



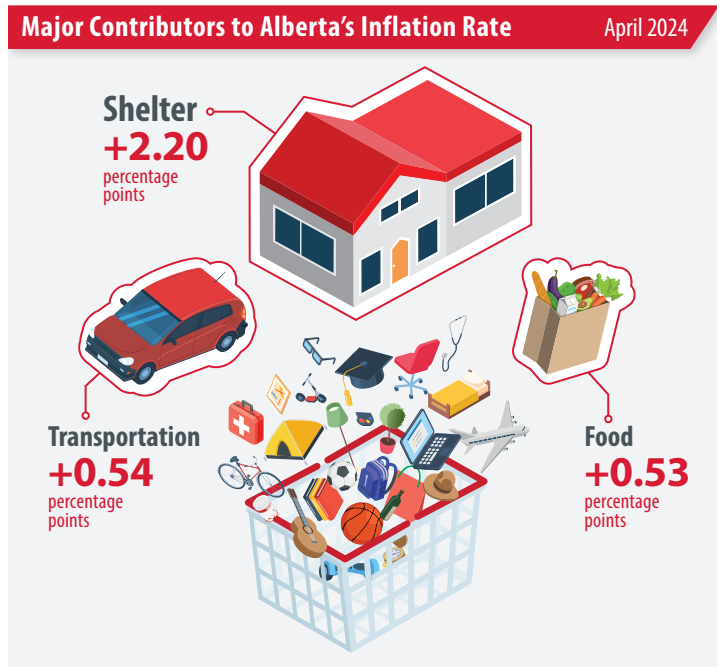
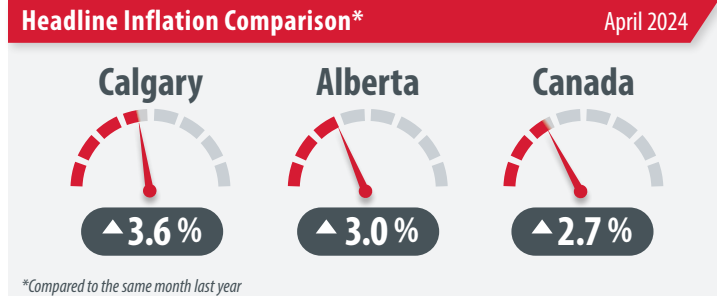
Inflation Review

April 2024

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May 21, 2024

HIGHLIGHTS



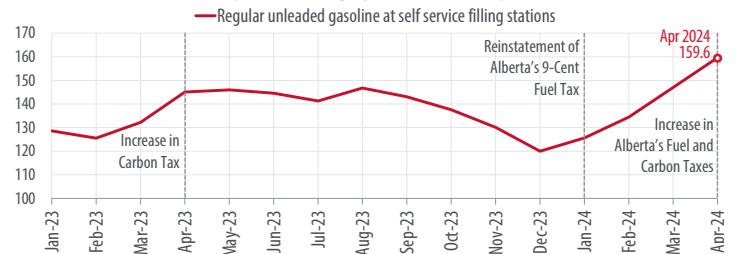
The inflation rate in Calgary further softened to 3.6 per cent, while Canada's inflation also eased to 2.7 per cent in April.

In April 2024, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) saw a year-over-year (YoY) increase of 3.6 per cent, down from March's 4.2 per cent. This deceleration trend is expected to continue in the coming months as the base year effect of Alberta's energy rebate program, which artificially lowered electricity costs until April 2023, ceases. Additionally, Alberta's electricity prices have been declining. However, persistent inflation in shelter costs, particularly rent, kept Calgary's inflation the highest in the nation for the fourth consecutive month. The inflation rate for Alberta fell to 3.0 per cent in April, down from 3.5 per cent in March. The primary drivers of Alberta's inflation were increases in shelter and gasoline costs, which were partially offset by reductions in cellular service costs. Canada's national inflation rate slowed to 2.7 per cent from March's 2.9 per cent. The national rate has stayed below 3 per cent for four consecutive months ahead of the Bank of Canada's next policy meeting on June 5th. Core inflation, which excludes volatile items such as food and energy, dipped to 2.7 per cent from 2.9 per cent in March in Canada, while it rose to 2.6 per cent from 2.5 per cent in Alberta.

Gasoline prices accelerate with hikes in Alberta's fuel and carbon taxes ahead of the summer trip season.

As the summer road trip season approaches, changes in both provincial and federal policies have driven up gasoline costs, which have seen increases of 10.3 per cent YoY and 8.8 per cent month-over-month in Alberta. The YoY increase was the highest in the nation and solely contributed to 0.42 per cent of Alberta's overall annual inflation. Reintroduced in January 2024, Alberta's fuel tax has climbed to 13 cents per litre starting from April 2024, up from 9 cents. Additionally, the federal carbon tax has risen from \$65 per tonne to \$80 per tonne. According to the [Canada Revenue Agency](#), this \$15 hike translates into about a 3-cent increase per litre. Factoring in the 5% GST, these policy shifts combined accounted for approximately 60 per cent of Calgary's monthly fuel price increase of 12.6 cents. Seasonal factors like changes in gasoline blends also play a role in fueling the price increase.

Nominal Gasoline Prices (cents per litre) in Calgary CMA (Jan 2023 - Apr 2024)



Inflation Rates

	Relative Importance (%)*	Year-over-year (%)		
		Apr-24	Mar-24	Feb-24
Calgary: All-items	100.00	3.6	4.2	5.1
Shelter	25.89	9.8	12.0	14.8
Rented accommodation	5.91	18.6	17.7	15.3
Owned accommodation	16.14	9.0	9.3	9.6
Water, fuel and electricity	3.85	1.0	13.8	35.1
Alberta: All-items	100.00	3.0	3.5	4.2
Alberta: All-items excluding food and energy	76.10	2.6	2.5	2.9
Canada: All-items	100.00	2.7	2.9	2.8
Canada: All-items excluding food and energy	76.57	2.7	2.9	2.8

* CPI basket weights are based on the 2022 expenditure data, modified in June 2023. Sources: Statistics Canada, Corporate Economics, May 21, 2024.

Calgary has experienced three of the top five highest rent inflations in Canada since 2000, all within the past five months.

Each month has brought another record-breaking rent increase as Calgary grapples with a supply imbalance and rising demand in the rental market. For instance, the April rent inflation rate of 18.6 per cent was the highest ever recorded in Canada, marking the seventh consecutive month where growth exceeded 10 per cent, with an average increase of 15 per cent. To put this in perspective, at this rate, it would only take about five years to double the rent index¹. The table below ranks the highest YoY increases in rental accommodation in Canadian CMAs this century. Notably, Calgary appears on the list three times, all of which occurred within the past five months.

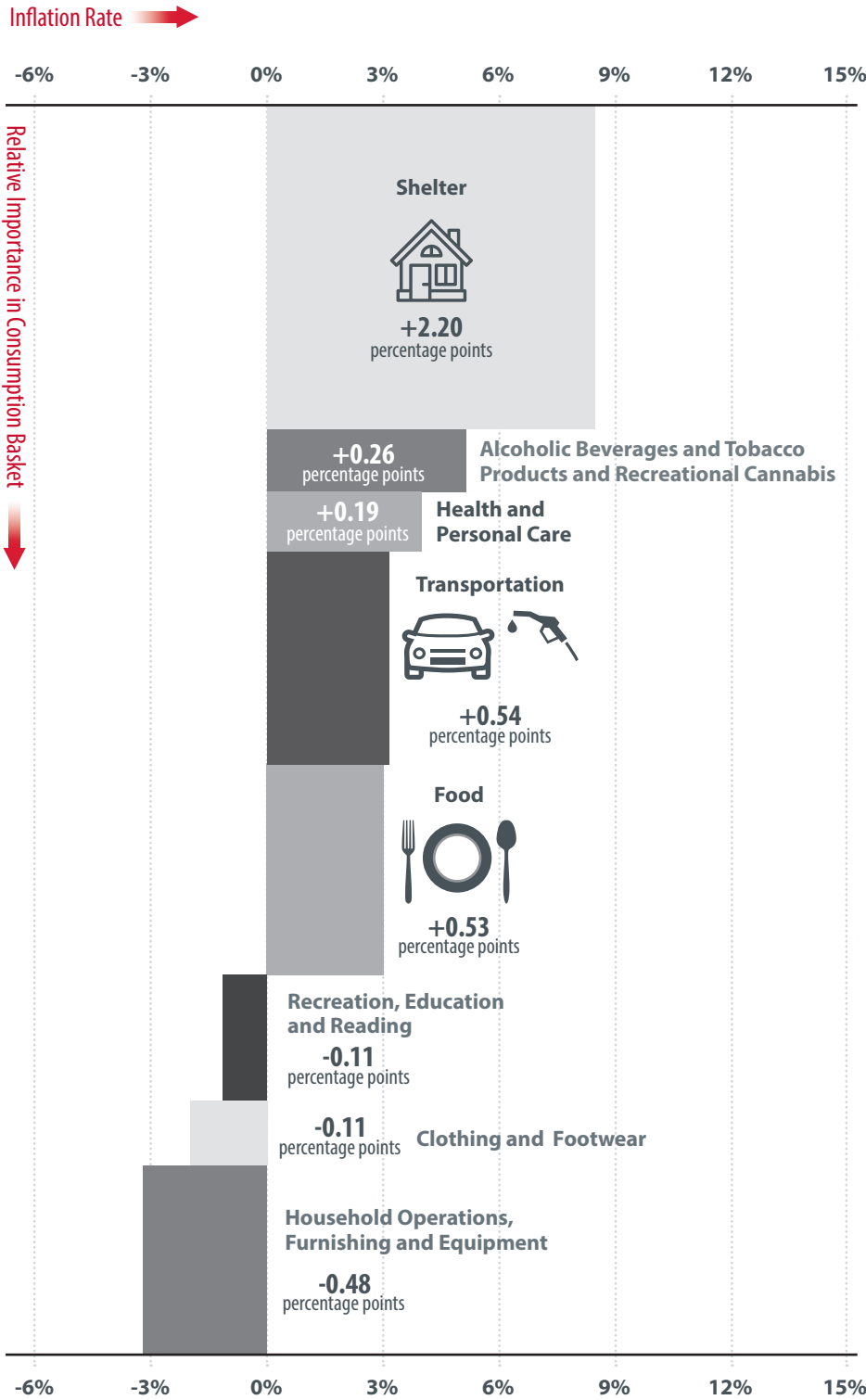
Top Five Highest Year-Over-Year Rent Inflation Rates in Canadian CMAs Since 2000

Year	Month	Geography	Products and product groups	YoY Inflation Rate (%)
2024	April	Calgary, Alberta	Rented accommodation	18.6
2023	December	Calgary, Alberta	Rented accommodation	18.4
2024	March	Calgary, Alberta	Rented accommodation	17.7
2020	October	St. John's, Newfoundland and Labrador	Rented accommodation	16.8
2022	August	Regina, Saskatchewan	Rented accommodation	15.7

¹ Calculated by deriving n from $2=1.15^n$, where n represents the number of years.

Contribution of Consumer Items to Inflation: Alberta

April 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, May 21, 2024.

Next release: June 25, 2024

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Sources:
 Bank of Canada, Statistics Canada,
 Corporate Economics.