

Headline Inflation Comparison

January 2021



CPI Inflation in the Calgary Census Metropolitan Area

With 2020 in the rearview mirror and the first month of 2021 in hindsight, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) rose by 0.6 per cent from December of 2020. On an annual basis, Calgary's CPI increased by 0.8 per cent per year from January of 2020.

As countries and regions worldwide adapt to coexisting with the COVID-19 pandemic, the disruption of global supply chains of goods and services should become less impactful in pushing up consumer prices. The additional inflationary pressures that are generally associated with travel from visitors outside Canada's borders are expected to be limited due to more substantial cross-border travel requirements.

In January, the cost of shelter decreased by 0.3 per cent from December of 2020 and rose by 1.0 per cent from January of 2020.

External Inflation Conditions and Contributing Factors in Alberta

The major contributor to the January 2021 annual inflation in Alberta was the cost of transportation. It added a 0.5 percentage point to total inflation, the same contribution to annual total inflation in December 2020.

The second largest contributor to annual inflation in January was food and shelter. It added 0.3 percentage points to the January total inflation, a marginal decrease from December's contribution.

The most significant off-setting factor to the annual inflation in January was clothing and footwear. It contributed -0.3 percentage points to the total inflation, a marginal increase from its contribution in December 2020.

The three largest annual inflation ticket-items in Alberta in January 2021 were non-electric kitchen utensils, tableware and cookware,

natural gas prices and Fresh or frozen pork, likely driven by the colder weather and increased restaurant takeouts/home deliveries. The least three annual inflation ticket-items were Recreational cannabis, Traveller accommodation and Telephone services, caused by lower demand for those services from border travel restrictions and restricted social activities.

CPI for Alberta and Canada in January 2021 rose by 0.8 and 1.0 percent, respectively, from January 2020.

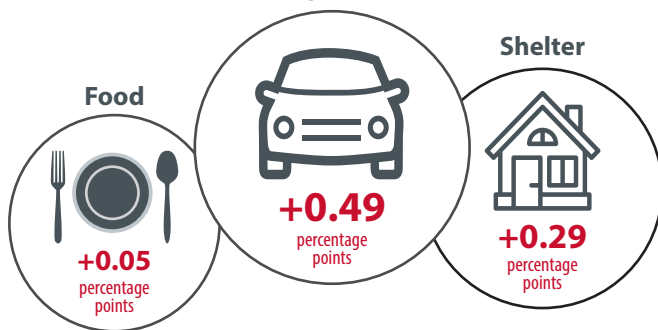
Major Contributors to Alberta's Inflation Rate

January 2021

Transportation

Shelter

Food



Inflation Rates

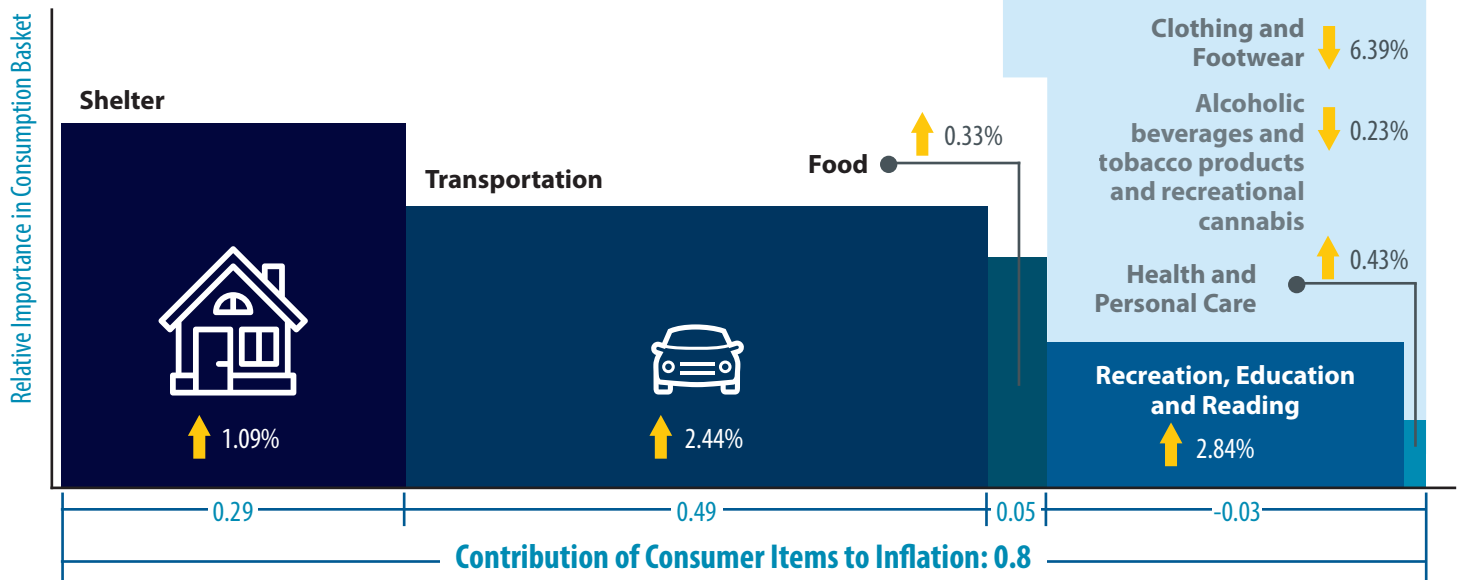
	Relative Importance (%)*	Year-over-year (%)			Year-to-Date (%)		
		Jan-21	Dec-20	Nov-20	Jan-21	Dec-20	Nov-20
Calgary: All-items	100.00	0.8	0.8	1.3	0.6	0.8	1.3
Shelter	26.26	1.0	1.0	1.4	-0.3	1.0	0.8
Rented accommodation	5.68	-0.6	2.3	1.7	-2.7	2.3	2.1
Owned accommodation	15.48	0.7	0.9	1.2	-0.1	0.9	0.9
Water, fuel and electricity	5.09	3.9	-0.2	2.0	1.6	-0.2	-1.2
Alberta: All-items	100.00	0.8	0.8	1.3	0.7	0.8	1.2
Alberta: All-items excluding food and energy	76.28	0.6	0.8	1.0	0.3	0.8	1.3
Canada: All-items	100.00	1.0	0.7	1.0	0.6	0.7	1.0
Canada: All-items excluding food and energy	77.01	1.4	1.1	1.3	0.5	1.1	1.5

* CPI basket weights are based on the 2017 Survey of Household Spending, modified on February 2019.

Starting from January 2021, we are no longer providing the 12-month-moving averages for CPI except for end of year. We have decided to use Alberta CPI categories rather than estimates of Calgary CMA CPI categories to highlight contributions from the 8 major categories of CPI. Statistics Canada only publicly provides the shelter category with three sub-categories for Calgary CMA.

Sources: Statistics Canada, Corporate Economics, February 17, 2021.

Contribution of Consumer Items to Inflation: Alberta January 2021



Starting from January 2021, we are only going to report on the Alberta CPI categories which Statistics Canada provides.

Sources: Statistics Canada, Corporate Economics, February 17, 2021

Next release: March 17, 2021

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