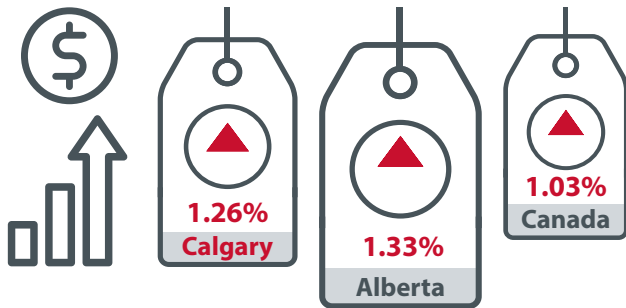


## September 2020 Headline Inflation

Comparison is based on 12-month-moving-average of the Consumer Price Index



## Major Contributors to Calgary's Inflation Rate September 2020



## Calgary Local Inflation Conditions and Contributing Factors

In September 2020, the Consumer Price Index (CPI) in Calgary CMA increased by 1.3 per cent on a twelve-month-moving-average\* basis. The year-over-year CPI increased by 1.4 per cent from September 2019.

The year-to-date inflation for the last nine months was 0.8 per cent in September 2020 compared to 1.0 in September 2019. It took 7 months in 2019 to reach the same pace of year-to-date inflation observed in September of 2020.

The major contributor to the September 2020 inflation was the cost of food and shelter. It added 0.92 percentage points to the inflation rate, lower than the 1.05 percentage points to the inflation rate in September 2019.

Transportation returned to be the second largest contributor to inflation in September 2020, switching positions with clothing and footwear, which had been the second largest contributor to inflation since April 2020. The switch is likely due to the increased demand for transportation as employment rebounds.

Excluding transportation, food and shelter costs, the average CPI did not change in September 2020 compared to September 2019.

The largest contributor to deflation (drop of price) was household operations, furnishing and equipment, which contributed -0.1 percentage points to the overall inflation rate.

## Inflation Rates

|   | Relative Importance (%)* | Year-over-year (12-MMA, %) |        |        | Year-to-Date (12-MMA, %) |        |        |
|---|--------------------------|----------------------------|--------|--------|--------------------------|--------|--------|
|   |                          | Sep-20                     | Aug-20 | Jul-20 | Sep-20                   | Aug-20 | Jul-20 |
| Calgary: All-items  | 100.00                   | 1.26                       | 1.19   | 1.19   | 0.84                     | 0.70   | 0.63   |
| Calgary: All-items excluding food and energy                    | 76.28                    | 1.44                       | 1.51   | 1.59   | 1.00                     | 0.93   | 0.86   |
| Food  | 16.59                    | 3.04                       | 3.32   | 3.47   | 2.14                     | 2.08   | 1.94   |
| Shelter   | 26.26                    | 1.40                       | 1.29   | 1.29   | 0.93                     | 0.70   | 0.58   |
| Rented accommodation  | 5.68                     | 0.71                       | 0.72   | 0.72   | 0.48                     | 0.40   | 0.32   |
| Owned accommodation   | 15.48                    | 1.62                       | 1.73   | 1.79   | 1.09                     | 0.99   | 0.89   |
| Water, fuel and electricity                                     | 5.09                     | 1.04                       | 0.39   | 0.20   | 0.52                     | -0.13  | -0.32  |
| Household operations, furnishing and equipment                  | 12.93                    | -0.65                      | -0.65  | -0.57  | -0.41                    | -0.41  | -0.41  |
| Clothing and footwear   | 5.15                     | 2.49                       | 2.80   | 2.59   | 1.44                     | 1.64   | 1.54   |
| Transportation  | 20.28                    | 0.76                       | 0.48   | 0.41   | 0.41                     | 0.21   | 0.21   |
| Gasoline  | 3.26                     | -13.55                     | -15.46 | -16.66 | -11.37                   | -11.49 | -10.99 |
| Health and personal care  | 4.81                     | 1.53                       | 1.53   | 1.53   | 1.01                     | 0.87   | 0.80   |
| Recreation, education and reading                               | 10.49                    | 0.35                       | 0.35   | 0.61   | -0.17                    | -0.26  | -0.09  |
| Alcoholic beverages, tobacco products and recreational cannabis | 3.48                     | 0.47                       | 0.64   | 0.70   | 0.23                     | 0.35   | 0.35   |
| Alberta: All-items  | 100.00                   | 1.33                       | 1.34   | 1.34   | 0.84                     | 0.70   | 0.63   |
| Alberta: All-items excluding food and energy                    | 76.28                    | 1.51                       | 1.59   | 1.74   | 1.00                     | 0.93   | 0.86   |
| Canada: All-items   | 100.00                   | 1.03                       | 1.11   | 1.26   | 0.51                     | 0.44   | 0.44   |
| Canada: All-items excluding food and energy                     | 77.01                    | 1.31                       | 1.39   | 1.54   | 0.84                     | 0.77   | 0.77   |

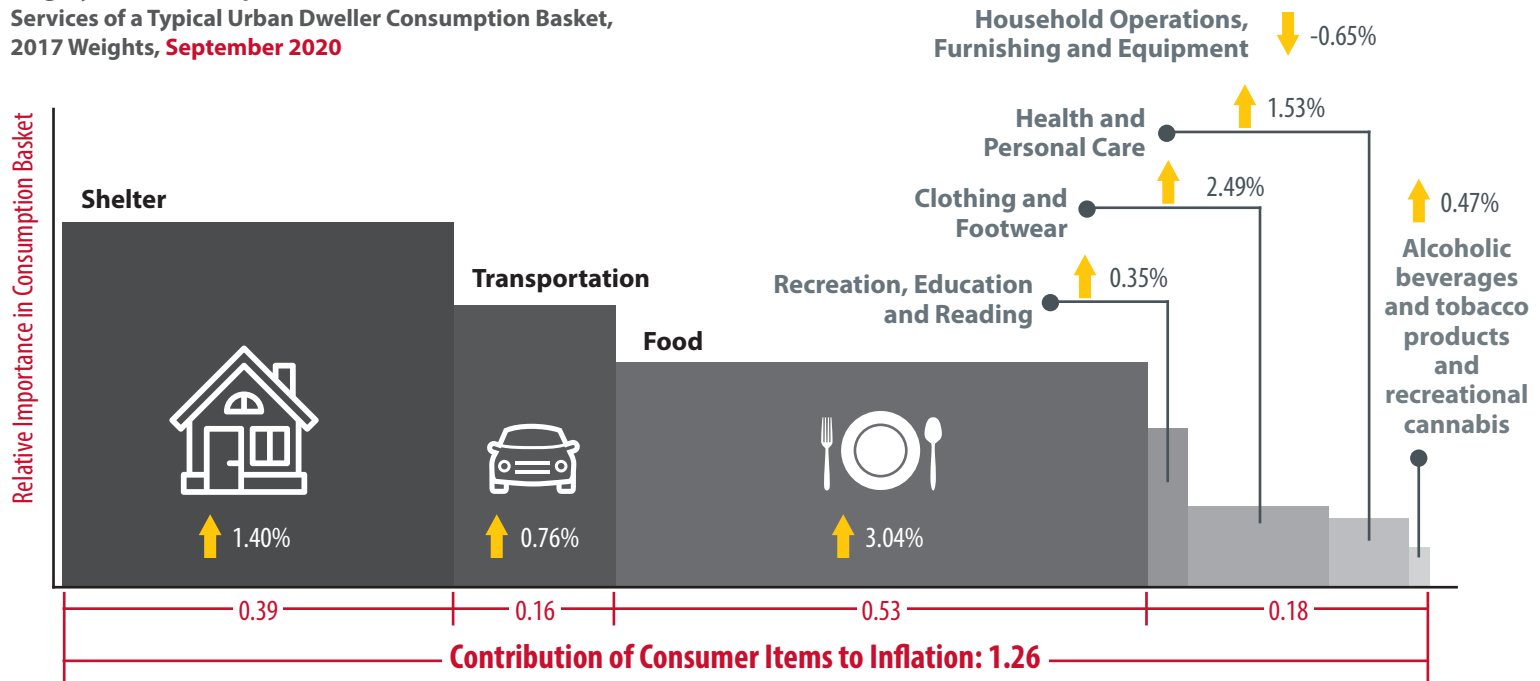
\* Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 2019.

Sources: Statistics Canada, Corporate Economics, October 21, 2020

## External Inflation Conditions and Contributing Factors

The CPI for Alberta and Canada in September 2020 increased by 1.3 and 1.0 per cent respectively, on a twelve-month-moving-average basis. In September 2020, the year-over-year CPI increased by 1.5 in Alberta and decreased by 0.5 per cent in Canada.

Calgary Census Metropolitan Area Share of Goods and Services of a Typical Urban Dweller Consumption Basket, 2017 Weights, **September 2020**



Sources: Statistics Canada, Corporate Economics, October 21, 2020

Next release: November 18, 2020

\* Twelve-month-moving average is done by taking an average over a 12-month consecutive data series. The discussion of CPI here is on a twelve-month-moving-average unless stated otherwise.

## Glossary:

**Headline Inflation:** This is the inflation rate measured using all components of the consumer basket of goods and services.

**Core Inflation:** This is the inflation rate after excluding food and transportation from the consumer basket of goods and services.

**Overnight Rate:** The interest rate the Bank of Canada charges commercial banks to borrow money.

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