

# Inflation Review

## May 2025

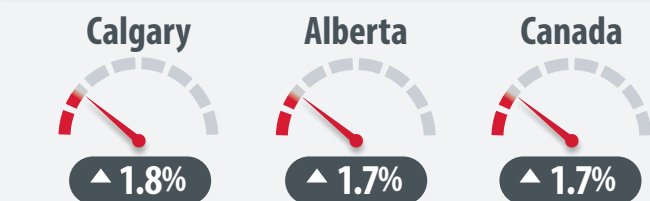
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June 24, 2025

### HIGHLIGHTS

#### Headline Inflation Comparison\*

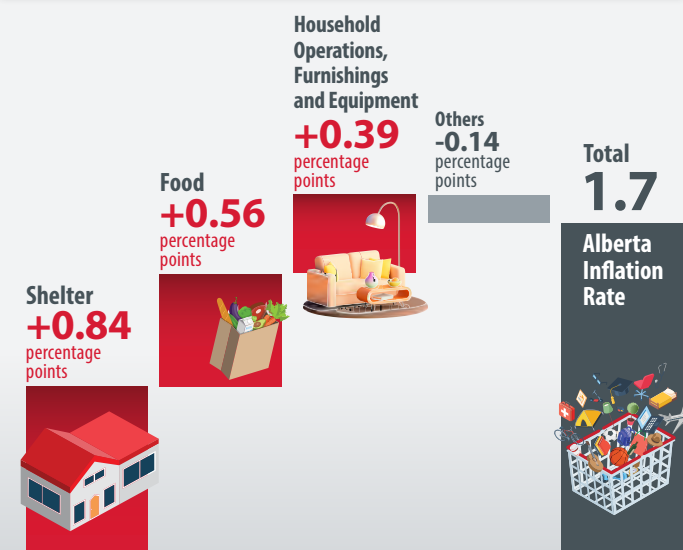
May 2025



\*Compared to the same month last year

#### Top Three Contributors to Alberta's Inflation Rate

May 2025



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

### Inflation Rates

	Relative Importance (%) <sup>*</sup>	May-25	Year-over-year (%) Apr-25	Mar-25
<b>Calgary: All-items</b>	<b>100.00</b>	<b>1.8</b>	<b>1.6</b>	<b>3.0</b>
Shelter	28.73	4.0	3.0	5.3
Rented accommodation	6.12	3.8	0.8	4.7
Owned accommodation	19.12	5.3	5.8	6.1
Water, fuel and electricity	3.48	-3.4	-7.2	1.7
<b>Alberta: All-items</b>	<b>100.00</b>	<b>1.7</b>	<b>1.5</b>	<b>2.8</b>
Alberta: All-items excluding food and energy	78.28	2.8	2.9	3.0
<b>Canada: All-items</b>	<b>100.00</b>	<b>1.7</b>	<b>1.7</b>	<b>2.3</b>
Canada: All-items excluding food and energy	77.26	2.6	2.6	2.4

<sup>\*</sup> CPI basket weights are based on the 2024 expenditure data, modified in June 2025.

Sources: Statistics Canada, Corporate Economics, June 24, 2025.

### Calgary's inflation rate rose to 1.8 per cent in May 2025, while the national rate held steady at 1.7 per cent.

In May 2025, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) rose 1.8 per cent year-over-year (YoY), up from 1.6 per cent in April. Similarly, Alberta's inflation rate rose to 1.7 per cent from 1.5 per cent in April, while Canada's overall inflation stayed the same at 1.7 per cent.

Notable changes in Calgary's CPI include the shelter component, which rose to 4.0 per cent YoY, up from 3.0 per cent in April. This outpaces Alberta's inflation rate for shelter, which rose to 3.1 per cent, and contrasts with the national inflation rate, which dropped to 3.0 per cent. The acceleration in Calgary's shelter costs is driven by faster growth in rents and electricity costs, as well as in home and mortgage insurance, which recorded the second-highest month-over-month increase on record in Alberta (+5.6 per cent). According to Insurance Bureau of Canada (IBC), many homeowners are facing rising premiums, presumably due to extreme weather events such as hailstorms in Calgary which was the second-costliest disaster in Canadian history for insured losses.<sup>1</sup>

### Bank of Canada holds overnight rate constant at 2.75 per cent, referencing uncertainty around tariffs.<sup>2</sup>

After a year of aggressive rate cuts, the Bank of Canada has once again held the overnight rate constant at 2.75 per cent as of June 4, being held constant since March 12. This decision reflects the Bank's cautious approach amid ongoing global trade uncertainty, particularly surrounding U.S. tariff policy. The Bank noted that markets remain highly reactive to U.S. policy announcements, and the volatility of tariff negotiations and trade actions continues to pose risks to both global and domestic economic stability. While Canadian Gross Domestic Product (GDP) growth in the first quarter slightly exceeded expectations, much of the growth came from temporary factors like inventory accumulation and export pull-forwards to the U.S. Given these mixed signals, the Bank opted to pause further rate changes while it monitors how these pressures evolve. The next rate announcement is scheduled for July 30.

### CPI Basket Update: Consumers are spending more on automobiles and mortgage payments.<sup>3</sup>

On June 17, Statistics Canada updated their basket weights for the goods and services used in the calculation of CPI based on 2024 expenditures. Notable changes were made to the weight of the shelter and transportation component. The basket weight of shelter in the aggregate Canadian CPI calculations has increased 0.55 per cent, from 28.57<sup>4</sup> to 29.12 per cent. Similarly, the basket weight of transportation has increased 0.51 per cent, from 16.78 to 17.29 per cent.

From a provincial standpoint, Alberta's basket weight in the shelter component in their CPI increased 2.16 per cent, from 26.50 per cent to 28.66 per cent. Furthermore, the basket weight of the transportation component increased 0.70 per cent, from 17.31 to 18.01 per cent. These changes suggest that households in both Alberta and across Canada allocated a larger share of their spending to shelter and transportation compared to previous year.

<sup>1</sup> <https://www.ibc.ca/news-insights/news/cost-of-historic-calgary-hailstorm-continues-to-rise>

<sup>2</sup> <https://www.bankofcanada.ca/2025/06/fad-press-release-2025-06-04/>

<sup>3</sup> <https://www150.statcan.gc.ca/n1/pub/62f0014m/62f0014m2025003-eng.htm>

<sup>4</sup> Weights are expressed as proportions of total household consumption expenditures in scope of the CPI in the weight reference period dollars.

**Figure 1: Alberta Basket Weights of the Consumer Price Index (2020-2024)**

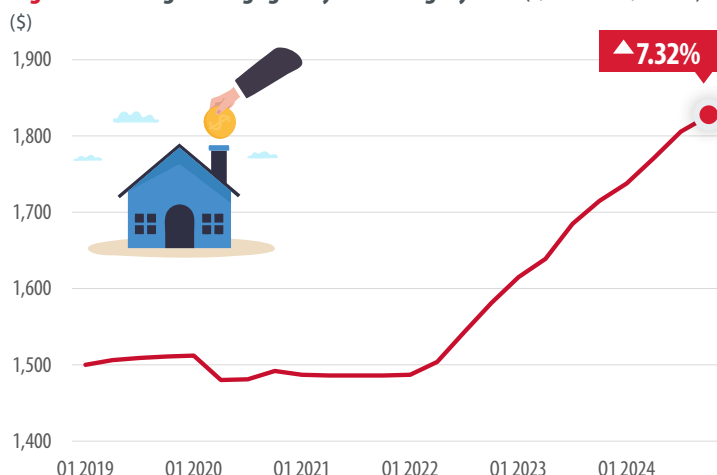
Components of CPI	2020	2021	2022	2023	2024	Δ Weightage 2023-2024
Food	17.63	16.26	16.35	17.22	16.04	-1.18
Shelter	26.5	25.62	25.65	26.5	28.66	2.16
Household operations, furnishings and equipment	15.72	15.53	15.13	14.24	13.54	-0.7
Clothing and footwear	4.2	4.9	5.52	5.03	4.17	-0.86
Transportation	14.95	16.91	17.59	17.31	18.01	0.7
Health and personal care	4.8	5.21	4.65	4.69	4.85	0.16
Recreation, education and reading	10.53	9.86	10.15	10.25	10.34	0.09
Alcoholic beverages, tobacco products and recreational cannabis	5.66	5.72	4.96	4.76	4.39	-0.37
All-items excluding food and energy	76.88	76.99	76.04	75.78	77.57	1.79
All-items excluding energy	94.51	93.25	92.39	93	93.61	0.61
Energy	5.49	6.75	7.61	7	6.39	-0.61
Goods	49.94	51.13	49.31	47.36	44.73	-2.63
Services	50.06	48.87	50.69	52.64	55.27	2.63

Note: Values expressed as percentages. Displays the weights at basket reference period prices.

Source: Statistics Canada (Table: 18-10-0007-01), Corporate Economics

The increase in expenditure for shelter is largely driven by increases in mortgage interest costs and rent. According to data from the Canada Mortgage and Housing Corporation (CMHC), the average mortgage payment in the Calgary CMA reached \$1,785 in 2024, up from \$1,664 in 2023, marking a YoY increase of approximately 7.32 per cent.

Furthermore, the increase in expenditure for transportation is primarily due to an increase in automobile sales and availability. In 2024, automobile dealership sales in Alberta totaled approximately \$24.74 billion, up from \$24.30 billion in 2023, reflecting a YoY increase of 1.85 per cent.

**Figure 2: Average Mortgage Payment Calgary CMA (Q1 2019 - Q4 2024)**

Source: Equifax with calculations from CMHC, Corporate Economics

**Figure 3: Automobile Sales in Alberta (Q1 2019 - Q4 2024)**

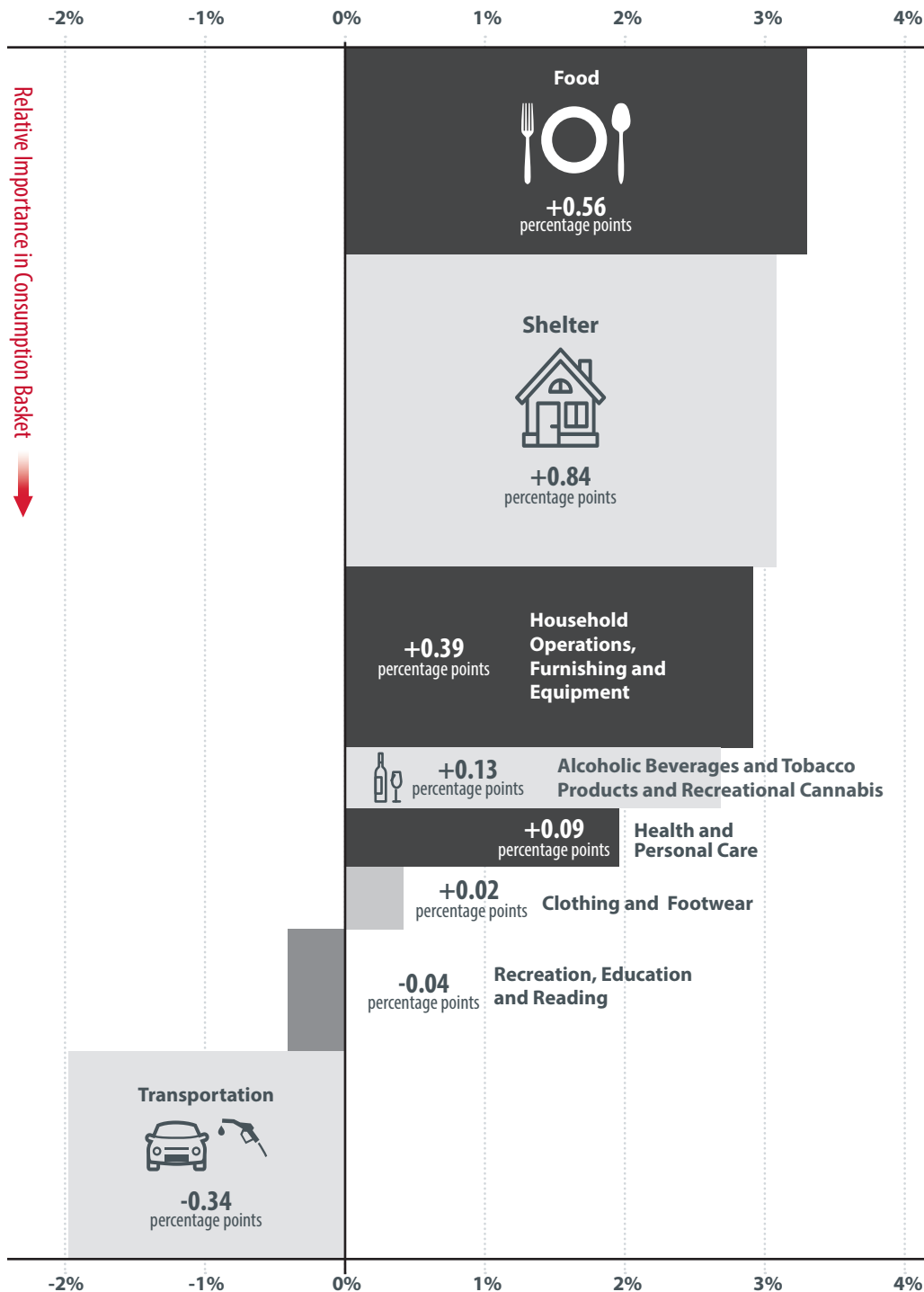
Source: Statistics Canada (Table: 20-10-0056-01), Corporate Economics

Overall, the updated weights ensure the CPI remains representative of current consumer behaviour and represents possible price changes experienced by Canadians.

Contribution of Consumer Items to Inflation: **Alberta**

May 2025

Inflation Rate →



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, June 24, 2025.

Next release: July 15, 2025

## Who We Are

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Sources:  
Bank of Canada, Statistics Canada,  
Corporate Economics