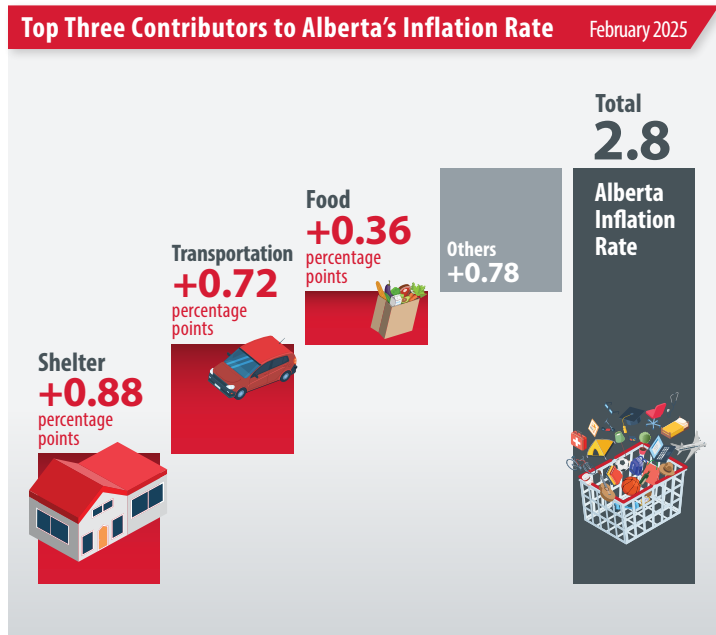
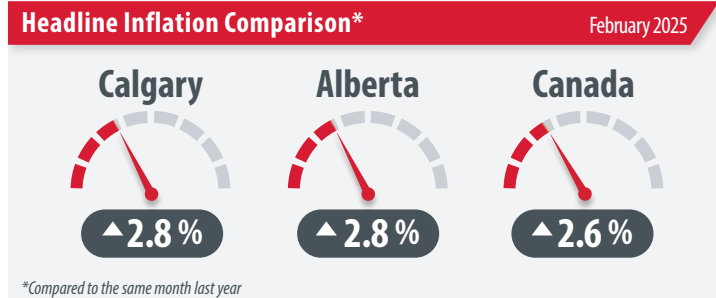


HIGHLIGHTS



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 (%)		
		Feb-25	Jan-25	Dec-24
Calgary: All-items	100.00	2.8	2.7	2.4
Shelter	27.18	3.6	5.3	4.4
Rented accommodation	5.49	4.1	6.2	4.1
Owned accommodation	18.02	6.4	7.1	7.5
Water, fuel and electricity	3.67	-7.4	-3.4	-7.0
Alberta: All-items	100.00	2.8	2.5	2.5
Alberta: All-items excluding food and energy	75.39	3.1	2.6	2.6
Canada: All-items	100.00	2.6	1.9	1.8
Canada: All-items excluding food and energy	76.30	2.9	2.2	2.1

* CPI basket weights are based on the 2023 expenditure data, modified in June 2024. Sources: Statistics Canada, Corporate Economics, March 18, 2025.

Calgary's inflation rate climbed to 2.8 per cent in February 2025, while the national rate accelerated to 2.6 per cent

In February 2025, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) increased 2.8 per cent year-over-year (YoY), slightly up from 2.7 per cent in January. Similarly, Alberta's inflation rate rose by 2.8 per cent from 2.5 per cent in January, while Canada's overall inflation rate accelerated to 2.6 per cent from 1.9 per cent in January. The nationwide acceleration was primarily driven by higher food prices and increased travel tour costs (18.8 per cent YoY).

The end of the GST holiday on February 15 added upward pressure on food and alcohol costs. In place since December 14, this tax relief temporarily reduced prices on an estimated 10 per cent of goods and services, artificially suppressing inflation figures. Additionally, the Alberta Budget 2025, released on February 27, assumes the full 13-cent-per-litre fuel tax will remain in place as WTI crude is expected to stay below \$80 per barrel. Together with the new \$200 annual registration fee for electric vehicles, implemented on February 13, these measures are expected to generate \$1.4 billion in revenue for 2025-26. These federal and provincial policies will continue to influence inflation trends in Alberta. The budget projects Alberta's inflation at 2.6 per cent in 2025.

On March 12, 2025, the Bank of Canada cut its policy interest rate by 0.25 percentage points to 2.75 per cent, marking the seventh consecutive rate cut since June 2024 amid heightened uncertainty from trade tensions with the U.S.

Which products could experience the highest inflationary impact from tariffs?

As of March 18, the 25 per cent blanket tariffs (10 per cent on energy products) on Canadian exports and retaliatory tariffs on U.S. imports, originally set to take effect on March 4, have been partially paused for products covered under CUSMA. However, in response to the U.S. administration's 25 per cent tariffs on steel and aluminum, which took effect on March 12, the Canadian government announced retaliatory tariffs on steel, aluminum, and additional U.S. imports, effective March 13.

To date, the Government of Canada has released three lists of tariffed items:

- March 4 List – A list of 1,256 U.S. imports subject to 25 per cent tariffs, covering \$30 billion in goods, primarily food, textiles, and chemicals. These tariffs were imposed as retaliatory measures against the blanket tariffs, effective March 4¹.
- March 13 List – A list of 539 U.S. imports subject to 25 per cent tariffs, covering \$29.8 billion in goods, including \$12.6 billion in steel, \$3 billion in aluminum, and \$14 billion in other targeted goods. These tariffs were imposed in response to the U.S. steel and aluminum tariffs, effective March 13².
- April 2 List – A proposed list of 4,416 U.S. imports, valued at \$125 billion, that Canada intends to impose tariffs on if the blanket tariffs are not lifted³.

In light of these announcements, the following analysis examines Alberta's exposure to goods that rely heavily on U.S. imports, as higher dependence suggests lower substitutability and a greater risk of direct tariff impacts. This analysis focuses on the March 4 and March 13 lists, as the April 2 list has been temporarily paused following the tariff relief announcement. Utilizing the Canadian International Merchandise Trade Web Application, Alberta's imported commodities at the HS10-digit level are identified as tariffed if their first HS8-digit matches those on the tariffed item lists. For the March 4 List, out of 8,965 available HS10 items imported into Alberta from the world, 1,646 commodities (18.4 per cent) matched the first HS8 digits. Of the total \$25 billion trade value from U.S. imported goods, \$1.6 billion (6.5 per cent) were considered targeted. For the March 13 List, 1,136 commodities (12.7 per cent) and \$955 million or (\$3.8 per cent) in trade value are considered targeted.

In the charts on the next page, the X-axis plots Alberta's reliance on U.S. imports (measured by the percentage share of U.S. imports in total trade), while the Y-axis displays Alberta's total trade volume for a given commodity in 2024. As shown, the March 4 tariff list impacts a wider variety of commodities, with potentially higher effects on jewelry and food products, such as carbonated drinks and oranges. Alberta relies on the U.S. for 95 per cent of its orange imports. In contrast, the March 13 tariff list primarily affects industrial materials, with greater impacts on steel and aluminum products.

It is important to note that actual consumer price increases will vary, as this analysis only reflects Alberta's trade patterns⁴ and price changes depend on multiple factors beyond the share of U.S. imports in total trade. According to Prof. Tombe's analysis⁵, the March 4 retaliatory tariffs are expected to lead to sharp price increases for furniture, clothing, and non-alcoholic beverages.

The Reliance on The Imports from U.S. by Tariffed Product at HS10 Level (March 4 Tariff List), Alberta 2024

Note: Displays the percentage of U.S. imports relative to total global imports



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

For the technical questions, please contact:

Stanley Kongnetiman
Manager, Corporate Economics
stanley.kongnetiman@calgary.ca

Hotaka Kobori
Associate Economist
hotaka.kobori@calgary.ca

Mark Angelo Uy
Corporate Research Analyst
muy@calgary.ca

Estella Scruggs
Sr. Corporate Research Analyst
estella.scruggs@calgary.ca

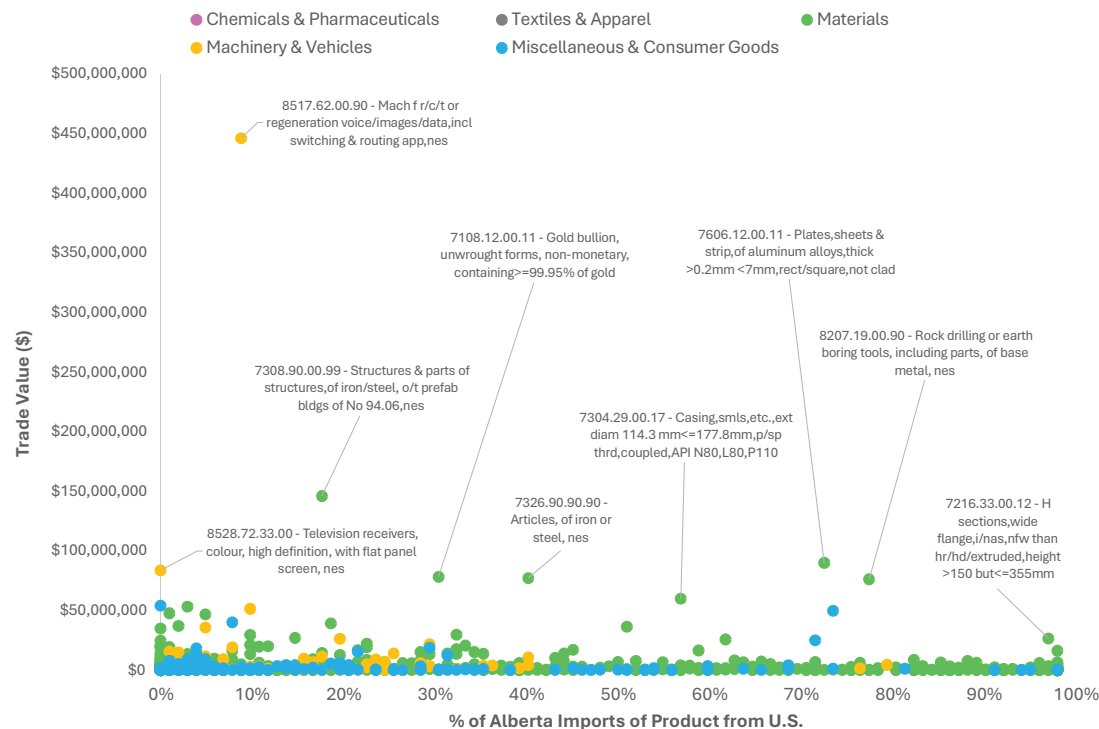
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Sources:
Bank of Canada, Statistics Canada, Corporate Economics.

The Reliance on The Imports from U.S. by Tariffed Product at HS10 Level (March 13 Tariff List), Alberta 2024

Note: Displays the percentage of U.S. imports relative to total global imports



Source: Statistics Canada. Canadian International Merchandise Trade Web Application

¹ <https://www.canada.ca/en/departement-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-4-2025.html>
² <https://www.canada.ca/en/departement-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-13-2025.html>
³ <https://www.canada.ca/en/departement-finance/programs/consultations/2025/notice-intent-impose-countermeasures-response-united-states-tariffs-on-canadian-goods.html>
⁴ Similar charts and analysis on Canadian trade data are available upon request.
⁵ <https://thehub.ca/2025/03/11/need-to-know-expecting-a-balanced-budget-dont-carneys-deficit-could-be-even-higher-than-trudeaus/>

Next release: April 15, 2025