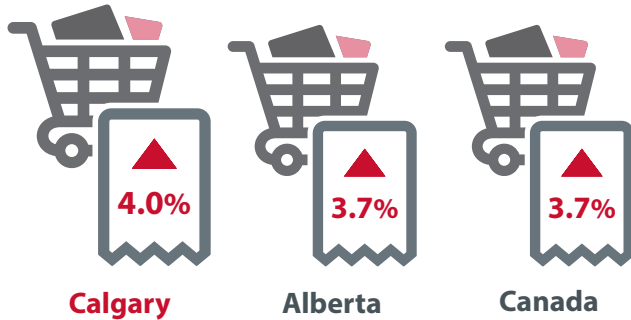




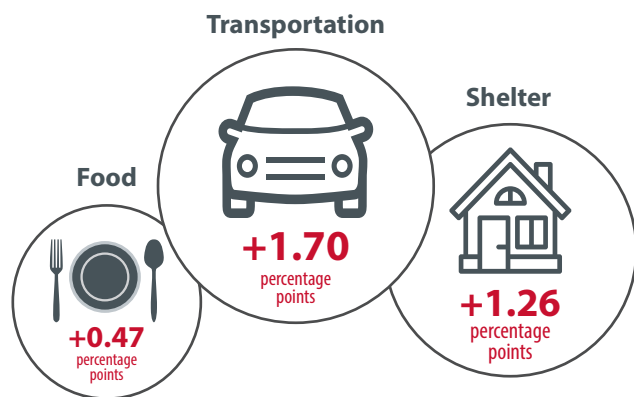
## Headline Inflation Comparison

July 2021



## Major Contributors to Alberta's Inflation Rate

July 2021



## CPI Inflation in the Calgary Census Metropolitan Area at Highest Rate since 2014

In July 2021, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 1.3 per cent from June and by 4.0 per cent over the previous twelve months. This represents the largest year-over-year inflation rate recorded in the CMA since March 2014. Both the unusually low prices seen in 2020 due to the COVID-19 pandemic and recent increases in energy prices contributed to July's remarkably high level of inflation.

In July 2021, the cost of shelter in the Calgary CMA increased by 2.6 per cent from the previous month and by 5.6 per cent from July 2020.

## Energy Prices the Leading Cause of High Inflation in Alberta

Both Alberta and Canada reported CPI inflation of 3.7 per cent over the past twelve months, slightly less than the Calgary CMA. The breakdown of price increases available for Alberta shed some light on what drove the exceptional inflation rates experienced by Alberta and Calgary in July.

Energy prices take the spotlight in this month's review. The three individual items with the largest price increases over twelve months in Alberta were gasoline, natural gas, and electricity. Gasoline prices rose by 38.4 per cent, connected to continued increases in global crude oil prices. Natural gas prices also rose significantly, at a rate of 30.9 per cent since July 2020.

Most interesting, however, is the current increase in Alberta's electricity prices. Between July 2020 and June 2021, electricity prices declined by 3.2 per cent. However, in July 2021, they soared up by 25.1 per cent from June, resulting in a year-over-year increase of 21.1 per cent. In July, the heat waves drove the increase in the use of air conditioners, increasing electricity demand. Also, supply was constrained as coal-burning generators were being shut down or converted to natural gas. In addition, drought conditions in British Columbia limited the availability of imported hydropower.

Looking at the broader categories, the greatest contributor to inflation in Alberta in July was the cost of transportation, driven by the major increase in gasoline prices. Transportation costs contributed 1.70 percentage points to total inflation.

The second major contributor to Alberta's inflation rate was the cost of shelter, with much of its increase due to the rise in natural gas and electricity prices. Increasing house prices since last year amid a surge in demand also played a role. The cost of shelter contributed 1.26 percentage points to total inflation.

## Inflation Rates

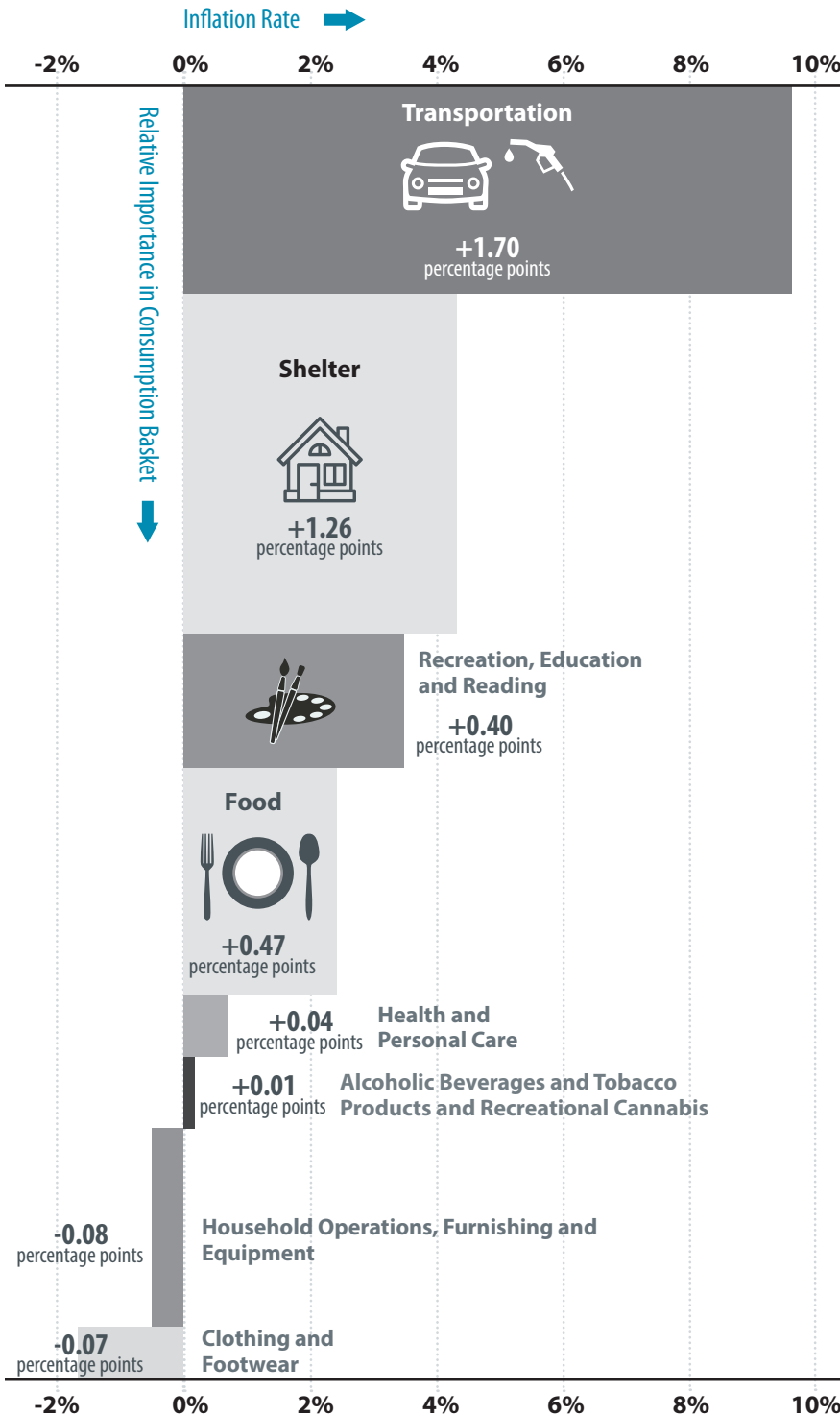
	Relative Importance (%) *	Year-over-year (%)			Year-to-Date (%)		
		Jul-21	Jun-21	May-21	Jul-21	Jun-21	May-21
Calgary: All-items	100.00	4.0	2.6	2.9	3.9	2.6	2.4
Shelter	26.35	5.6	2.9	2.0	3.7	1.1	0.5
Rented accommodation	5.77	0.6	-0.4	-1.0	-1.8	-2.2	-2.6
Owned accommodation	16.55	4.5	2.8	1.4	3.7	2.0	0.8
Water, fuel and electricity	4.03	15.8	7.0	7.2	10.3	1.4	2.7
Alberta: All-items	100.00	3.7	2.7	3.1	3.8	2.8	2.6
Alberta: All-items excluding food and energy	75.72	1.8	1.0	1.3	2.1	1.5	1.3
Canada: All-items	100.00	3.7	3.1	3.6	3.6	2.9	2.6
Canada: All-items excluding food and energy	77.06	2.8	2.2	2.4	2.6	2.1	1.8

\* CPI basket weights are based on the 2020 expenditure data, modified on June 2021.

Sources: Statistics Canada, Corporate Economics, August 18, 2021.

Despite the high inflation rate, not all prices increased. In July, the greatest offset to Alberta's price inflation came from a decrease in prices for household operations, furnishings, and equipment, contributing -0.08 percentage points to total inflation. The individual products and services that reported the largest price decreases were recreational cannabis, telephone services, and fresh vegetables.

## Contribution of Consumer Items to Inflation: Alberta July 2021



## 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.

For media inquiry, please contact:  
The Media Line at 403.828.2954 or  
[media.relations@calgary.ca](mailto:media.relations@calgary.ca)

For the technical questions, please contact:

**Chukwudi Osuji, Ph.D**  
Acting City Economist & Regulatory Lead  
[chukwudi.osuji@calgary.ca](mailto:chukwudi.osuji@calgary.ca)

**Gilbert Lybbert**  
Associate Economist  
[gilbert.lybbert@calgary.ca](mailto:gilbert.lybbert@calgary.ca)

**Estella Scruggs**  
Corporate Research Analyst  
[estella.scruggs@calgary.ca](mailto:estella.scruggs@calgary.ca)

Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

The City of Calgary provides this information in good faith. However, the aforementioned organization makes no representation, warranty or condition, statutory express or implied, takes no responsibility for any errors and omissions which may contained herein and accepts no liability for any loss arising from any use or reliance on this report.

Sources:

Bank of Canada, Statistics Canada, Corporate Economics.