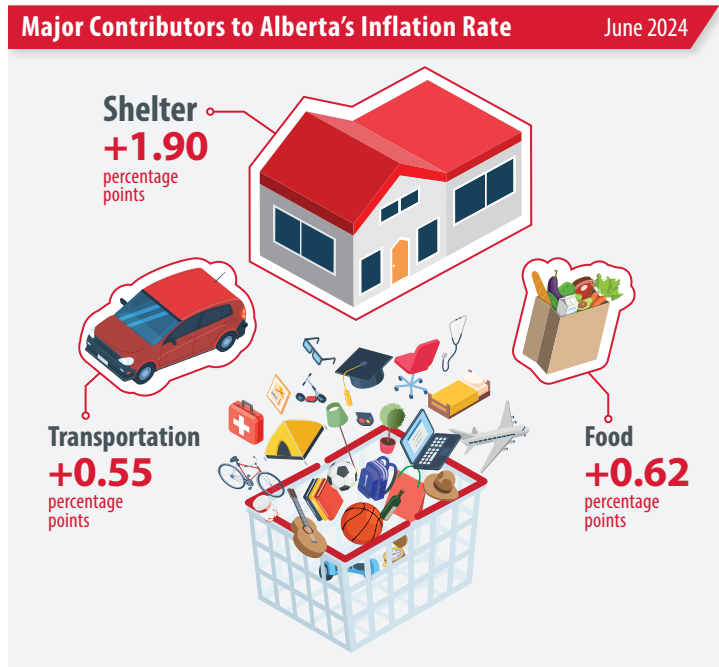
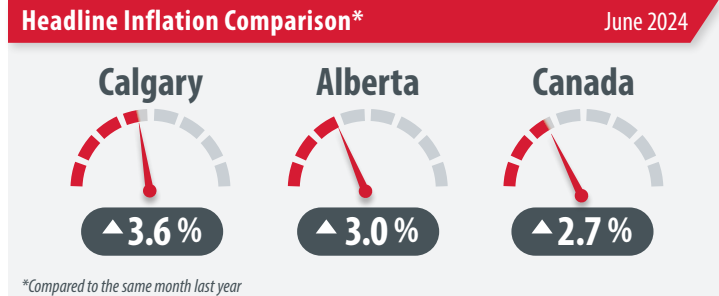


### HIGHLIGHTS

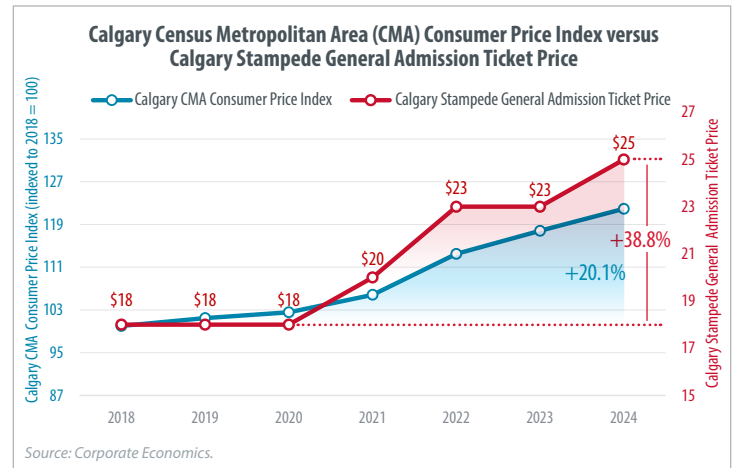


### Calgary's inflation is stubbornly stuck at 3.6 per cent, while national inflation lowered down to 2.7 per cent in June 2024

The Consumer Price Index (CPI) year-over-year (y-o-y) inflation rate for Calgary Census Metropolitan Area (CMA) hovers at 3.6 per cent, while the national inflation rate reduces to 2.7 per cent. The deceleration of the inflation rate at the national level was largely a result of slower growth of prices in energy, new vehicles, and hotels<sup>1</sup>. In Calgary CMA, the cost of owned accommodation increased by 1.0 per cent month-over-month, rising by 10.0 per cent y-o-y.

### Stampeding through inflation: How people defied economic odds and made 2024 a record-breaking year

High inflation did not dissuade Calgarians from attending the Calgary Stampede. While ticket prices soared by 38.8 per cent since 2019 (general inflation increased by 20.1 per cent during the same period), the Calgary Stampede 2024 still cracked the attendance record<sup>2</sup>. Interestingly, consumers are willing to pay higher prices for entertainment (historically, a 10 per cent increase in the admission ticket for Calgary Stampede leads to a 0.72 per cent increase in attendance, not accounting for population increase).



### Inflation Rates

	Relative Importance (%)*	Year-over-year (%)		
		Jun-24	May-24	Apr-24
<b>Calgary: All-items</b>	<b>100.00</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>
Shelter	27.18	8.8	9.3	9.8
Rented accommodation	5.49	18.3	18.0	18.6
Owned accommodation	18.02	10.0	9.4	9.0
Water, fuel and electricity	3.67	-8.4	-3.4	1.0
<b>Alberta: All-items</b>	<b>100.00</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
Alberta: All-items excluding food and energy	75.39	3.2	3.0	2.6
<b>Canada: All-items</b>	<b>100.00</b>	<b>2.7</b>	<b>2.9</b>	<b>2.7</b>
Canada: All-items excluding food and energy	76.30	2.9	2.9	2.7

\* CPI basket weights are based on the 2023 expenditure data, modified in June 2024. Sources: Statistics Canada, Corporate Economics, July 16, 2024.

### Cheapflation: Why cheaper grocery items are no longer affordable

What people used to purchase or think of as affordable at the grocery store is now much more expensive. Empirical evidence from Canadian retail store food and beverage data confirms people's sentiment that previously affordable products have gone up in price faster than other items.

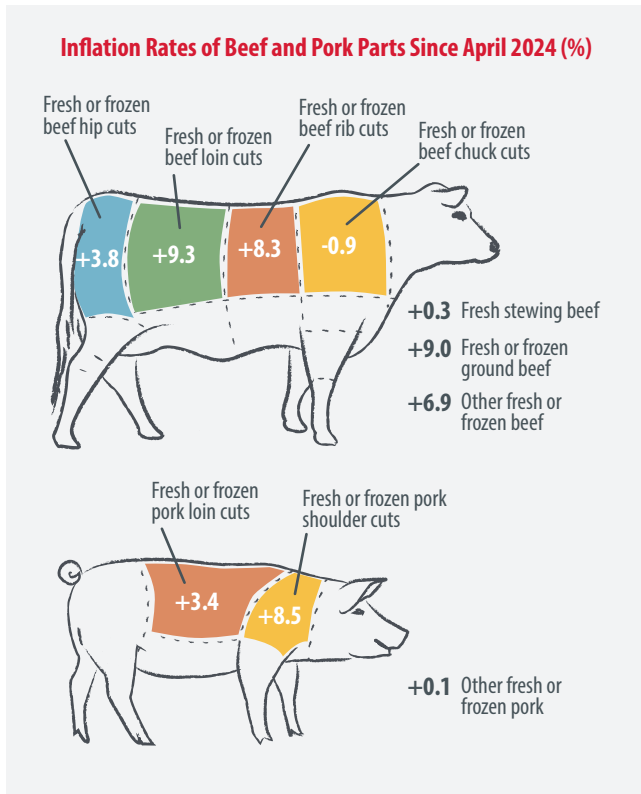
Researchers from Harvard University and the Bank of Canada estimated that Canadians shifting their spending toward sale-related prices have reduced the price growth by 4.1 per cent since January 2020<sup>3</sup>. This means that the CPI inflation rate failed to capture the price movements caused by consumers' behavioural changes of switching to discounted items. At the same time, as the demand for cheaper items has increased, the price of cheaper items has risen by 2.8 per cent. Hence, as households switched to cheaper product varieties, their savings were offset by the higher relative price growth for cheaper varieties, exacerbating the inflation burden on consumers.

All in all, the prices of cheaper brands grew between 1.3 to 1.9 times faster than the prices of more expensive brands—and only when inflation surged, not before or after, a phenomenon termed as “cheapflation”.

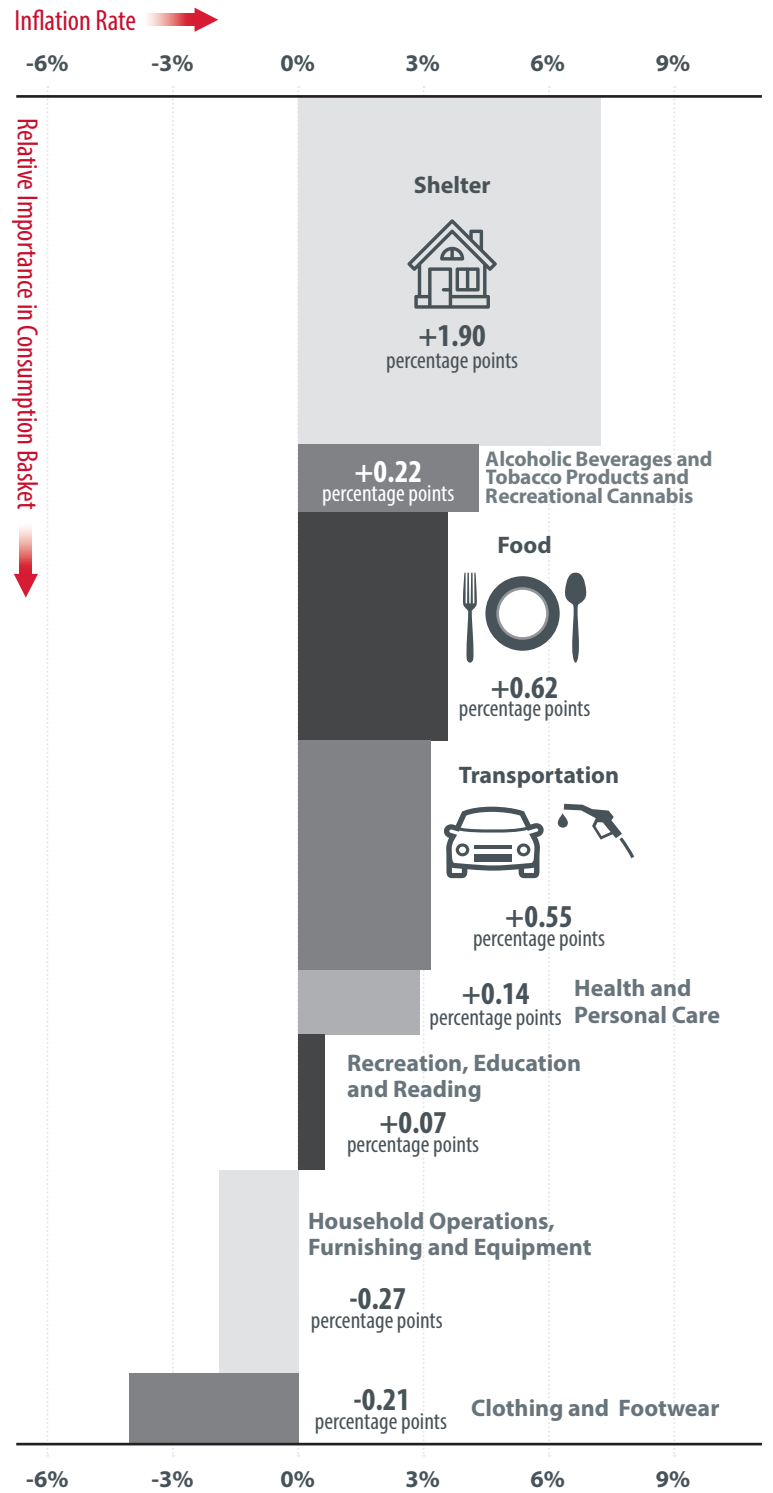
### How much does inflation impact your BBQ cost this year?

As summer kicks off, BBQ season is in full swing, accompanied by recent data from Statistics Canada on the cost of meat for your backyard grill. The latest figures show that, nationally, beef rib cuts—ideal for BBQ—have seen an 8.3 per cent price increase since April 2024. Serving beef burgers will also come with a higher price tag, as ground beef prices have climbed 9.0 per cent over the past three months.

Beef price inflation has been particularly high due to supply shortages stemming from prolonged drought conditions in recent years. In June 2023, fresh or frozen beef in Alberta experienced the second-highest y-o-y inflation rate among food categories at 10.1 per cent, trailing only behind preserved fruit and fruit preparations, which rose by 17.0 per cent. Beef prices have increased by 40.8 per cent since January 2020. Other BBQ items have also become pricier. The cost of fresh or frozen pork increased by 8.7 per cent, while chicken fell by 1.9 per cent year-over-year. Additionally, beer purchased from stores in Alberta has risen by 5.5 per cent, recording the largest increase in the nation for two consecutive months.



## Contribution of Consumer Items to Inflation: Alberta June 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, July 16, 2024.

**Next release: August 20, 2024**

<sup>1</sup> Tombe, T. (n.d.). X.com. X (formerly Twitter). <https://x.com/trevortombe/status/1813201975019770202/photo/1>

<sup>2</sup> Wilhelm, S. (2024, July 14). 'Incredible turnout': Calgary Stampede sets all-time attendance record. Calgary Herald. <https://calgaryherald.com/news/local-news/calgary-stampede-2024-all-time-attendance-record>

<sup>3</sup> Cavallo, A., & Kryvtsov, O. (2024). Price Discounts and Cheapflation During the Post-Pandemic Inflation Surge (No. w32626). National Bureau of Economic Research.

## 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](mailto:media.relations@calgary.ca)

For the technical questions, please contact:

### **Stanley Kongnetiman**

Manager,  
Corporate Economics and Regulatory Affairs  
[stanley.kongnetiman@calgary.ca](mailto:stanley.kongnetiman@calgary.ca)

### **Howard Leong**

Student Economist  
[yiqzhenn.leong@calgary.ca](mailto:yiqzhenn.leong@calgary.ca)

### **Hotaka Kobori**

Associate Economist  
[hotaka.kobori@calgary.ca](mailto:hotaka.kobori@calgary.ca)

### **Mark Angelo Uy**

Corporate Research Analyst  
[muy@calgary.ca](mailto:muy@calgary.ca)

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Sources:

Bank of Canada, Statistics Canada, Corporate Economics.