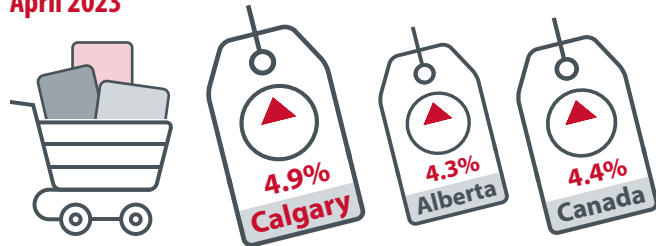


Inflation Review

Headline Inflation Comparison

April 2023



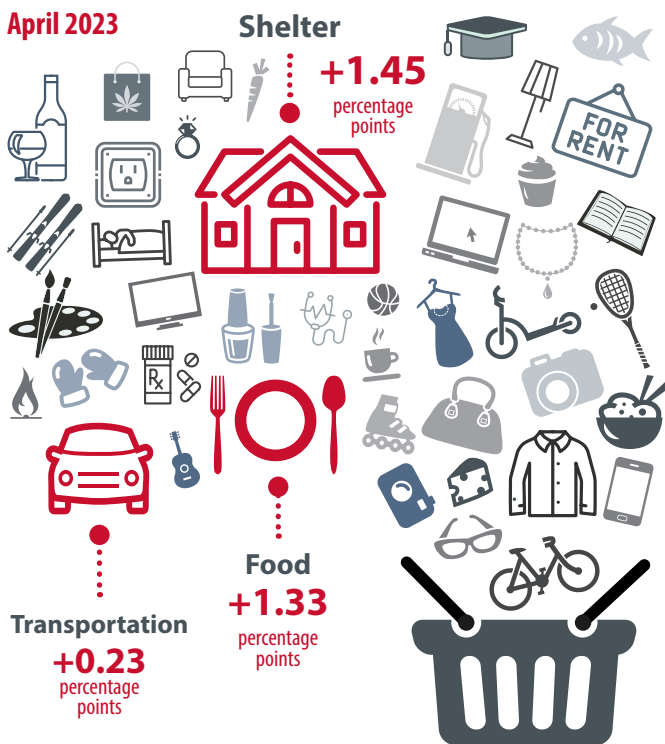
Energy costs cause year-over-year inflation in Calgary to tick back up

In April 2023, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 4.9 per cent over the previous twelve months. This was the first increase in the inflation rate in Calgary after five months of decelerating inflation. One silver lining is that the rate of price growth remained below January's 5.5 per cent inflation rate.

Energy prices were a primary factor behind the acceleration of inflation in April. The announcement of voluntary production cuts by members of the Organization of the Petroleum Exporting Countries (OPEC) led to an increase in global oil prices in April, with subsequent effects on prices for fuel such as gasoline. Natural gas prices in Alberta bounced back after a brief drop in March, which also impacted electricity prices. In addition, the Government of Alberta lifted an affordability measure for customers using the regulated rate option (RRO) for electricity. Between January and March, the province capped power charges for RRO customers. However, between April 2023 and December 2024, the costs of the three month cap must be paid back through an additional charge to RRO customers. Finally, the federal carbon tax increased in April to \$65 per tonne of emissions from \$50 per tonne, affecting the price of fuel, natural gas, and electricity.

Major Contributors to Alberta's Inflation Rate

April 2023



Food price inflation remains most significant factor in Alberta inflation

Alberta's year-over-year CPI inflation rate for April increased to 4.3 per cent but remained lower than the rate for the Calgary CMA. The year-over-year inflation rate for Canada increased to 4.4 per cent, lower than Calgary's rate.

Food prices remained the fastest-rising component of the Alberta CPI in April. Overall, food prices increased by 8.1 per cent year-over-year. The food products with the highest year-over-year price increases included edible fats and oils (+24.4 per cent), bakery products (+17.7 per cent), and fresh or frozen chicken (+15.3 per cent).

Shelter costs in Alberta increased by 5.6 per cent year-over-year in April. While utility costs were up by 12.4 per cent since March, the year-over-year increase in utility costs was only 1.6 per cent. Mortgage interest costs were another major factor, increasing by 28.5 per cent year-over-year at the national level.

The cost of transportation in Alberta rose by 1.3 per cent since April 2022.

However, despite an increase of 8.9 per cent since March, the cost of gasoline was down by 6.9 per cent year-over-year. Other factors offset the decreases in fuel prices to make the overall cost of transportation increase year-over-year. For example, the cost of purchasing new or used vehicles was up by 4.7 per cent since April 2022.

Year-over-year price increases occurred in all major categories in Alberta. However, prices for a few specific items have decreased since April 2022. These include child care and house-keeping services, natural gas, and gasoline.

Inflation Rates

	Relative Importance (%) [*]	Year-over-year (%)			Year-to-Date Average (%)
		Apr-23	Mar-23	Feb-23	
Calgary: All-items	100.00	4.9	3.7	3.9	4.5
Shelter	25.77	7.5	5.8	3.4	5.7
Rented accommodation	5.81	8.0	4.6	5.4	6.2
Owned accommodation	15.83	9.4	10.7	12.3	11.3
Water, fuel and electricity	4.14	1.4	-7.7	-23.1	-10.7
Alberta: All-items	100.00	4.3	3.3	3.6	4.1
Alberta: All-items excluding food and energy	75.90	4.3	4.3	4.8	4.7
Canada: All-items	100.00	4.4	4.3	5.2	5.0
Canada: All-items excluding food and energy	76.65	4.4	4.5	4.8	4.7

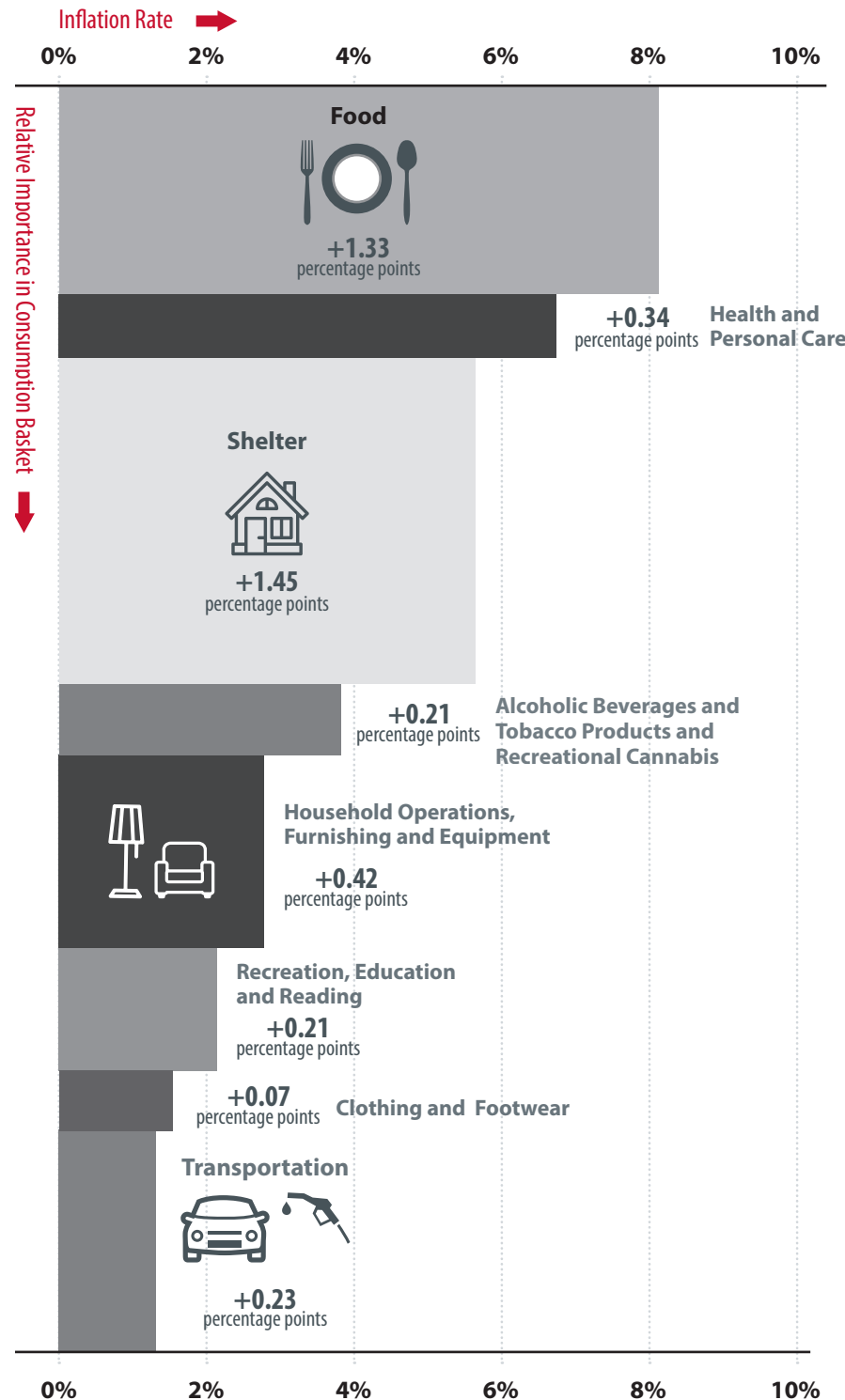
^{*} CPI basket weights are based on the 2021 expenditure data, modified on December 2022.

Sources: Statistics Canada, Corporate Economics, May 16, 2023.

Inflation Review

Contribution of Consumer Items to Inflation: Alberta

April 2023



Sources: Statistics Canada, Corporate Economics, May 16, 2023.

Next release: June 27, 2023

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:

Oyin Shyllon

Manager,

Corporate Economics and Regulatory Affairs

oyinola.shyllon@calgary.ca

Gilbert Lybbert

Associate Economist

gilbert.lybbert@calgary.ca

Estella Scruggs

Corporate Research Analyst

estella.scruggs@calgary.ca

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Sources:

Bank of Canada, Statistics Canada, Corporate Economics.