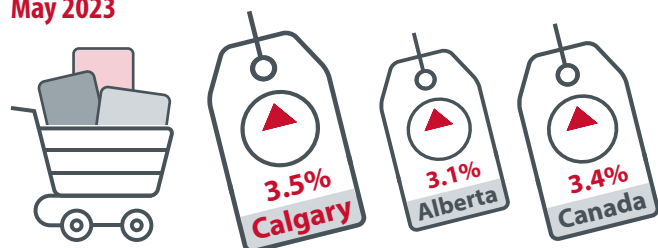


# Inflation Review

## Headline Inflation Comparison

May 2023



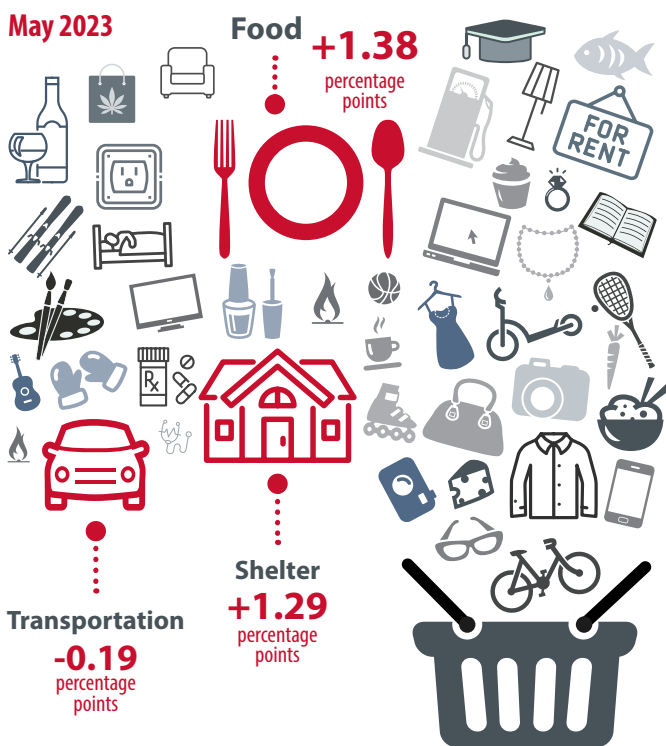
### Inflation in Calgary drops to lowest rate in nearly two years

In May 2023, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 3.5 per cent over the previous twelve months. This is the lowest inflation rate reported for Calgary in almost two years (since June 2021).

While the positive news is that inflation is coming down, this does not mean that most prices are falling. While consumer prices in May 2023 were 3.5 per cent higher than one year before, they remained 11.8 per cent higher than two years before in May 2021. Compared to May 2018, five years ago, prices rose by 17.3 per cent. In contrast, average weekly wages in the Calgary CMA only increased by 13.0 per cent between May 2018 and May 2023. The inability of wages to keep up with rising prices implies that life is less affordable now for the average household than it was five years ago.

## Major Contributors to Alberta's Inflation Rate

May 2023



### Food prices accelerate as transportation costs fall in Alberta

Alberta's year-over-year CPI inflation rate fell to 3.1 per cent in May. Canada's inflation rate also decreased, reaching 3.4 per cent and remaining lower than the inflation rate for Calgary.

Food prices remained the fastest-growing component of Alberta's CPI in May, accelerating from last month to a year-over-year inflation rate of 8.3 per cent. The food products with the highest year-over-year price increases include edible fats and oils (+17.4 per cent), bakery products (+15.9 per cent), and butter (+13.9 per cent).

Shelter cost inflation in Alberta decelerated to 5.1 per cent in May, with most of the price increases linked to the cost of owned and rented accommodation. Utility bills only increased by 0.1 per cent since May 2022, as an increase in electricity prices (+33.4 per cent) was offset mainly by a decrease in natural gas prices (-25.7 per cent).

The cost of transportation in Alberta fell by 1.1 per cent since May 2022. A major cause of lower transportation costs is reduced fuel costs compared to one year before. For example, gasoline prices fell by 13.9 per cent since May 2022, when the Russian invasion of Ukraine caused an initial spike in energy prices.

Year-over-year price increases occurred in all other major categories in Alberta besides transportation. Across all categories, the individual items that posted the most significant price decreases include child care and house-keeping services, natural gas, gasoline, and telephone services.

## Inflation Rates

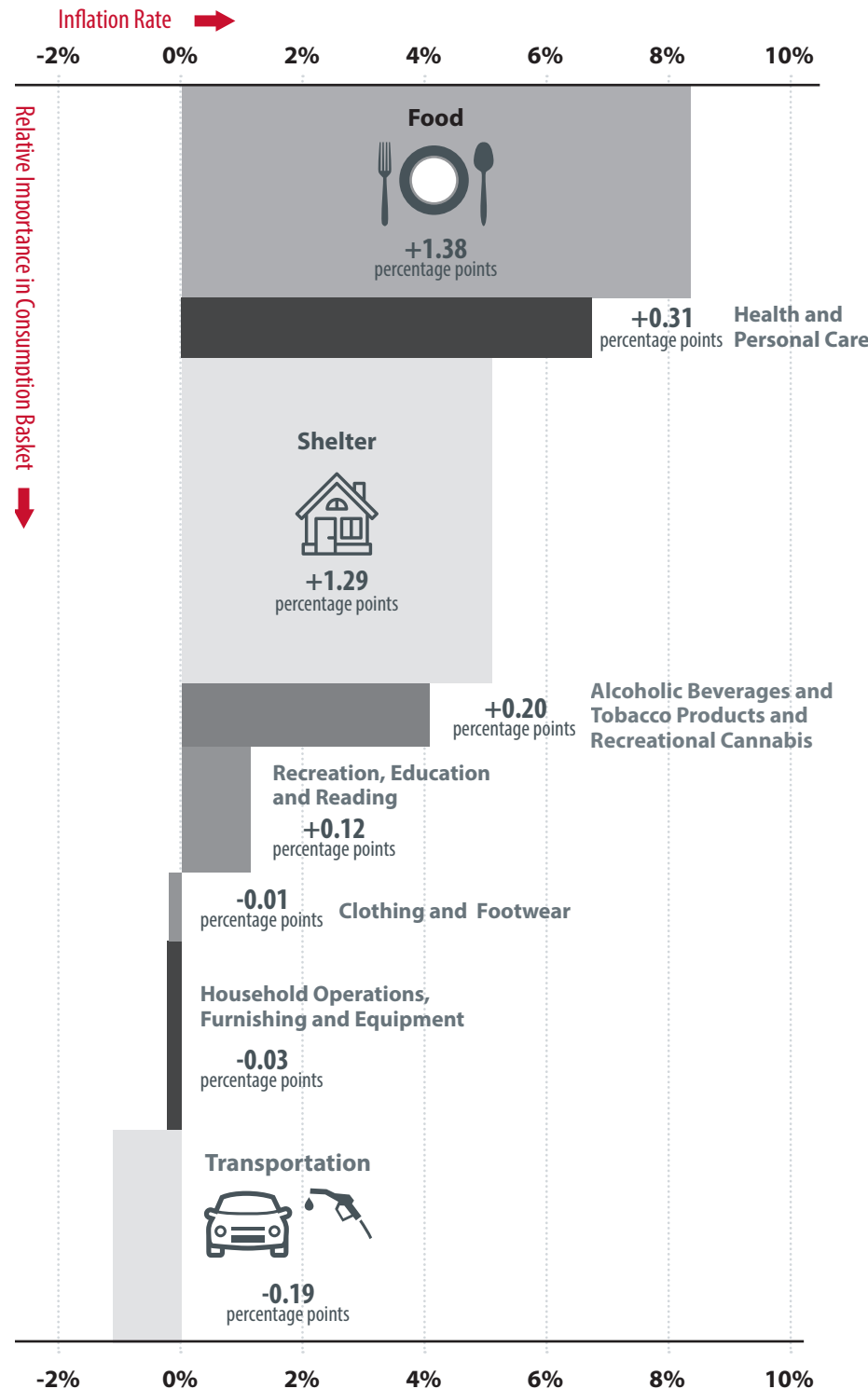
	Relative Importance (%)*	Year-over-year (%)			Year-to-Date Average (%)
		May-23	Apr-23	Mar-23	
Calgary: All-items	100.00	3.5	4.9	3.7	4.3
Shelter	25.89	6.5	7.5	5.8	5.9
Rented accommodation	5.91	7.2	8.0	4.6	6.4
Owned accommodation	16.14	8.6	9.4	10.7	10.7
Water, fuel and electricity	3.85	-0.7	1.4	-7.7	-8.7
Alberta: All-items	100.00	3.1	4.3	3.3	3.9
Alberta: All-items excluding food and energy	76.10	3.3	4.3	4.3	4.4
Canada: All-items	100.00	3.4	4.4	4.3	4.6
Canada: All-items excluding food and energy	76.57	4.0	4.4	4.5	4.5

\* CPI basket weights are based on the 2022 expenditure data, modified in June 2023.

Sources: Statistics Canada, Corporate Economics, June 27, 2023.

## Contribution of Consumer Items to Inflation: Alberta

May 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.

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Sources:

Bank of Canada, Statistics Canada, Corporate Economics.