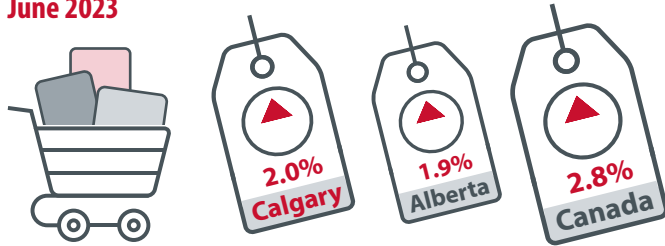


Headline Inflation Comparison

June 2023



Inflation in Calgary drops to the Bank of Canada's Target and the lowest rate since March 2021

In June 2023, the headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) increased by 2.0 per cent over the previous twelve months. This is the first time inflation has been at or below the 2.0 per cent target in Calgary since March 2021.

A primary factor behind the decrease in Calgary's inflation rate is the drop in energy prices since June 2022. Following the Russian invasion of Ukraine in early 2022, global energy prices spiked, reaching a peak in June-July 2022. Despite the ongoing conflict, global energy prices have moderated and stabilized since the summer of 2022. After a considerable price decrease by Spring 2023, Alberta's local gasoline and natural gas prices have remained relatively stable in recent months. Thus, the deceleration in inflation is primarily related to the spike in energy costs seen in June 2022 rather than caused by a price movement in June 2023.

Major Contributors to Alberta's Inflation Rate

June 2023



Food price inflation is high while transportation costs fall in Alberta

Alberta's year-over-year CPI inflation rate fell to 1.9 per cent in June, a significant drop from the 3.1 per cent inflation rate for Alberta in May. Canada's inflation rate also decreased, reaching 2.8 per cent. However, the inflation rate in Calgary and Alberta dropped below the national rate in June.

Despite Alberta's lower overall inflation rate, food price inflation remained high at 7.9 per cent. The food products with the highest year-over-year price increases include edible fats and oils (+20.2 per cent), chicken (+19.1 per cent), and beef (+13.2 per cent).

Shelter cost inflation in Alberta decelerated to 4.6 per cent in June. Some components of shelter costs saw large increases, like the price of electricity (+34.4 per cent) and mortgage interest costs (up 30.1 per cent at the national level). On the other hand, natural gas prices in Alberta fell by 31.3 per cent.

The cost of transportation served as a major offsetting factor to Alberta's inflation in June, with a 4.7 per cent year-over-year decrease. This decrease is attributable to the spike in gasoline prices in June 2022, which has since dissipated. Compared to June 2022, local gasoline prices fell by 24.3 per cent by June 2023.

Across all categories, the individual items that posted the most significant price decreases include child care and housekeeping services, natural gas, gasoline, and telephone services.

Inflation Rates

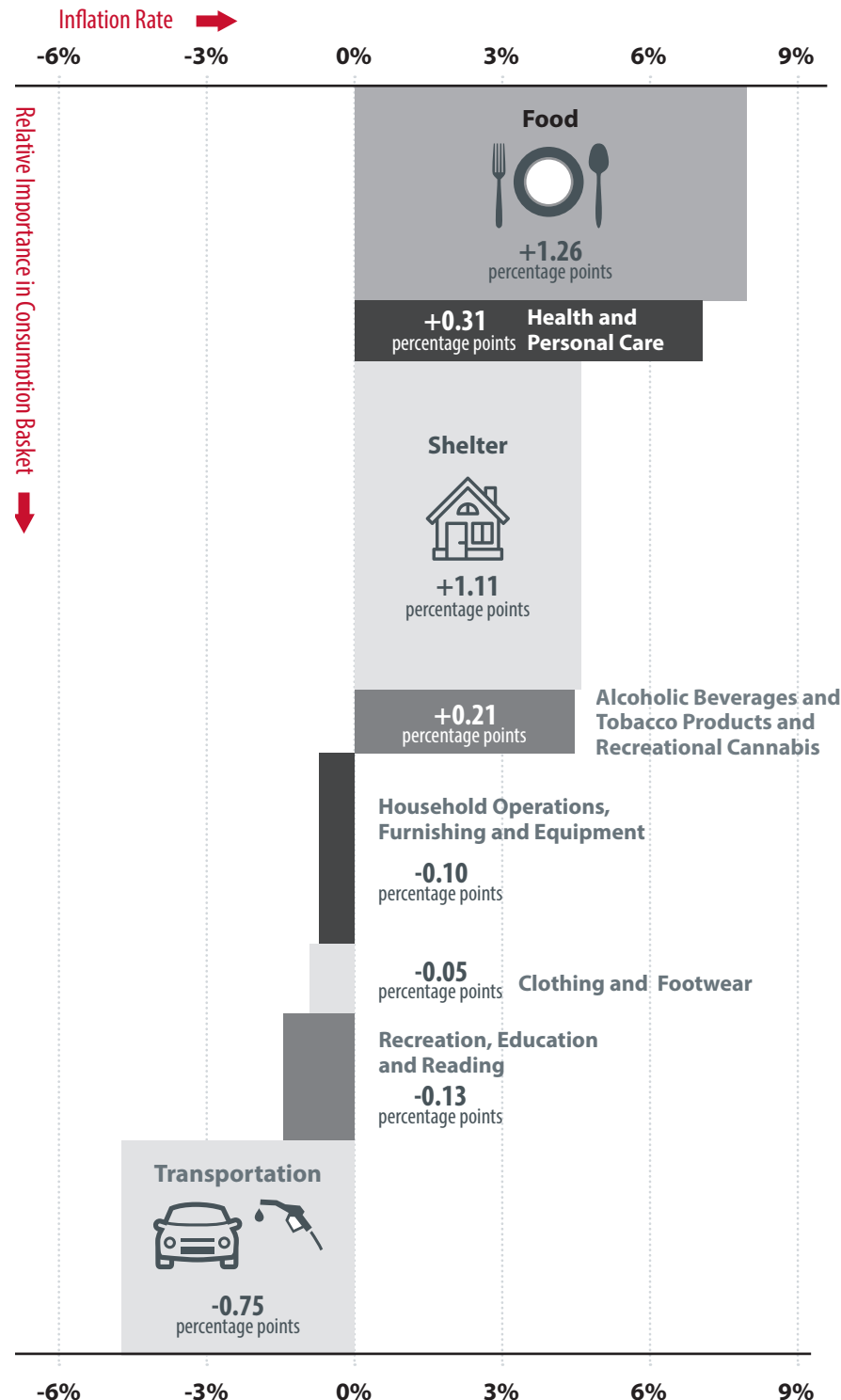
	Relative Importance (%) [*]	Year-over-year (%)			Year-to-Date Average (%)
		Jun-23	May-23	Apr-23	
Calgary: All-items	100.00	2.0	3.5	4.9	3.9
Shelter	25.89	5.4	6.5	7.5	5.8
Rented accommodation	5.91	7.0	7.2	8.0	6.5
Owned accommodation	16.14	8.0	8.6	9.4	10.3
Water, fuel and electricity	3.85	-3.5	-0.7	1.4	-7.8
Alberta: All-items	100.00	1.9	3.1	4.3	3.5
Alberta: All-items excluding food and energy	76.10	2.9	3.3	4.3	4.2
Canada: All-items	100.00	2.8	3.4	4.4	4.3
Canada: All-items excluding food and energy	76.57	3.5	4.0	4.4	4.4

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

Sources: Statistics Canada, Corporate Economics, July 18, 2023.

Contribution of Consumer Items to Inflation: Alberta

June 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

Many of our publications are available on the internet at www.calgary.ca/economy.

The City of Calgary provides this information in good faith. However, the aforementioned organization makes no representation, warranty or condition, statutory express or implied, takes no responsibility for any errors and omissions which may contained herein and accepts no liability for any loss arising from any use or reliance on this report.

Sources:

Bank of Canada, Statistics Canada, Corporate Economics.