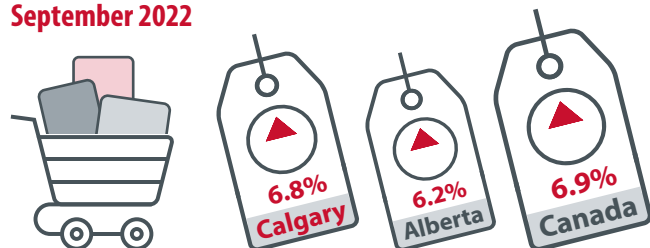


Headline Inflation Comparison

September 2022



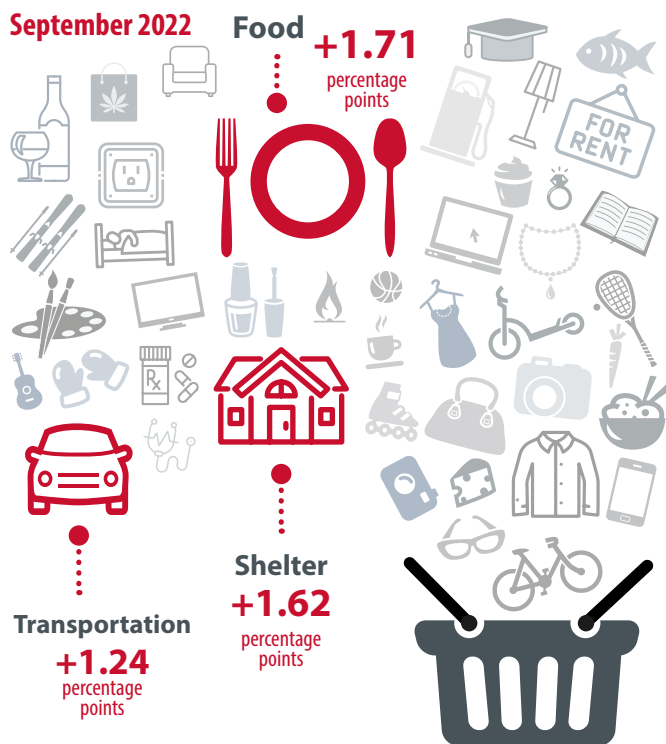
Calgary's high inflation rate remains little changed in September

In September 2022, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 6.8 per cent over the previous twelve months. After two months of decelerating inflation in Calgary, the rate stayed mostly unchanged in September, increasing slightly over the 6.7 per cent inflation rate posted in August.

Inflation remained stubbornly high in September despite continued interest rate hikes by the Bank of Canada. The Bank of Canada raised its policy interest rate by 0.75 percentage points on September 7, part of a 3 percentage point rise over the course of less than six months. Continued interest rate hikes are expected in the coming months as the Bank of Canada works to dampen demand for goods and services in the face of high inflation across the country.

Major Contributors to Alberta's Inflation Rate

September 2022



While gasoline prices soften in Alberta, food and shelter costs accelerate

Alberta reported year-over-year CPI inflation of 6.2 per cent in September: a slight acceleration from last month but still lower than Calgary's inflation rate. The year-over-year inflation rate in Canada, at 6.9 per cent, was higher than inflation in Alberta and Calgary.

Transportation cost inflation in Alberta decreased to 7.7 per cent in September, following three consecutive months of declining gasoline prices. After peaking at 46.0 per cent in June, the year-over-year increase for gasoline prices in Alberta fell to 6.7 per cent in September. A significant increase in world oil supply contributed to lower gasoline prices in September, as did a reduction in global demand for oil in the face of widespread inflation, rising interest rates, and economic uncertainty.

While inflation eased in the transportation category, price pressures intensified in other important categories, such as food and shelter. In September, Alberta food prices increased by 9.7 per cent year-over-year. Extreme weather in various parts of the world, high fertilizer prices, and impacts from Russia's invasion of Ukraine continued to put pressure on food prices. Shelter price inflation reached 6.2 per cent in September as higher house prices, interest rates, and natural gas prices increased the cost of owning or renting a home.

Year-over-year price increases occurred across all major categories in Alberta. However, prices for a few individual items have decreased since September 2021. These include electricity (due to the provincial government's temporary rebate program), home entertainment equipment, and telephone services.

Inflation Rates

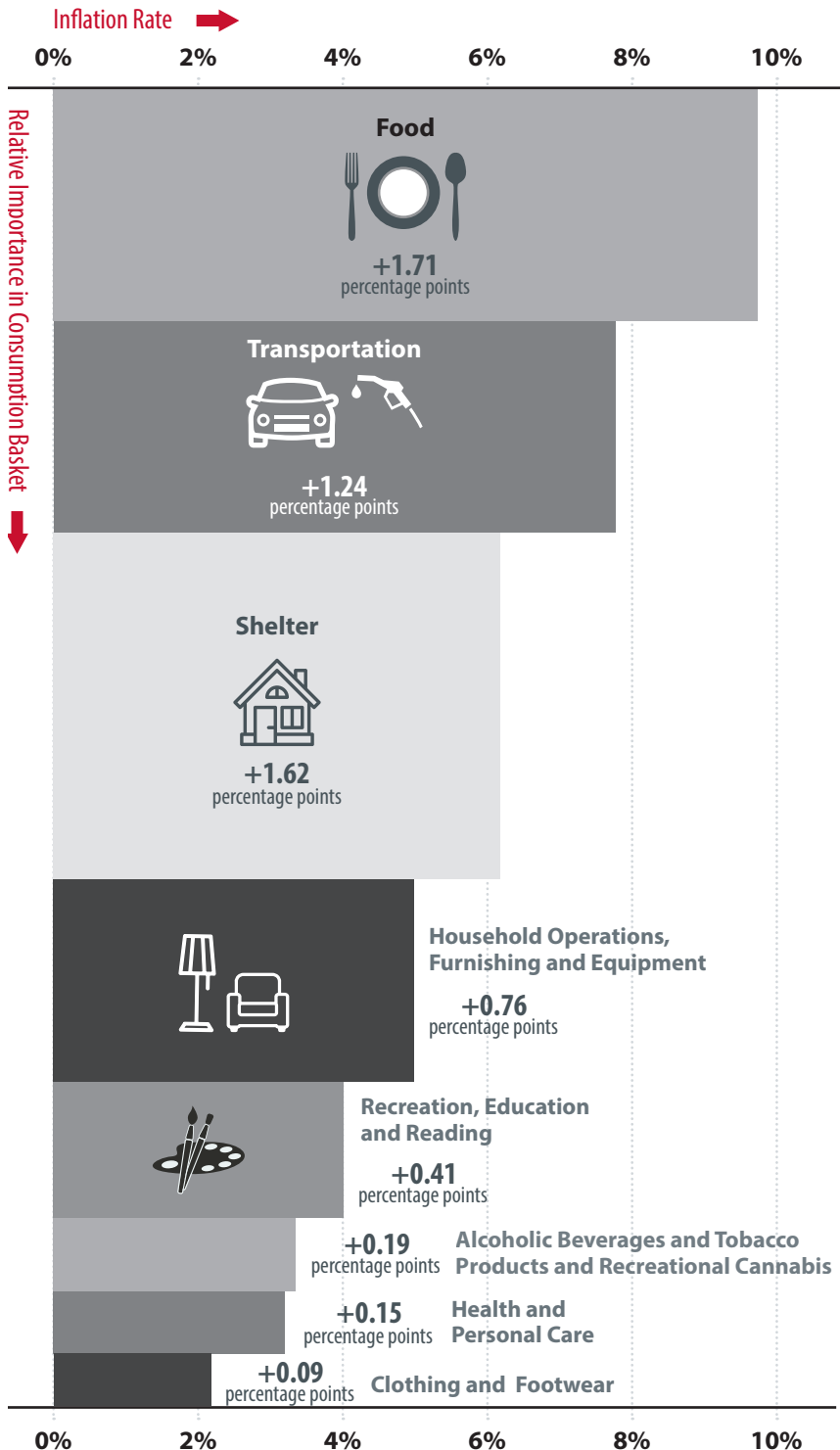
	Relative Importance (%)*	Year-over-year (%)			Year-to-Date Average (%)
		Sep-22	Aug-22	Jul-22	
Calgary: All-items	100.00	6.8	6.7	8.2	7.3
Shelter	26.35	8.1	6.7	8.2	8.6
Rented accommodation	5.77	9.1	6.5	6.9	5.5
Owned accommodation	16.55	8.9	7.9	7.2	7.1
Water, fuel and electricity	4.03	4.0	2.8	12.3	17.1
Alberta: All-items	100.00	6.2	6.0	7.4	6.5
Alberta: All-items excluding food and energy	75.72	5.3	4.9	5.2	4.4
Canada: All-Items	100.00	6.9	7.0	7.6	6.8
Canada: All-items excluding food and energy	77.06	5.4	5.3	5.5	4.8

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

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

Contribution of Consumer Items to Inflation: Alberta

September 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.

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Sources:

Bank of Canada, Statistics Canada, Corporate Economics.