

Inflation Review

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

February 19, 2016

Calgary's headline inflation increased in January 2016

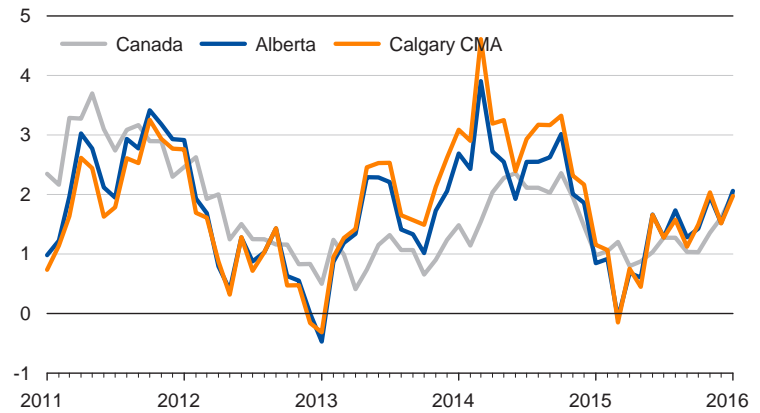
In January 2016, Calgary's inflation rate rose 2.0 per cent year-over-year, following a 1.5 per cent increase in December. The inflation rate was up 2.1 per cent in Alberta compared to 0.8 per cent a year ago. For Canada, the rate accelerated to 2.0 per cent from 1.0 per cent in January 2015 (Chart 1). The all-items inflation rates for Calgary, Alberta, and Canada jumped in the month mostly due to higher gasoline and food prices.

Calgary's gasoline prices were up 1.6 per cent year-over-year for the first time since October 2014. This helped to push transportation costs up 3.4 per cent in January, following a 1.2 per cent increase in December 2015. Food prices edged up 3.9 per cent. Food purchased from stores climbed 4.3 per cent, specifically vegetable prices, recorded a gain of 14.5 per cent. Restaurant bills were up 3.2 per cent.

Cost increases were observed in a number of other categories in Calgary in the month of January. Prices for alcoholic beverages and tobacco products had the largest increase, up 8.6 per cent. Prices for health and personal care increased 2.6 per cent, and recreation, education and reading rose 1.6 per cent. Excluding food and energy, the inflation rate for Calgary was steady at 2.3 per cent compared to same time last year.

Clothing and footwear and shelter were the only two major category where prices declined in January with a 0.6 per cent

Chart 1. Headline inflation comparison
(Year-over-year change, January 2011 - January 2016, per cent)



Sources: Statistics Canada, Corporate Economics, February 2016

and 0.2 per cent drop respectively.

Overall, higher prices were observed in food and other imported products as they were driven by a lower Canadian dollar. The inflation rate should continue to stay moderate in the coming months aided by lower energy costs.

Next release: March 18, 2016

Inflation Rates

	Relative Importance (%) [*]	Year-over-year			Month-over-month		
		Jan-16 (%)	Dec-15 (%)	Jan-15 (%)	Jan-16 (%)	Dec-15 (%)	Nov-15 (%)
Calgary: All-items	100.00	2.0	1.5	1.2	0.1	(0.9)	(0.3)
Calgary: All-items excluding food and energy	76.49	2.3	2.2	2.3	0.2	(0.7)	0.0
Food	15.99	3.9	3.7	4.7	1.6	0.4	0.6
Shelter	26.56	(0.2)	0.1	2.9	(0.1)	(0.1)	(0.4)
Rented accommodation	5.40	1.3	1.5	3.5	(0.1)	0.0	0.1
Owned accommodation	16.24	1.9	2.2	4.4	0.1	0.1	0.1
Water, fuel and electricity	4.84	(10.1)	(9.7)	(2.9)	(0.4)	(1.1)	(2.8)
Household operations, furnishing and equipment	12.27	2.4	2.0	3.1	0.6	(0.6)	(0.3)
Clothing and footwear	5.88	(0.6)	0.3	0.9	(1.0)	(5.2)	(0.6)
Transportation	20.44	3.4	1.2	(4.0)	(0.2)	(1.7)	(0.9)
Gasoline	3.81	1.6	(7.0)	(27.8)	(7.5)	(11.1)	(7.3)
Health and personal care	4.65	2.6	2.5	1.2	0.6	(0.4)	1.3
Recreation, education and reading	11.37	1.6	1.0	0.3	(0.6)	(1.4)	(1.3)
Alcoholic beverages and tobacco products	2.83	8.6	8.7	3.9	0.3	0.3	2.4
Alberta: All-items	100.00	2.1	1.5	0.8	0.1	(0.9)	(0.3)
Alberta: All-items excluding food and energy	76.49	2.4	2.2	2.0	0.2	(0.7)	0.0
Canada: All-items	100.00	2.0	1.6	1.0	0.2	(0.5)	(0.1)
Canada: All-items excluding food and energy	74.85	1.8	1.7	1.9	0.2	(0.5)	(0.2)

Sources: Statistics Canada, Corporate Economics, February 2016

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

Figures in red and parentheses indicate negative.

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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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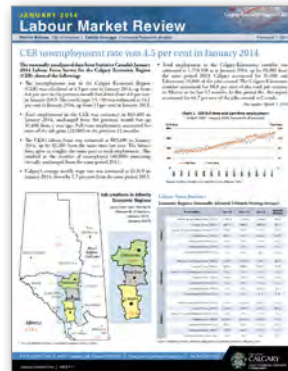
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.