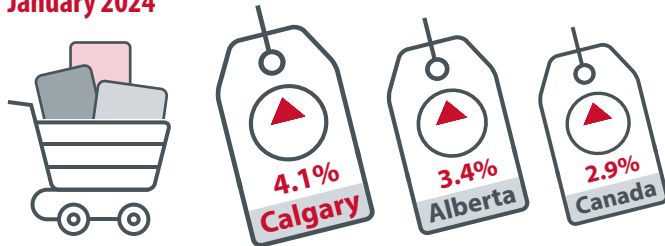


Headline Inflation Comparison

January 2024

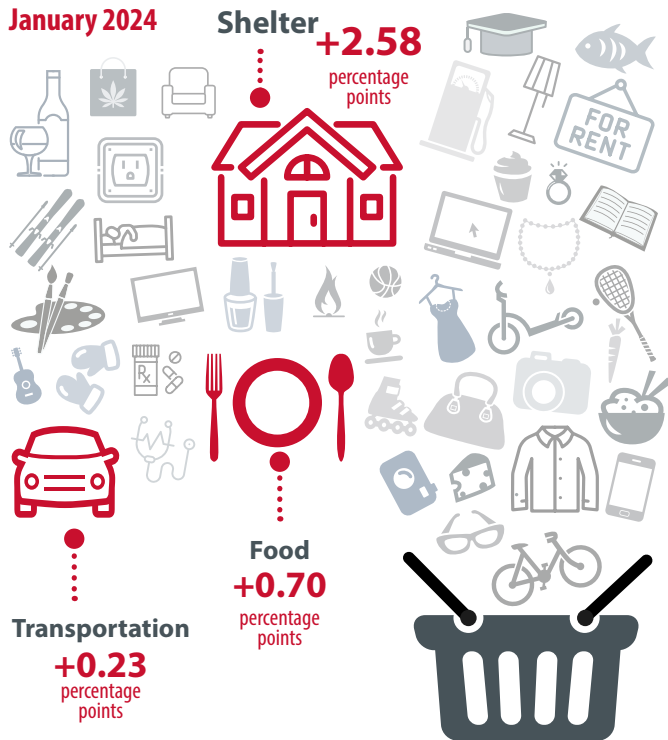


Annual headline inflation rises to 4.1 per cent in Calgary, while national rate slows to 2.9 per cent in January 2024

In January 2024, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) increased to 4.1 per cent year-over-year (YoY), up from 3.9 per cent in December. In Alberta, inflation rose from 3.0 per cent in December to 3.4 per cent in January. Conversely, at the national level, the CPI slowed to 2.9 per cent, down from December's 3.4 per cent, primarily due to lower gasoline prices resulting from a baseline effect, as gasoline prices spiked in January 2023 following refinery shut-downs in the U.S. Core inflation, which excludes volatile items such as food and energy, saw decreases in both Alberta and Canada, dropping to 2.8 per cent and 3.1 per cent from December's 3.0 per cent and 3.4 per cent, respectively. Continuing the trend from 2023, persistent inflationary pressures in shelter costs have been the main driving force. Combined with high service costs, these factors are expected to maintain an overall inflation rate of around 3.0 per cent through the first half of 2024, above the Bank of Canada's target rate of 2.0 per cent as detailed in its January Monetary Policy Report.

Major Contributors to Alberta's Inflation Rate

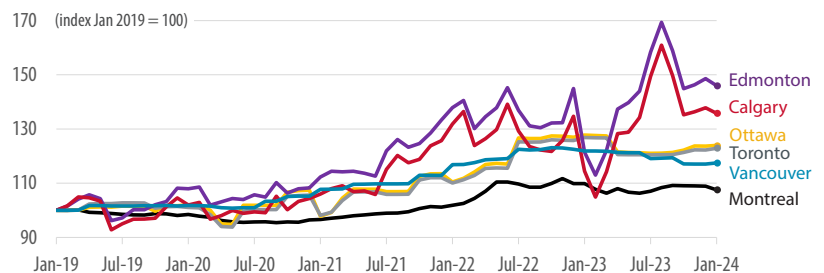
January 2024



New policies in 2024 start to impact Alberta's inflation

As the first data for 2024 unfolds, we are starting to see the impacts of the new policies on inflation. Notably, the Alberta government reinstated the gasoline fuel tax, which had been previously suspended since 2022 due to elevated energy costs. This has prompted a surge in gasoline prices in Alberta by 1.6 per cent compared to December 2023, despite a 3.3 per cent YoY decrease. Alberta experienced the highest month-over-month (MoM) gasoline price hike in Canada, in contrast to Manitoba, which saw the lowest MoM price changes of minus 14.1 per cent in gasoline after eliminating its fuel tax starting in 2024. New policies by many levels of government, including increased carbon taxes, and the upcoming federal alcohol tax increase set for April, are expected to further impact the costs of living throughout 2024.

Comparison of water, fuel and electricity (Jan 2019 - Jan 2024)



Inflation Rates

	Relative Importance (%) *	Year-over-year (%)		
		Jan-24	Dec-23	Nov-23
Calgary: All-items	100.00	4.1	3.9	2.9
Shelter	25.89	12.2	10.2	9.6
Rented accommodation	5.91	14.4	18.4	10.8
Owned accommodation	16.14	9.5	9.6	9.6
Water, fuel and electricity	3.85	18.6	2.3	8.4
Alberta: All-items	100.00	3.4	3.0	2.5
Alberta: All-items excluding food and energy	76.10	2.8	3.0	2.5
Canada: All-items	100.00	2.9	3.4	3.1
Canada: All-items excluding food and energy	76.57	3.1	3.4	3.5

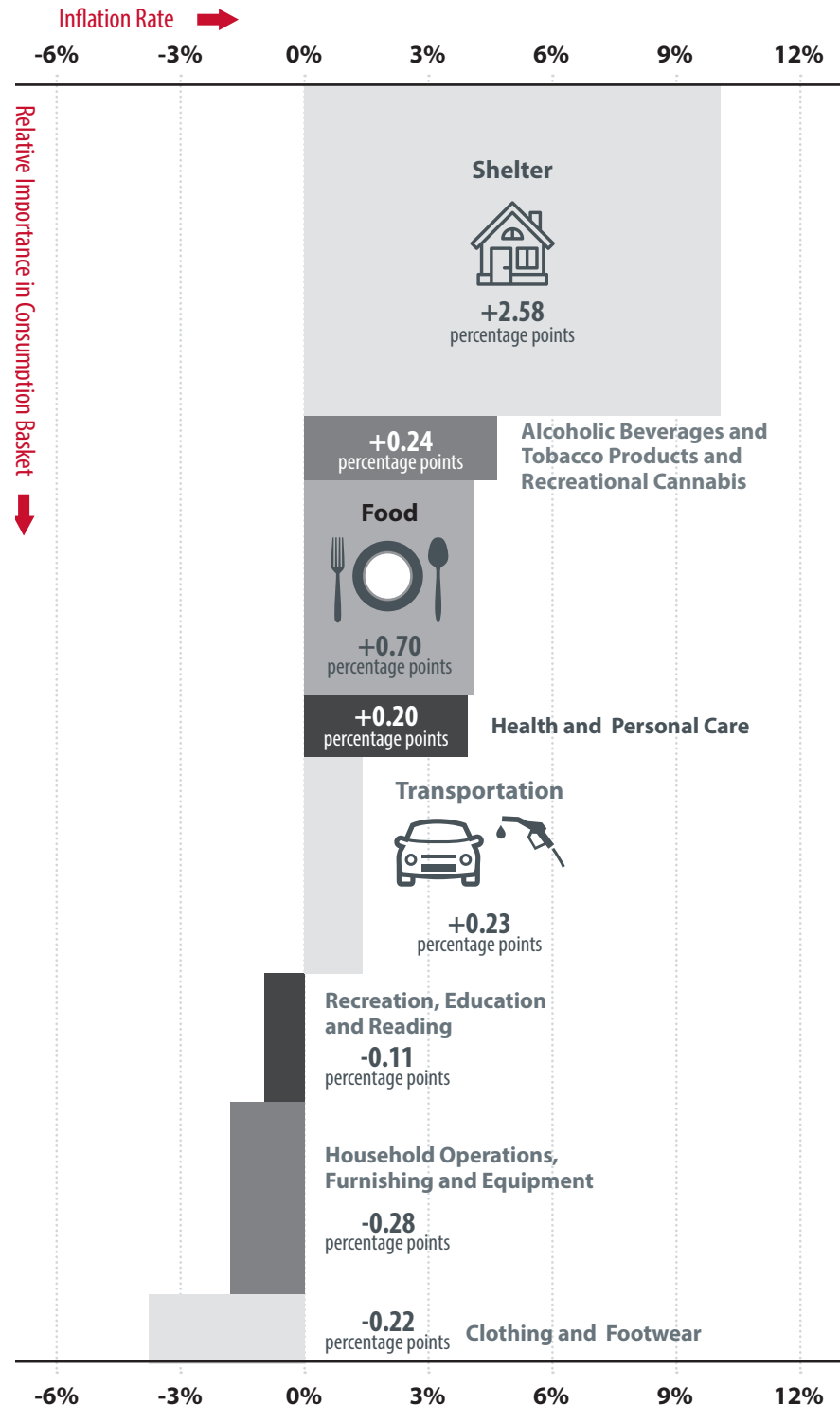
Rising utility costs drive Calgary's inflation amid cold snaps in January

Amid cold snaps across Alberta that resulted in Energy Emergency Alerts nearly leading to blackouts, electricity prices have soared. According to CPI data, electricity costs in Alberta have experienced a 119.9 per cent YoY increase, the highest in the nation. In fact, Alberta's utility cost inflation has been distinctly high in recent years, as illustrated in the chart. The rise can be attributed to higher energy prices, the oligopoly among Alberta electricity generators, government policies such as the end of rebates and the transfer of deferred loan costs to consumers. These spikes in utility costs, combined with unprecedentedly high rental prices, have positioned Calgary's inflation as the highest among major Canadian metropolitan areas.

* CPI basket weights are based on the 2022 expenditure data, modified in June 2023.

Sources: Statistics Canada, Corporate Economics, February 20, 2024.

Contribution of Consumer Items to Inflation: Alberta January 2024



The calculation for contribution incorporates the effects of changes in basket weight. The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Sources: Statistics Canada, Corporate Economics, February 20, 2024.

Next release: March 19, 2024

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.