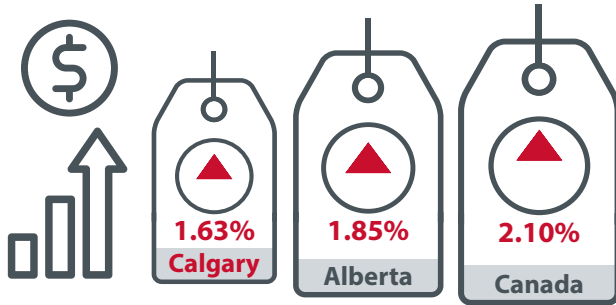


January 2020 Headline Inflation

Comparison is based on 12-month-moving-average of the Consumer Price Index



Calgary and Local Conditions Contributing to Inflation

In January 2020, the Consumer Price Index (CPI) increased by 1.63 per cent from January 2019. These estimates reflect the twelve-month moving average that smoothens typically lumpy monthly data updates.

After declining for much of 2019, there is now a shift toward higher inflation. Monthly inflation pressure was higher in January 2020 than it was in January 2019. Specifically, the CPI is already higher by 0.28 per cent this year.

The major contributor to the January 2020 annual inflation rate was the cost of food and shelter. It added 1.11 percentage points to the inflation rate. The contribution of food and shelter costs to inflation was higher in January this year compared to the same period a year ago. At the same time last year, it contributed 0.84 percentage points to the annual inflation rate.

Major Contributors to Calgary's Inflation Rate January 2020



The second significant contributor to inflation was transportation. It added 0.28 percentage points to the January 2020 annual inflation rate. The contribution of transportation costs to the January 2019 annual inflation rate was 1.18 percentage points. The main reason for lower transportation costs in January 2020 was the fall in the cost of gasoline.

Excluding the contribution of transportation, food and shelter costs, the annual average CPI was higher by 0.23 percentage points in January 2020 compared to 0.38 percentage points in January 2019.

External Inflation Conditions and Contributing Factors

For January 2020, the Alberta and Canada-wide annual inflation rates were 1.85 and 2.10 per cent, respectively. The January 2020 annual inflation rate for Calgary was lower than in Canada and Alberta.

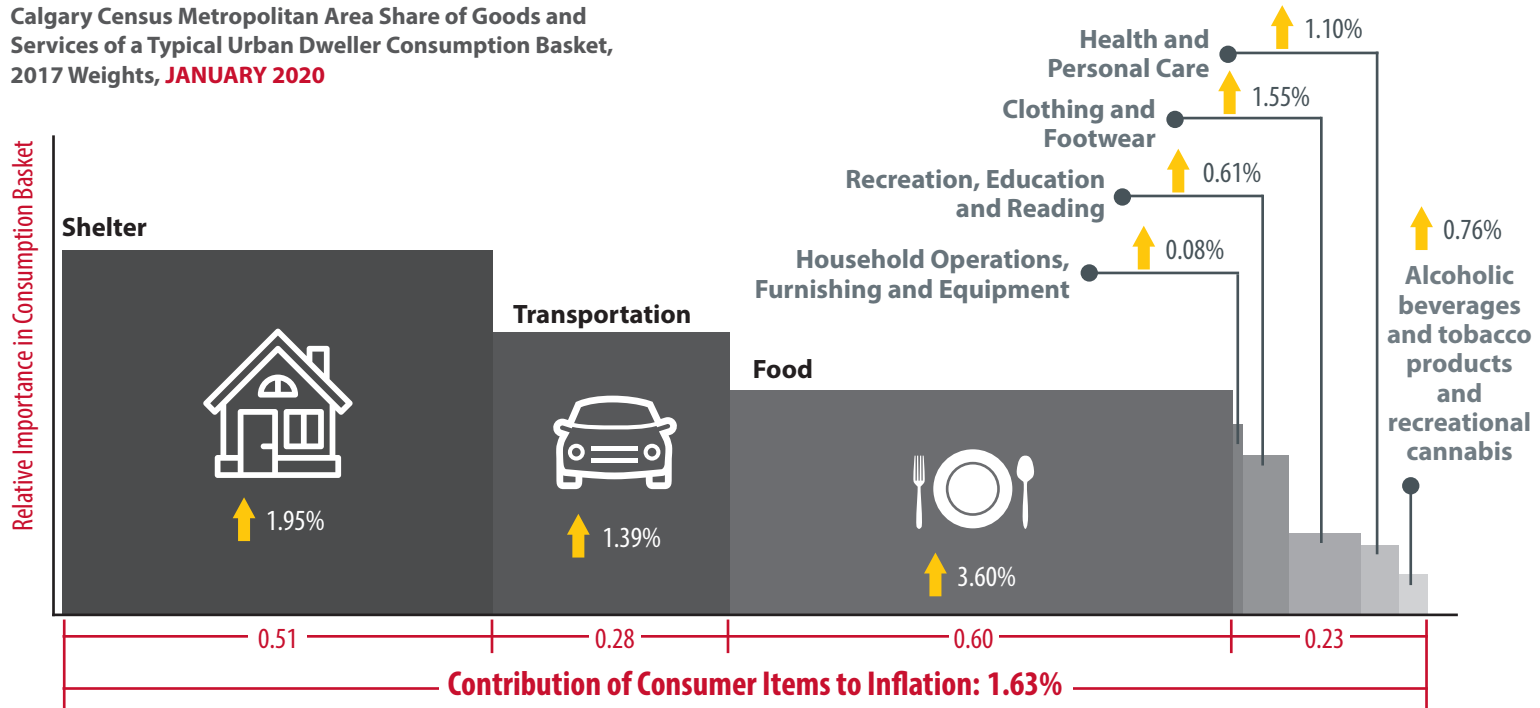
In Alberta, the cost of electricity was the primary driver of higher shelter costs. The elements of food with the most significant cost increases were fresh vegetables and assorted fresh or frozen meats. Mild inflation pressure on transportation because of the impact of increases in passenger vehicle insurance premiums persists.

Inflation Rates

	Relative Importance (%)*	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Jan-20	Dec-19	Nov-19	Jan-20	Dec-19	Nov-19
Calgary: All-items	100.00	1.63	1.42	1.49	0.28	1.42	1.28
Calgary: All-items excluding food and energy	76.28	1.60	1.53	1.60	0.22	1.53	1.46
Food	16.59	3.60	3.39	3.33	0.33	3.39	3.12
Shelter	26.26	1.95	2.08	2.08	0.12	2.08	1.90
Rented accommodation	5.68	0.24	0.56	0.56	-0.16	0.56	0.48
Owned accommodation	15.48	2.02	2.02	1.97	0.10	2.02	1.86
Water, fuel and electricity	5.09	3.63	3.84	4.14	0.19	3.84	3.44
Household operations, furnishing and equipment	12.93	0.08	0.24	0.49	-0.08	0.24	0.33
Clothing and footwear	5.15	1.55	0.93	0.41	0.62	0.93	0.52
Transportation	20.28	1.39	0.91	0.91	0.41	0.91	0.70
Gasoline	3.26	-10.51	-11.87	-12.40	0.43	-11.87	-11.92
Health and personal care	4.81	1.10	0.95	0.73	0.14	0.95	0.73
Recreation, education and reading	10.49	0.61	0.61	0.52	0.00	0.61	0.44
Alcoholic beverages, tobacco products and recreational cannabis	3.48	0.76	1.00	1.29	0.00	1.00	1.06
Alberta: All-items	100.00	1.85	1.78	1.71	0.21	1.78	1.56
Alberta: All-items excluding food and energy	76.28	1.82	1.82	1.83	0.14	1.82	1.68
Canada: All-items	100.00	2.10	1.95	1.88	0.22	1.95	1.72
Canada: All-items excluding food and energy	77.01	2.03	2.03	2.12	0.15	2.03	1.88

* Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 19, 2020. Sources: Statistics Canada, Corporate Economics, February 19, 2020

Calgary Census Metropolitan Area Share of Goods and Services of a Typical Urban Dweller Consumption Basket, 2017 Weights, **JANUARY 2020**



Sources: Statistics Canada, Corporate Economics, February 19, 2020

Next release: March 18, 2020

Glossary:

Headline Inflation: This is the inflation rate measured using all components of the consumer basket of goods and services.

Core Inflation: This is the inflation rate after excluding food and transportation from the consumer basket of goods and services.

Overnight Rate: The interest rate the Bank of Canada charges commercial banks to borrow money.

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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Sources: Statistics Canada, Bank of Canada, Corporate Economics