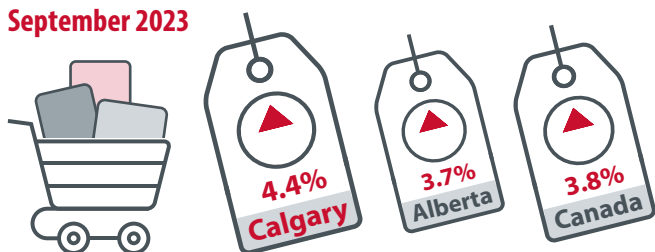


Headline Inflation Comparison

September 2023

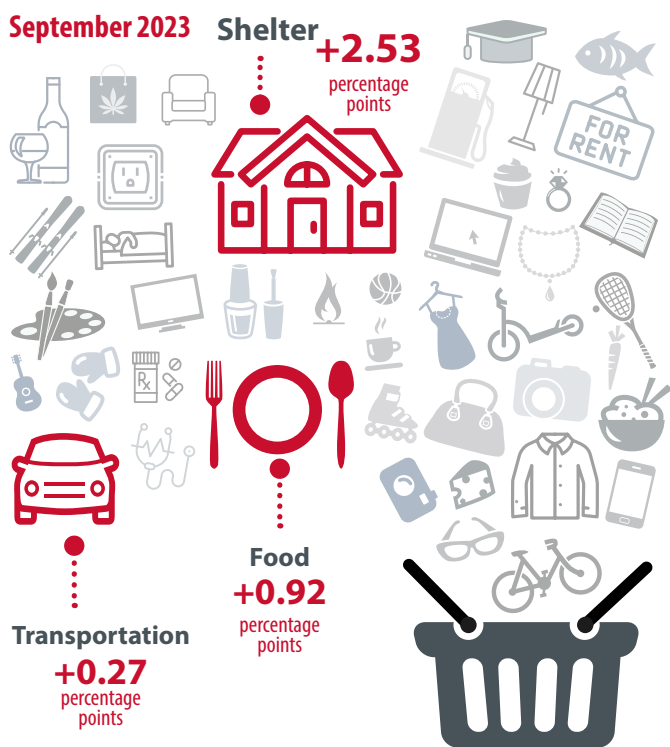


Headline inflation softened to an average annual rate of 4.4 per cent in Calgary and 3.8 per cent nationwide in September 2023

The headline consumer price index (CPI) in the Calgary Census Metropolitan Area (CMA) softened to 4.4 per cent in September, down slightly from the 4.8 per cent recorded in August. August saw a spike in inflation as electricity costs elevated while government rebates ended. September saw the continued effect of high electricity prices, though they are starting to come off record highs. Alberta inflation saw the same pattern, with a spike from 2.9 per cent in July to a high of 4.3 per cent in August and a softening to 3.7 per cent in September. Canada experienced a similar trend, rising from 3.3 per cent in July to 4.0 per cent in August, then falling to 3.8 per cent in September. However, unlike in Calgary and Alberta, gasoline and food prices were the major drivers for the August inflation increase across the rest of Canada.

Major Contributors to Alberta's Inflation Rate

September 2023



High interest rates started impacting dwelling types purchased in Calgary

Across the country, elevated interest rates have started to impact overall inflation. The rising cost of owning accommodation is impacting housing affordability as rent rates and mortgage carrying costs increase. In Calgary, the impact is driving more people to shift from unattached dwelling purchases toward condos and other relatively lower-priced attached dwellings, softening the overall impact of rising interest rates on the economy. That option is less available in places like Toronto and Vancouver, where new home buyers are feeling relatively more impact of high interest rates.

Persistent inflationary pressures exist in three sub-categories

The core inflation in Canada, measured by inflation of all items excluding volatile items like food and energy, softened to 3.2 per cent in September. This is lower than the headline inflation. However, there are broadly three sub-categories that continue to show persistent inflationary pressures above the Bank of Canada's target range:

1. Housing costs have risen across Canada. High demand is constrained by limited supply while materials costs for items like lumber remain high and construction labour is in short supply.
2. The costs for services are increasing as higher interest rates broadly impact the cost of doing business in Canada.
3. Healthcare costs are accelerating across Canada, driven by the pent-up demand for healthcare services as the pandemic ended. Meanwhile, international medical supply manufacturers are facing their own cost increases from raw materials, adding additional cost pressures in Canada.

Inflation Rates

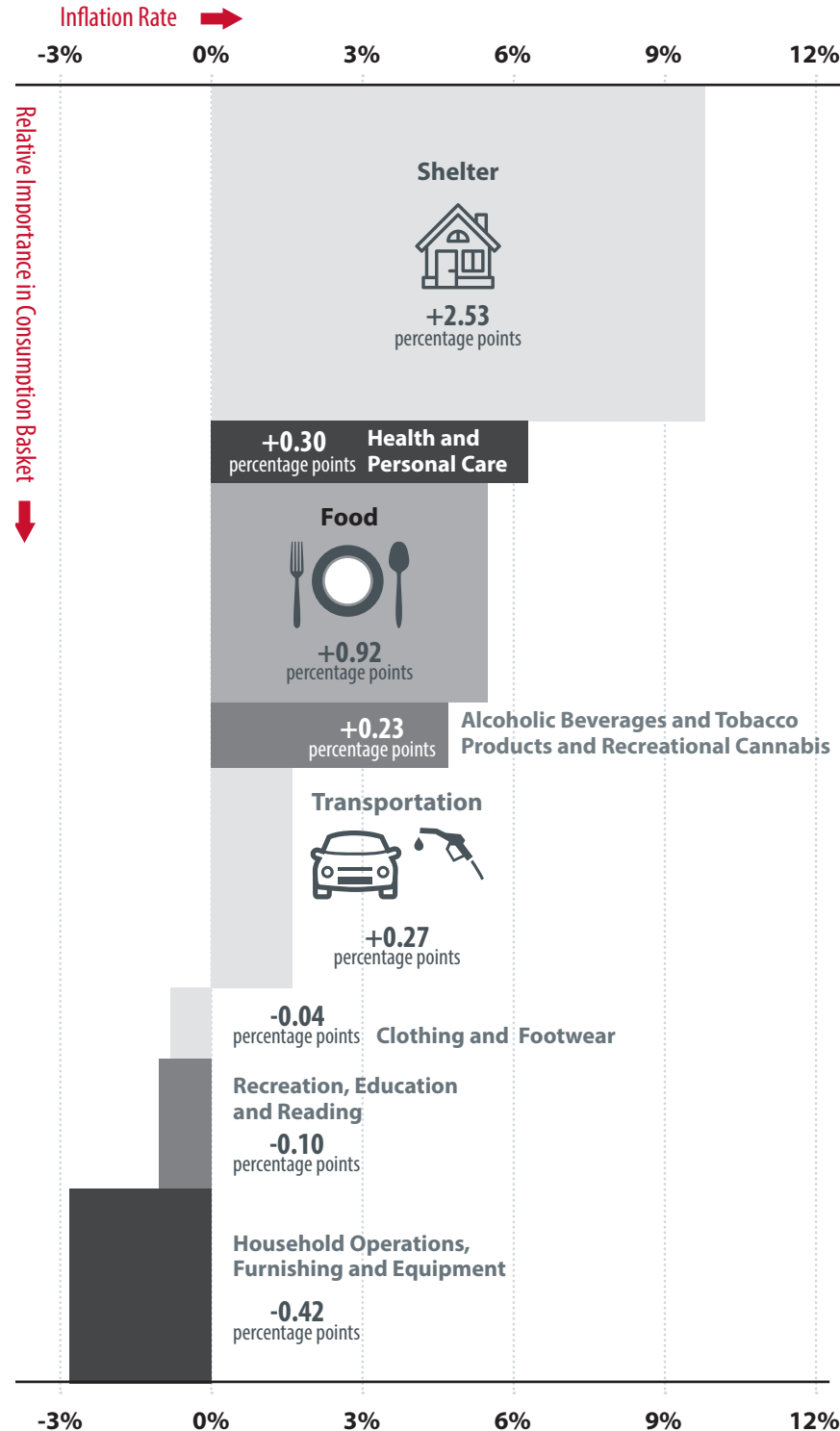
	Relative Importance (%) [*]	Year-over-year (%)			Year-to-Date Average (%)
		Sep-23	Aug-23	Jul-23	
Calgary: All-items	100.00	4.4	4.8	3.4	4.0
Shelter	25.89	11.6	12.2	9.0	6.7
Rented accommodation	5.91	8.5	6.1	5.0	6.4
Owned accommodation	16.14	9.6	9.2	8.6	9.4
Water, fuel and electricity	3.85	22.5	30.3	15.6	-0.4
Alberta: All-items	100.00	3.7	4.3	2.9	3.6
Alberta: All-items excluding food and energy	76.10	2.5	2.9	3.0	3.9
Canada: All-items	100.00	3.8	4.0	3.3	4.2
Canada: All-items excluding food and energy	76.57	3.2	3.6	3.4	4.2

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

Sources: Statistics Canada, Corporate Economics, October 17, 2023.

Contribution of Consumer Items to Inflation: Alberta

September 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.