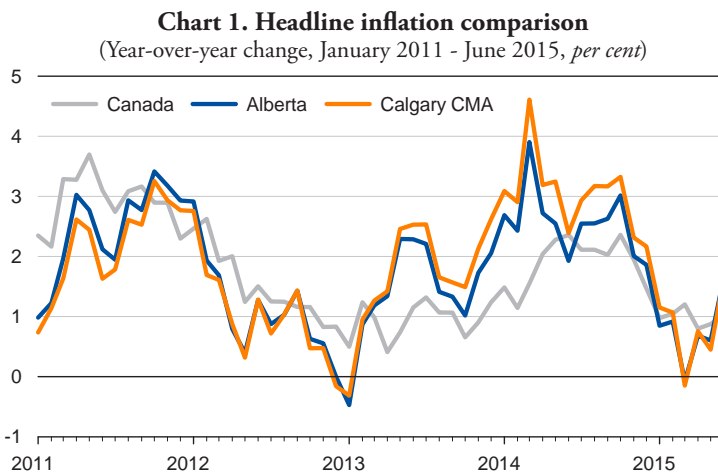
Estella Scruggs, Corporate Research Analyst | Patrick Walters, City Economist

July 17, 2015

Calgary's headline inflation accelerated in June

In June, the headline inflation rate for the Calgary census metropolitan area (CMA) was 1.7 per cent year-over-year, after rising 0.4 per cent in May. This acceleration was attributed to higher costs in six of the eight major components, especially food and shelter. Shelter costs climbed 2.1 per cent in the month as electricity prices contracted less in June (-8.6 per cent) than in May (-28.9 per cent). Meanwhile, natural gas prices were up 6.7 per cent in June, after dropping 12.3 per cent in May. Higher food prices were observed in June, up 3.8 per cent from a year ago. The primary driver of food inflation continued to be meat prices, which recorded a gain of 7.1 per cent year-over-year. Prices for other commonly purchased food items from stores also jumped: fruits and nuts (+4.1 per cent), vegetables (+4.0 per cent), and fish and seafood (+3.2 per cent). Transportation costs shrank 1.1 per cent in June, thanks to a 14.3 per cent decline in gasoline prices compared from a year ago.

Annual inflation in Alberta was 1.7 per cent in June, up from 0.6 per cent in May. Canada's all-items annual inflation rate was 1.0 per cent in June. Nationally, gasoline prices were down 14.1 per cent and natural gas prices contracted by 10.9 per cent compared with the same month a year earlier.



Sources: Statistics Canada, Corporate Economics, July 2015

Apart from the highly volatile food and energy categories, Calgary's core inflation rate came in at 2.3 per cent in June. On a year-to-date basis, the inflation rate for the first half of the year in Calgary is running at 0.8 per cent. This is fairly low relative to the rest of the country. Overall, the inflation rate should stay low in the coming months aided by lower energy costs.

Next release: August 21, 2015

Inflation Rates

	Relative Importance (%)*	Year-over-year			Year-to-date		
		Jun-15 (%)	May-15 (%)	Jun-14 (%)	Jun-15 (%)	May-15 (%)	Jun-14 (%)
Calgary: All-items	100.00	1.7	0.4	2.4	0.8	0.7	3.2
Calgary: All-items excluding food and energy	76.49	2.3	2.1	3.0	2.3	2.2	2.9
Food	15.99	3.8	3.6	4.3	3.8	3.8	3.2
Shelter	26.56	2.1	(1.2)	2.9	0.6	0.3	6.1
Rented accommodation	5.40	3.1	3.5	3.1	3.5	3.6	3.2
Owned accommodation	16.24	1.9	2.2	5.9	3.0	3.2	5.7
Water, fuel and electricity	4.84	2.2	(18.7)	(8.6)	(11.5)	(13.7)	11.8
Household operations, furnishing and equipment	12.27	3.2	2.2	2.5	3.0	3.0	2.4
Clothing and footwear	5.88	(0.3)	0.8	1.9	0.8	1.0	1.3
Transportation	20.44	(1.1)	(2.5)	1.8	(3.0)	(3.4)	3.3
Gasoline	3.81	(14.3)	(20.0)	(0.6)	(21.6)	(23.2)	4.9
Health and personal care	4.65	1.2	0.5	1.4	0.9	0.8	1.0
Recreation, education and reading	11.37	1.6	1.6	2.8	1.3	1.2	2.6
Alcoholic beverages and tobacco products	2.83	5.7	5.1	3.9	4.1	3.8	3.5
Alberta: All-items	100.00	1.7	0.6	1.9	0.8	0.6	2.7
Alberta: All-items excluding food and energy	76.49	2.3	2.3	2.6	2.2	2.2	2.4
Canada: All-items	100.00	1.0	0.9	2.4	1.0	1.0	1.8
Canada: All-items excluding food and energy	74.85	1.8	1.8	1.6	1.9	1.9	1.3

Sources: Statistics Canada, Corporate Economics, July 2015

* 2013 CPI basket weights at January 2015 prices, date modified February 26, 2015

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 have developed reliable methods of forecasting and analysis.

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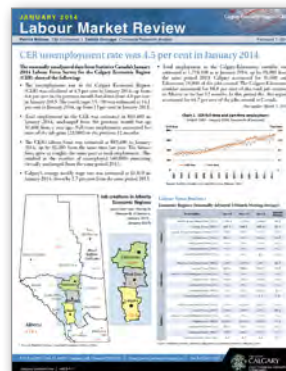
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- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

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

Policy Analysis



- ▶ A Case of Fiscal Imbalance: The Calgary Experience
- ▶ Diesel Fuel Price Pass-Through in Calgary
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.

