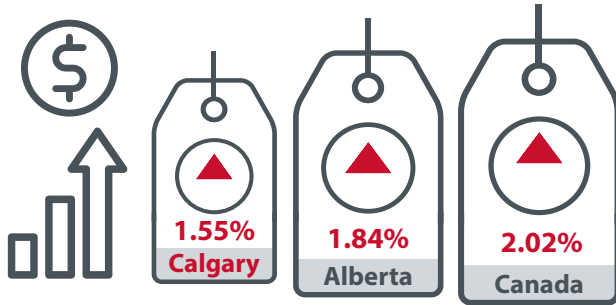


## March 2020 Headline Inflation

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



## Major Contributors to Calgary's Inflation Rate March 2020



## Calgary and Local Conditions Contributing to Inflation

In March 2020, the Consumer Price Index (CPI) increased by 1.5 per cent from March 2019. These estimates reflect the twelve-month moving average that smoothens typically lumpy monthly data updates.

The COVID-19 lockdowns have contributed to lower energy prices as the demand for fuels collapsed. The disruptions in supply chain will have opposing effects. Monthly inflation pressure was higher in March 2020 than it was in February 2020. Specifically, the CPI is higher by 0.49 per cent this year compared to 0.35 per cent last year. However, the monthly uptick was significantly weaker.

The major contributor to the March 2020 annual inflation rate was the cost of food and shelter. It added 0.98 percentage points to the inflation rate, higher than the 0.92 percentage points to the annual inflation rate in March 2019

The second significant contributor to inflation was transportation. It added 0.27 percentage points to the March 2020 annual inflation rate, compared to 1.01 percentage points added to the March 2019 annual inflation rate. The main reason for lower transportation costs in March 2020 was the fall in the cost of gasoline a culprit of lower oil prices. To put it in perspective, the contribution of gasoline deflation in March 2020 was equal to the amount of gasoline inflation in March of 2019.

Excluding the contribution of transportation, food and shelter costs, the annual average CPI did not change in March 2020 when compared to March 2019.

## Inflation Rates

	Relative Importance (%)*	Year-over-year (12-MMA, %)			Year-to-Date (12-MMA, %)		
		Mar-20	Feb-20	Jan-20	Mar-20	Feb-20	Jan-20
Calgary: All-items	100.00	1.55	1.70	1.63	0.49	0.42	1.42
Calgary: All-items excluding food and energy	76.28	1.74	1.67	1.60	0.50	0.36	1.53
Food	16.59	3.58	3.59	3.60	0.87	0.60	3.39
Shelter	26.26	1.47	1.77	1.95	0.17	0.17	2.08
Rented accommodation	5.68	-0.16	-0.08	0.24	-0.24	-0.24	0.56
Owned accommodation	15.48	1.96	2.01	2.02	0.36	0.26	2.02
Water, fuel and electricity	5.09	1.52	3.21	3.63	-0.39	0.26	3.84
Household operations, furnishing and equipment	12.93	-0.16	-0.08	0.08	-0.16	-0.16	0.24
Clothing and footwear	5.15	2.69	2.17	1.55	1.74	1.23	0.93
Transportation	20.28	1.32	1.67	1.39	0.62	0.76	0.91
Gasoline	3.26	-12.46	-10.23	-10.51	-2.35	0.25	-11.87
Health and personal care	4.81	1.39	1.24	1.10	0.43	0.29	0.95
Recreation, education and reading	10.49	1.05	0.87	0.61	0.26	0.17	0.61
Alcoholic beverages, tobacco products and recreational cannabis	3.48	0.53	0.58	0.76	0.00	0.00	1.00
Alberta: All-items	100.00	1.84	1.91	1.85	0.49	0.42	1.78
Alberta: All-items excluding food and energy	76.28	1.96	1.97	1.82	0.50	0.36	1.82
Canada: All-items	100.00	2.02	2.09	2.10	0.44	0.37	1.95
Canada: All-items excluding food and energy	77.01	2.02	2.03	2.03	0.46	0.31	2.03

\* Consumer Price Index (CPI) basket weights are based on the 2017 Survey of Household Spending, modified on February 2019. Sources: Statistics Canada, Corporate Economics, April 22, 2020

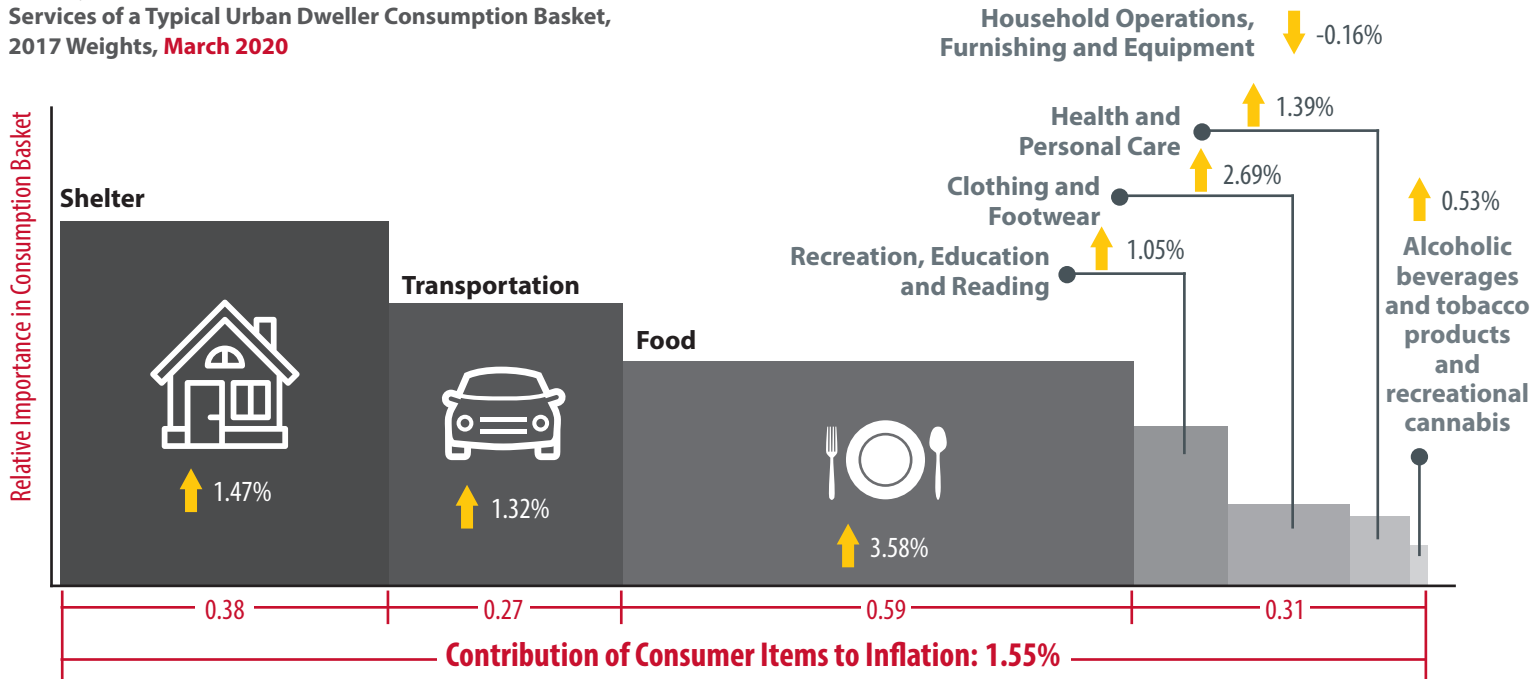
## External Inflation Conditions and Contributing Factors

For March 2020, the Alberta and Canada-wide annual inflation rates were 1.8 and 2.0 per cent, respectively.

In Alberta, the cost of electricity was the primary driver of higher shelter costs. Costs for food increase were mainly from fresh vegetables and assorted fresh or frozen meats. Increases in passenger vehicle insurance premiums added small cost on transportation, but the inflation effect is expected to subside in the near term. The least inflationary items in March 2020 consumer basket were gasoline and recreational cannabis.

continued on next page ➡

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



Sources: Statistics Canada, Corporate Economics, April 22, 2020

Next release: May 20, 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