

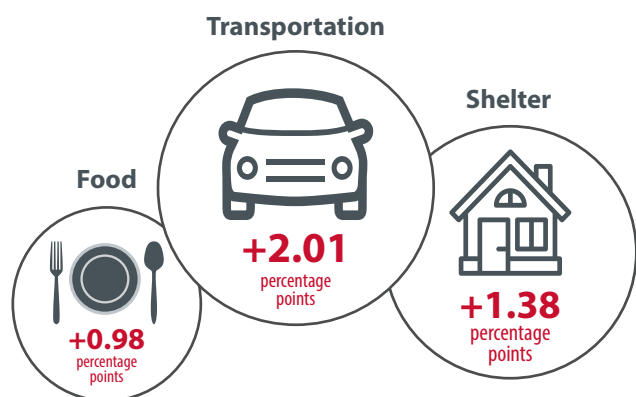
## Headline Inflation Comparison

December 2021



## Major Contributors to Alberta's Inflation Rate

December 2021



## Inflation in the Calgary Metropolitan Area at Highest since 2007

In December 2021, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 0.1 per cent from November and by 5.0 per cent over the previous twelve months. This year-over-year increase represented the highest inflation rate reported in the CMA since June 2007.

The average annual CPI inflation for the Calgary CMA in 2021 was 3.2 per cent. This annual average was also the highest recorded since 2007, and fell outside of the Bank of Canada's target range of one to three per cent. Some of the annual inflation can be explained by a base effect, as prices recovered from the abnormal lows seen during the beginning of the pandemic in 2020. However, the rapid price increases in 2021 went beyond a simple recovery. Rapidly increasing demand, global supply chain disruptions, and ballooning energy costs combined to create significant price increases across many categories of goods and services.

In December 2021, the cost of shelter in the CMA increased by 0.8 per cent since November and posted a 5.6 per cent year-over-year increase.

## Energy Prices Continue to Drive Inflation in Alberta

Alberta reported year-over-year CPI inflation of 4.8 per cent in December, matching the inflation rate in Canada.

The greatest contributor to inflation in Alberta in December was the cost of transportation, adding 2.01 percentage points to total inflation. Gasoline prices, which increased by 37.1 per cent year-over-year, represented the largest increase for an individual item and were the largest factor behind the transportation cost increase.

The next largest contributors to Alberta's December inflation were shelter and food. Shelter cost increases contributed 1.38 percentage points to total inflation, while food contributed 0.98 percentage points. Natural gas prices, which rose by 35.5 per cent since December 2020, contributed to shelter cost increases along with a 33.8 per cent increase in electricity prices. Many food categories, such as meat, dairy, and fresh produce, saw significant increases, leading to a 5.3 per cent year-over-year increase in overall food prices.

## Inflation Rates

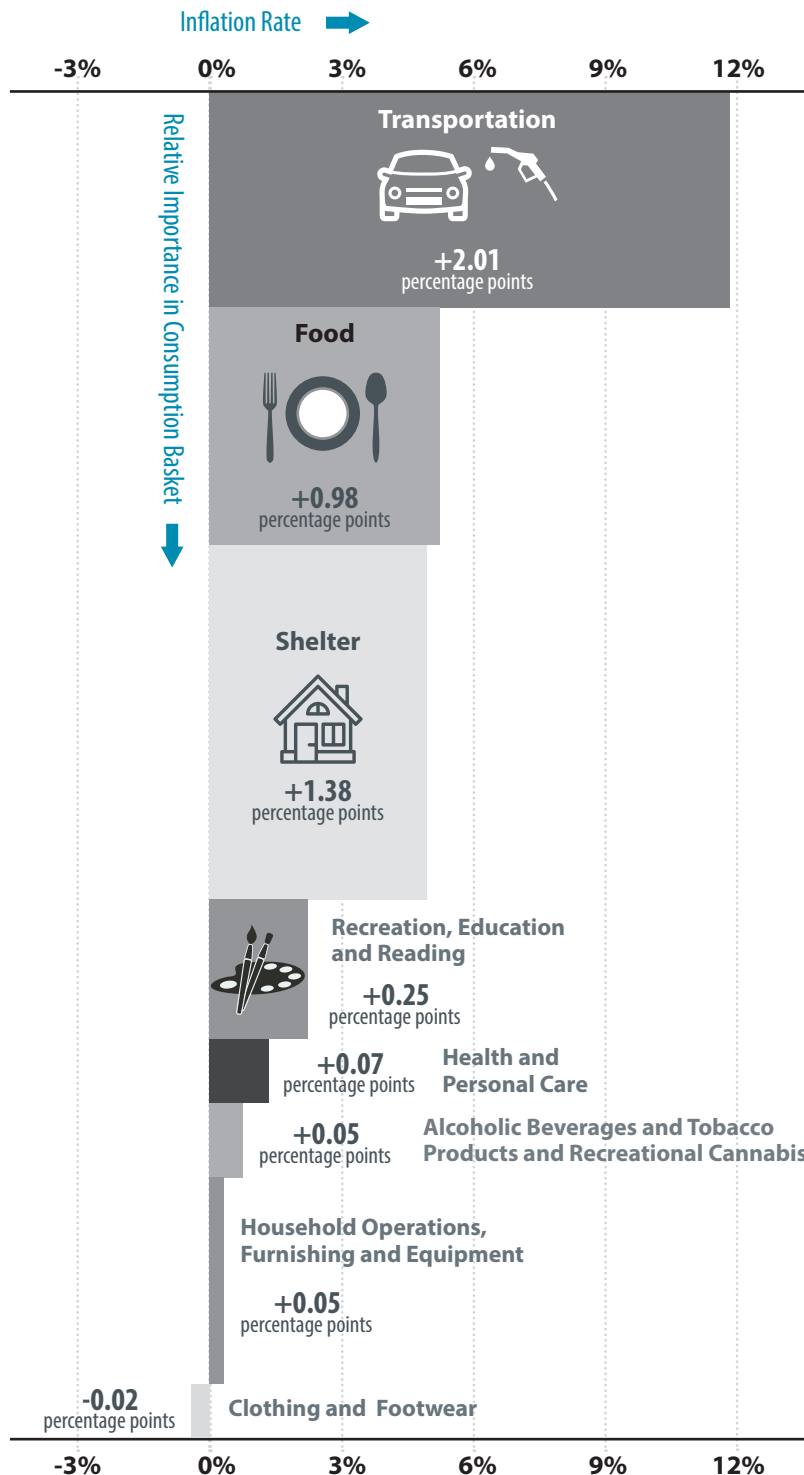
	Relative Importance (%)*	Year-over-year (%)			Year-to-Date (%)
		Dec-21	Nov-21	Oct-21	
Calgary: All-items	100.00	5.0	4.4	4.3	3.2
Shelter	26.35	5.6	4.9	4.4	3.5
Rented accommodation	5.77	0.2	-0.9	-1.6	-0.8
Owned accommodation	16.55	3.1	2.6	2.4	2.3
Water, fuel and electricity	4.03	20.4	19.8	18.6	12.7
Alberta: All-items	100.00	4.8	4.3	4.3	3.2
Alberta: All-items excluding food and energy	75.72	2.3	1.8	1.9	1.3
Canada: All-items	100.00	4.8	4.7	4.7	3.4
Canada: All-items excluding food and energy	77.06	3.4	3.1	3.2	2.4

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

Sources: Statistics Canada, Corporate Economics, January 19, 2022.

Despite the high inflation rate, not all prices increased. In December, a minor offset to Alberta's price inflation came from a decrease in prices for clothing and footwear, contributing -0.02 percentage points to total inflation. The individual products and services that reported the largest price decreases were telephone services, beer purchased from stores, and city bus and subway transportation.

### Contribution of Consumer Items to Inflation: Alberta December 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.

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Sources:

Bank of Canada, Statistics Canada, Corporate Economics.