



Inflation Review December 2024

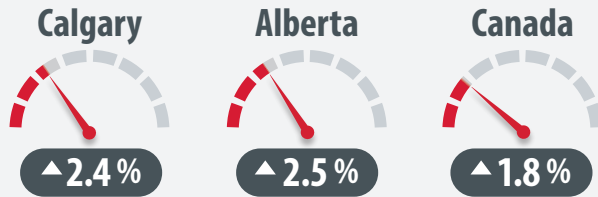
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January 21, 2025

HIGHLIGHTS

Headline Inflation Comparison*

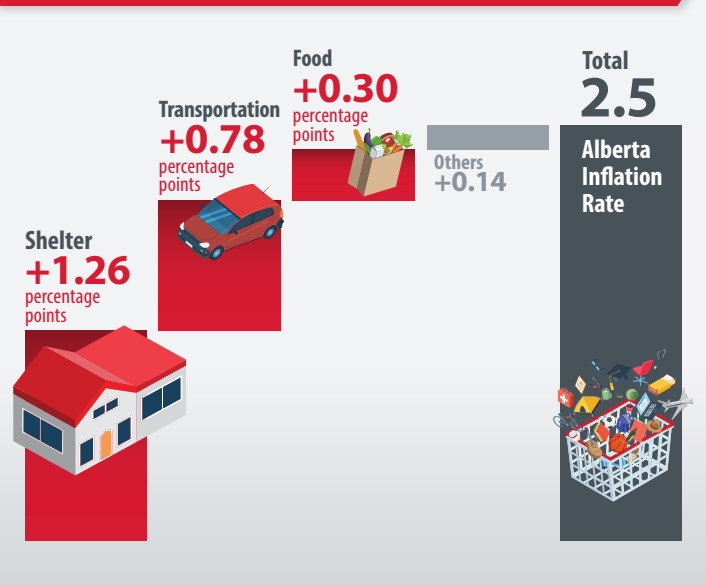
December 2024



*Compared to the same month last year

Top Three Contributors to Alberta's Inflation Rate

December 2024



The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Inflation Rates

	Relative Importance (%)*	Year-over-year (%)		
		Dec-24	Nov-24	Oct-24
Calgary: All-items	100.00	2.4	3.0	3.3
Shelter	27.18	4.4	6.6	6.6
Rented accommodation	5.49	4.1	13.1	13.3
Owned accommodation	18.02	7.5	7.8	8.2
Water, fuel and electricity	3.67	-7.0	-7.3	-9.8
Alberta: All-items	100.00	2.5	2.8	3.0
Alberta: All-items excluding food and energy	75.39	2.6	3.0	3.3
Canada: All-items	100.00	1.8	1.9	2.0
Canada: All-items excluding food and energy	76.30	2.1	1.9	2.3

* CPI basket weights are based on the 2023 expenditure data, modified in June 2024. Sources: Statistics Canada, Corporate Economics, January 21, 2025.

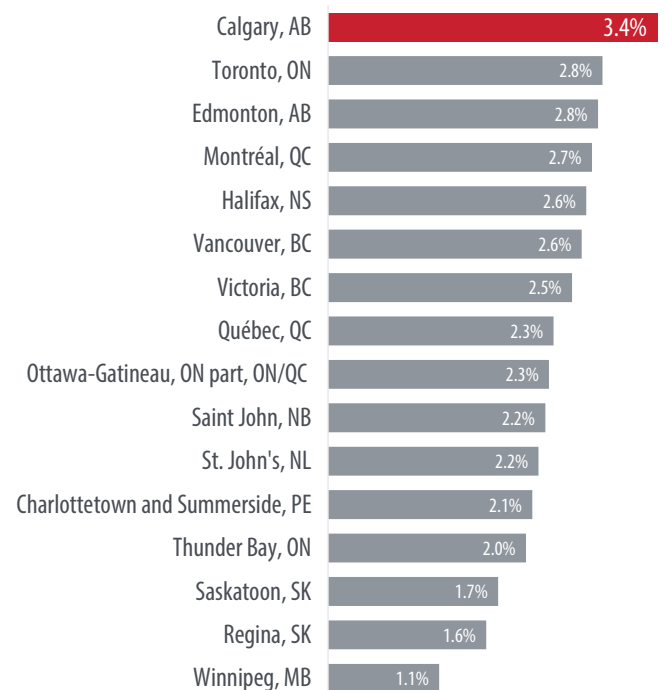
Calgary's inflation rate slowed 2.4 per cent in December 2024, while the national rate moderated to 1.8 per cent.

In December, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) rose by 2.4 per cent year-over-year (YoY), down from 3.0 per cent in November. Similarly, Alberta's inflation rate eased to 2.5 per cent from 2.8 per cent the previous month. The moderation in inflation reflects a combination of factors, including slower growth in rents (+6.5 per cent YoY), the lowest increase since August 2023. This was partially offset by rising costs for gasoline and travel services. Canada's overall inflation rate fell to 1.8 per cent in December, down from 1.9 per cent in November. The impact of the GST holiday, which came into effect on December 14, has started to appear in CPI data, with an estimated 10 per cent of items affected. For instance, in Alberta, prices for food purchased from restaurants declined by 2.4 per cent month-over-month (MoM), marking the largest MoM decline. Predictably, the effect was even more pronounced in provinces with the Harmonized Sales Tax (HST), such as the Atlantic provinces, which recorded an average MoM decline of 7.6 per cent. Core inflation, which excludes volatile items such as food and energy, rose slightly to 2.1 per cent in Canada from 1.9 per cent in November, while it dipped to 2.6 per cent from November's 3.0 per cent in Alberta.

Calgary's annual inflation rate stood at 3.4 per cent in 2024, the highest inflation rate among all CMAs.

Calgary's annual average inflation rate was 3.4 per cent in 2024, marking the highest rate among all 16 CMAs in Canada (see Chart 1). This is the first time since 2014 that Calgary has led the nation

Chart 1: 2024 Annual Average Inflation Rate by CMA (%)



Source: Statistics Canada Table 18-10-0005-01

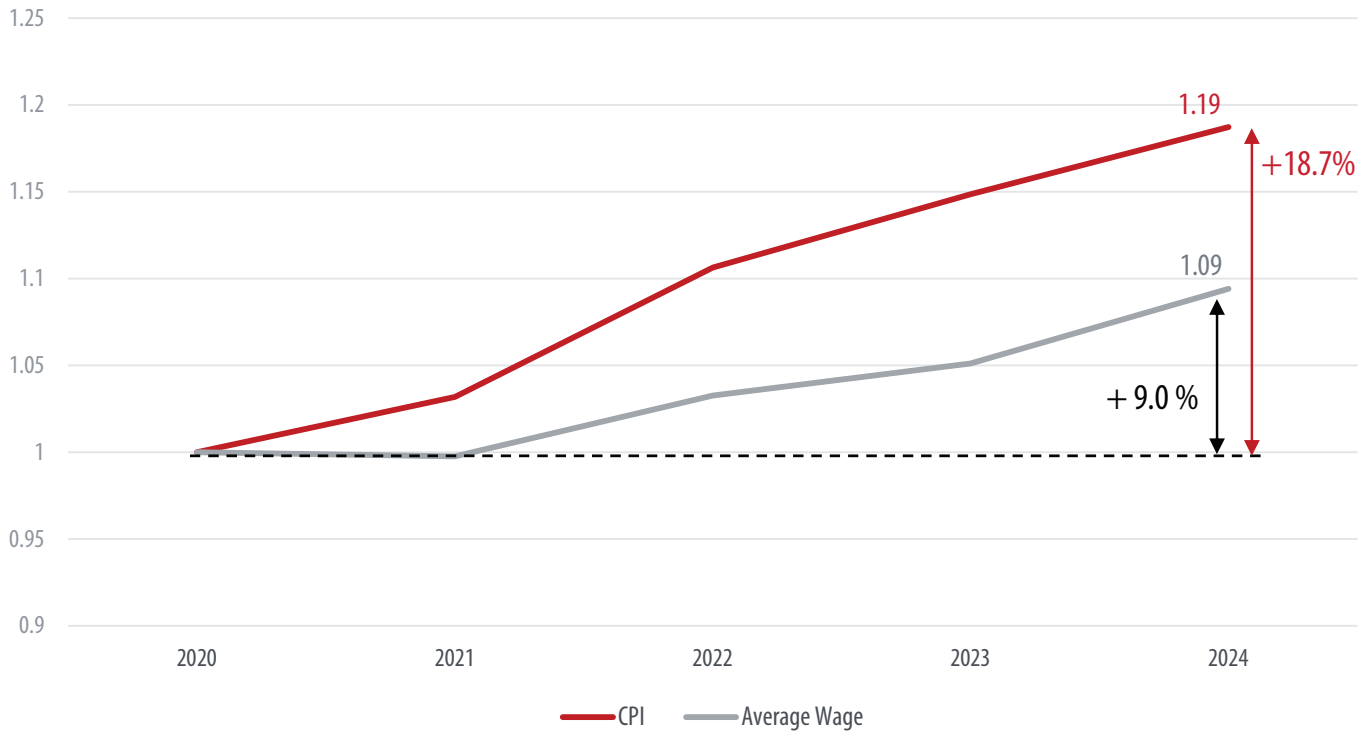
in annual average inflation. While the inflation rate decelerated from 2023's 3.8 per cent, it remained elevated due to persistent cost pressures.

Higher shelter costs, driven by the fastest population growth among all CMAs, were the primary contributors to Calgary's inflation in 2024. These increases were partially offset by a decline in utility costs following significant price spikes in the summer of 2023. Contractionary monetary policies by the Bank of Canada also exerted deflationary pressures on big-ticket items, such as furniture, and discretionary spending categories like clothing. With the Bank of Canada reducing its policy rates, mortgage payments also began to decline, alleviating some financial pressures for homeowners. Food inflation showed signs of improvement but remained above the overall inflation rate, continuing to strain household budgets.

Average wage growth in Calgary CMA was 4.1 per cent in 2024, resulting in a real wage growth rate of 0.7 per cent. Although inflation has moderated since the peak of 2022, price increases have remained elevated since 2020 (See Chart 2). Since 2020, CPI in Calgary CMA has cumulatively risen by 18.7 per cent, eroding consumer purchasing powers of Calgarians. To illustrate, a \$60,000 (\$100,000) salary in 2024 would be equivalent to \$50,536 (\$84,226) in 2020 in terms of purchasing powers.

Meanwhile, Alberta recorded 2.9 per cent, the highest annual average inflation rate among provinces. Nationally, Canada's annual average inflation rate stood at 2.4 per cent in 2024.

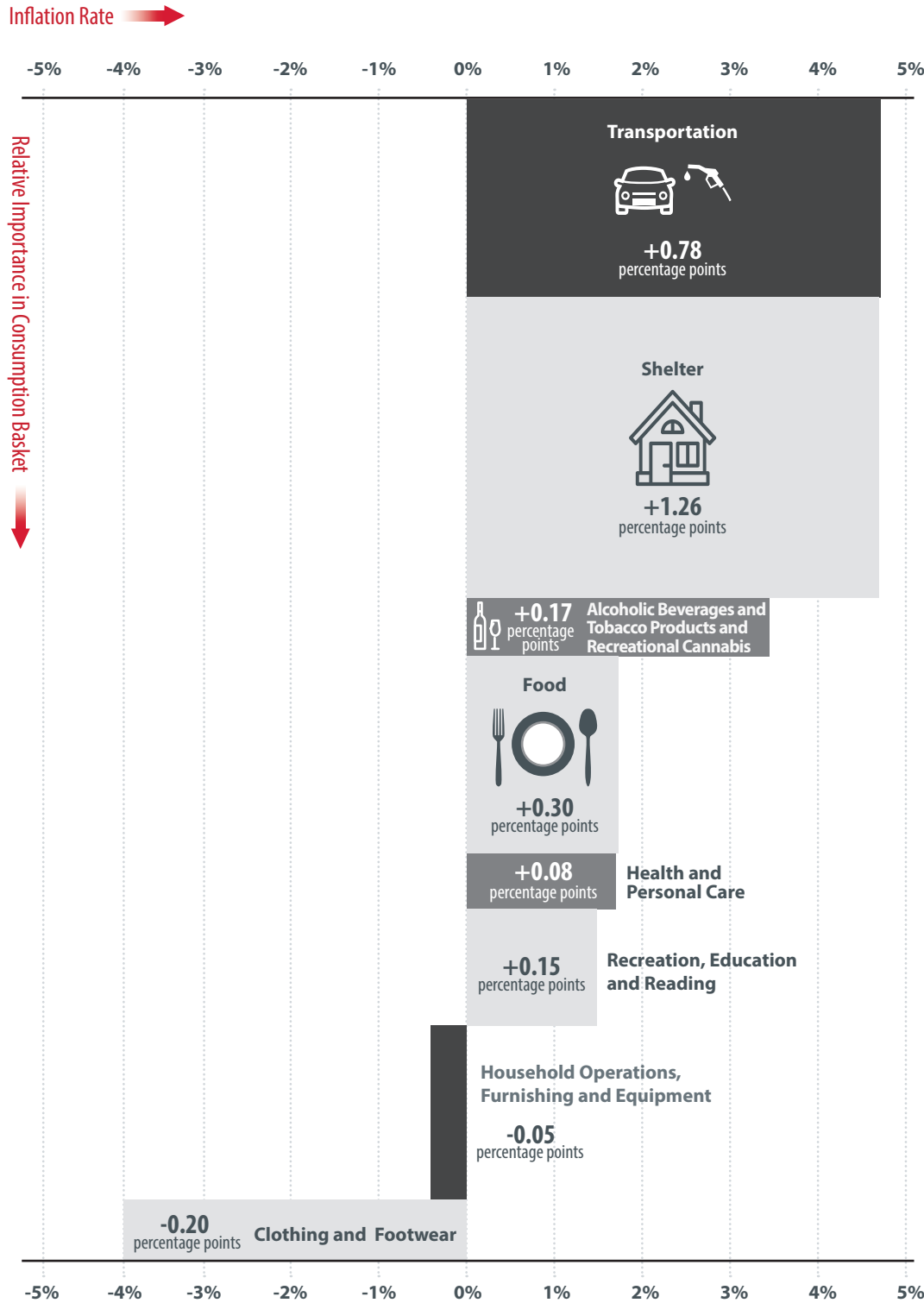
Chart 2: Annual CPI and Average Wage Growth in Calgary CMA since 2020 (Indexed to 2020 = 1)



Source: Statistics Canada Table 18-10-0005-01

Contribution of Consumer Items to Inflation: Alberta

December 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, January 21, 2025.

Next release: February 18, 2025

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