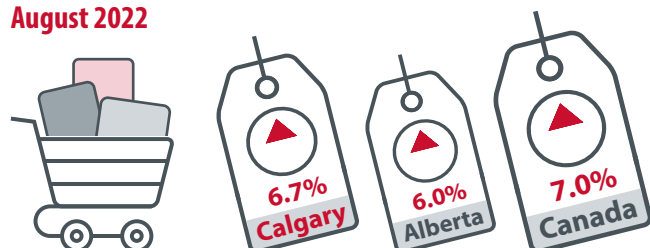


Headline Inflation Comparison

August 2022



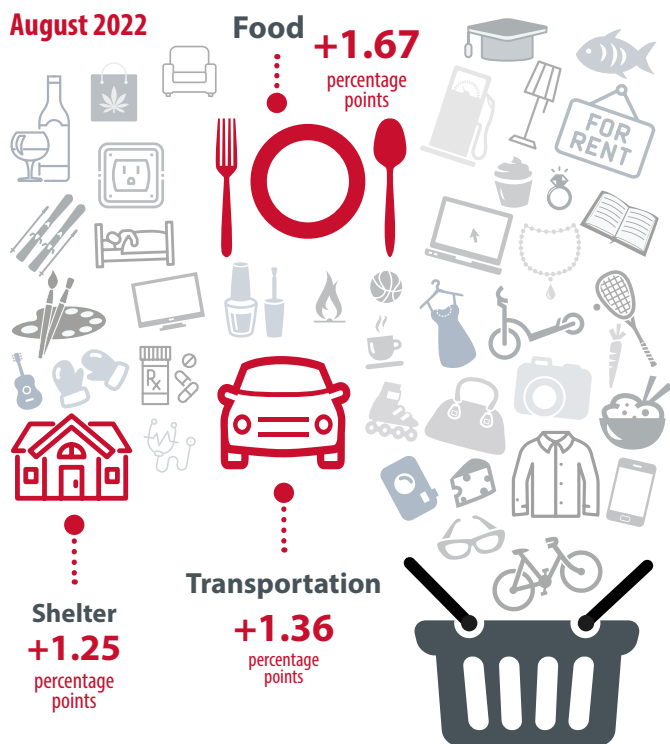
Calgary's high inflation rate decelerates for the second consecutive month

In August 2022, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 6.7 per cent over the previous twelve months. August marked the second month of decelerating inflation since the rate peaked at 9.6 per cent in June.

Decreasing energy prices were the most significant factor behind the decrease in the inflation rate in August. The decreasing energy prices primarily reflected a reduction in supply-side inflationary pressures. For the rest of 2022, high inflation rates should slowly creep downwards toward more normal levels for two reasons. First, global supply chain disruptions should gradually resolve. Second, rising interest rates should begin negatively affecting demand for goods and services.

Major Contributors to Alberta's Inflation Rate

August 2022



Food price inflation in Alberta accelerates as inflation in most other categories soften

Alberta reported year-over-year CPI inflation of 6.0 per cent in August, which was lower than Calgary's inflation rate. The year-over-year inflation rate in Canada, at 7.0 per cent, was higher than inflation in Alberta and Calgary.

Of all the major categories of prices, the price of food experienced the largest year-over-year increase in Alberta, rising by 9.4 per cent. While the overall inflation rate in Alberta in August was lower than in July, food price inflation increased from July's rate of 8.4 per cent. Broad-based increases in food prices continued to be driven by extreme weather in various parts of the world, the ongoing conflict in Ukraine, and supply chain disruptions. In August, food surpassed transportation and shelter to become the most significant contributor to Alberta's total inflation, as food accounted for 1.67 percentage points of the overall inflation rate.

While still high, the rate of inflation for transportation costs came down significantly. In August, Alberta transportation costs posted a year-over-year increase of 8.5 per cent, well down from July's 15.5 per cent rate. Declining gasoline prices drove this change, as they fell by 17.0 per cent month-over-month between July and August. While global crude oil prices continued to fall in August, a narrowing of retail margins for gasoline also occurred in Alberta in August. In July, while most of the country experienced decreasing gasoline prices, local prices in Alberta remained stubbornly high due to wide margins for gasoline retailers. In August, the large margins subsided, leading to a more rapid price decrease. Despite the month-over-month decrease, gasoline prices in August 2022 remained 11.9 per cent higher than in August 2021.

Increases in the cost of shelter in Alberta also decelerated in August, falling to a year-over-year rate of 4.7 per cent. Falling natural gas prices were the primary cause of the deceleration, as they fell by 16.3 per cent month-over-month. However, in August, natural gas prices were still 25.9 per cent higher than they were one year earlier.

Inflation Rates

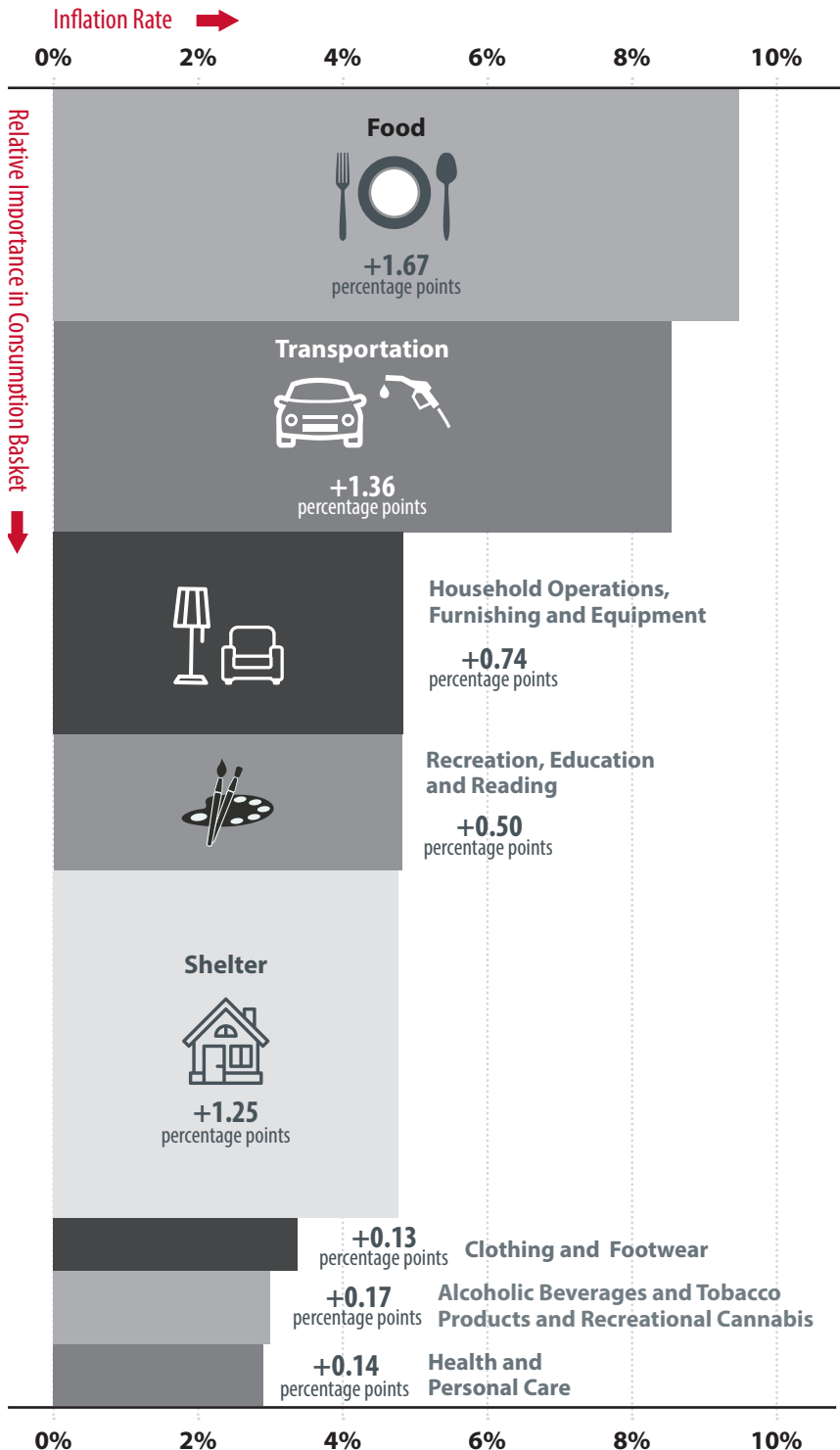
	Relative Importance (%) *	Year-over-year (%)			Year-to-Date Average (%)
		Aug-22	Jul-22	Jun-22	
Calgary: All-items	100.00	6.7	8.2	9.6	7.3
Shelter	26.35	6.7	8.2	11.4	8.7
Rented accommodation	5.77	6.5	6.9	3.1	5.0
Owned accommodation	16.55	7.9	7.2	8.6	6.9
Water, fuel and electricity	4.03	2.8	12.3	31.5	18.8
Alberta: All-items	100.00	6.0	7.4	8.4	6.5
Alberta: All-items excluding food and energy	75.72	4.9	5.2	5.2	4.3
Canada: All-Items	100.00	7.0	7.6	8.1	6.8
Canada: All-items excluding food and energy	77.06	5.3	5.5	5.3	4.8

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

Sources: Statistics Canada, Corporate Economics, September 20, 2022.

Despite the overall deceleration in Alberta's inflation rate, year-over-year price increases occurred across all major categories in August. A few individual items still experienced year-over-year price decreases. These included electricity (due to the provincial government's temporary rebate program), home entertainment equipment, and reading material.

Contribution of Consumer Items to Inflation: Alberta August 2022



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

For the technical questions, please contact:

Oyin Shyllon
Manager,
Corporate Economics and Regulatory Affairs
oyinola.shyllon@calgary.ca

Gilbert Lybbert
Associate Economist
gilbert.lybbert@calgary.ca

Estella Scruggs
Corporate Research Analyst
estella.scruggs@calgary.ca

Many of our publications are available on the internet at 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.