

Inflation Review

Estella Scruggs, Corporate Research Analyst | Patrick Walters, City Economist

August 21, 2015

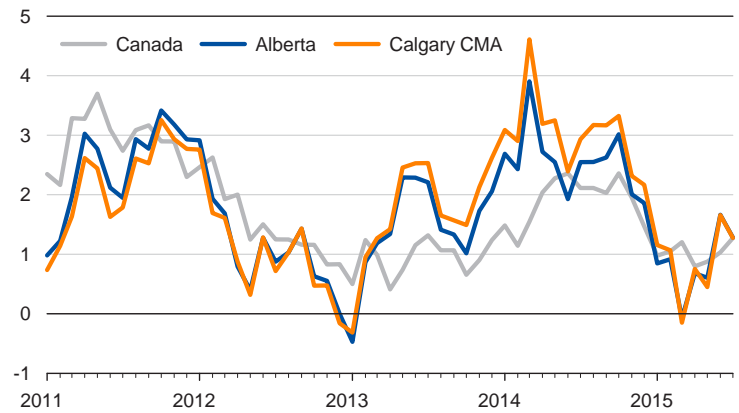
Plunging energy prices kept Calgary's inflation rate low in July.

In July, the headline inflation rate for the Calgary census metropolitan area (CMA) was 1.3 per cent year-over-year, after rising 1.7 per cent in June. Energy prices were the main reason behind the deceleration, which fell 13.3 per cent in the month. Transportation costs shrank 0.7 per cent in July as gasoline prices tumbled 12.4 per cent compared to a year ago. Shelter cost inflation slowed to 0.1 per cent, largely due to the annual decline of 30.7 per cent in natural gas prices. Conversely, food prices remained elevated in July at 3.7 per cent year-over-year. The primary driver of food inflation continued to be meat prices, which recorded a gain of 7.9 per cent year-over-year. Prices for other commonly purchased food items from stores also jumped: fruits and nuts (+3.9 per cent), vegetables (+3.8 per cent), fish and seafood (+3.8 per cent), bakery products (+3.2 per cent), and dairy products (+1.5 per cent). Overall, the lower Canadian dollar has placed upward pressure on frequently imported food products.

Annual inflation in Alberta was 1.3 per cent in July, down from 1.7 per cent in June. Canada's all-items annual inflation rate was 1.3 per cent in July. Nationally, gasoline prices were down 12.2 per cent, compared to a 14.1 per cent decrease in June.

Chart 1. Headline inflation comparison

(Year-over-year change, January 2011 - July 2015, per cent)



Sources: Statistics Canada, Corporate Economics, August 2015

Apart from the highly volatile food and energy categories, Calgary's core inflation rate came in at 2.4 per cent in July. On a year-to-date basis, the headline inflation rate in Calgary is running at 0.9 per cent. This is fairly low relative to the rest of the country. Overall, the inflation rate should continue to stay low in the coming months aided by lower energy costs.

Next release: September 18, 2015

Inflation Rates

	Relative Importance (%)*	Year-over-year			Year-to-date		
		Jul-15 (%)	Jun-15 (%)	Jul-14 (%)	Jul-15 (%)	Jun-15 (%)	Jul-14 (%)
Calgary: All-items	100.00	1.3	1.7	2.9	0.9	0.8	3.2
Calgary: All-items excluding food and energy	76.49	2.4	2.3	2.7	2.3	2.3	2.9
Food	15.99	3.7	3.8	3.1	3.8	3.8	3.2
Shelter	26.56	0.1	2.1	5.5	0.5	0.6	6.0
Rented accommodation	5.40	3.0	3.1	3.3	3.4	3.5	3.2
Owned accommodation	16.24	1.7	1.9	6.0	2.8	3.0	5.7
Water, fuel and electricity	4.84	(9.5)	2.2	7.1	(11.2)	(11.5)	11.1
Household operations, furnishing and equipment	12.27	3.2	3.2	2.1	3.0	3.0	2.4
Clothing and footwear	5.88	0.5	(0.3)	0.9	0.8	0.8	1.2
Transportation	20.44	(0.7)	(1.1)	2.6	(2.7)	(3.0)	3.2
Gasoline	3.81	(12.4)	(14.3)	2.0	(20.3)	(21.6)	4.5
Health and personal care	4.65	0.9	1.2	2.1	0.9	0.9	1.1
Recreation, education and reading	11.37	2.2	1.6	1.5	1.4	1.3	2.4
Alcoholic beverages and tobacco products	2.83	5.6	5.7	3.9	4.3	4.1	3.5
Alberta: All-items	100.00	1.3	1.7	2.5	0.8	0.8	2.7
Alberta: All-items excluding food and energy	76.49	2.4	2.3	2.3	2.2	2.2	2.4
Canada: All-items	100.00	1.3	1.0	2.1	1.0	1.0	1.9
Canada: All-items excluding food and energy	74.85	2.0	1.8	1.5	1.9	1.9	1.4

Sources: Statistics Canada, Corporate Economics, August 2015

* 2013 CPI basket weights at January 2015 prices, date modified February 26, 2015

Figures in red and parentheses indicate negative.

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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.

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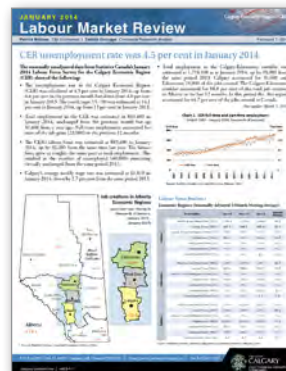
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Sources: Statistics Canada, Bank of Canada, Corporate Economics.

