

## Annual inflation in Edmonton edges up

*December 18, 2015*

Prices for consumer goods and services in the **Edmonton** Census Metropolitan Area (CMA), as measured by the Consumer Price Index (CPI), rose from 1.5% in October 2015 to 2.0% in November 2015, on an annual basis. This increased rate of inflation means Edmonton's consumer price increases remain above the national average.

In November 2015, rental and owned accommodation costs continued to trend upward although at a much more moderate pace, while home heating and electricity costs were down. Over the remainder of the fourth quarter, costs associated with shelter in Edmonton are likely to remain at their current levels.

**Calgary's** rate of inflation was also running at an annual rate of 2.0% in November 2015—up from 1.5% in October 2015. Both rental and owned accommodation costs were up on a year-over-year basis while water, fuel and electricity costs declined.

Annual consumer-based inflation in **Alberta** also increased to 2.0% in November 2015 from 1.4% in October 2015. Higher food, clothing and furniture and appliance prices were key elements in the rise of Alberta's annual inflation rate. These higher prices come largely as a result of the lower Canadian dollar on the cost of imported consumer goods and food.

At the national level, the annual increase in CPI was 1.4% in November 2015, up from the 1.0% rate recorded in October 2015. In November, a rise in food prices along with higher costs for clothing and footwear were only partially offset by a decline in transportation-related costs across **Canada**.

### Significance

With rental vacancy rates now having risen to 4.2% (from the long-term average of 3.5%), the costs for rental accommodation in the Edmonton region is beginning to stabilize. These developments will take pressure off the shelter component of the Edmonton region's CPI. Consequently, inflation in Edmonton will hold at current levels during the remainder of 2015 and into the first half of 2016.

Canada's core inflation rate, which excludes the most volatile components such as food and energy prices, rose at an annual rate of 2.0% in November 2015—down modestly from the 2.1% rate reported in October 2015. Core inflation is now firmly set at the middle of the Bank of

Canada's target range of 1.0% to 3.0%, taking some pressure off the Bank of Canada to increase interest rates in the coming months.

## Consumer Price Index for November 2015

	Nov 2014	Oct 2015	Nov 2015	Oct 2015 to Nov 2015	Nov 2014 to Nov 2015
	2002=100			% change	
Canada	125.4	127.2	127.1	-0.1	1.4
Alberta	132.1	135.1	134.7	-0.3	2.0
Edmonton CMA	132.8	134.8	134.5	-0.2	2.0
Calgary CMA	133.7	135.7	135.3	-0.3	2.0

Source: Statistics Canada

## Limitations

The CPI is a measure of the change in prices and not their absolute level. Consequently, when compared to the national CPI (127.1), Edmonton's higher CPI (134.5) does not mean that the cost of living in Edmonton is higher than elsewhere. It does, however, indicate that since 2002, prices for consumer goods have risen somewhat faster in Edmonton than in the country as a whole: approximately 34% for Edmonton, compared to 27% for Canada.

The CPI reflects the prices consumers pay on a typical basket of goods and services, but it does not reflect all of the inflationary pressures experienced by organizations such as the City of Edmonton. Prices used to determine the CPI represent average consumer purchases such as groceries, clothes, retail goods, rent and mortgage. The CPI does not reflect the type of expenditures required to deliver municipal goods and services, such as construction materials, transportation equipment and professional services.

## Contacts

John Rose  
Chief Economist  
Financial Services & Utilities  
780-496-6070

Grace Kahara  
Senior Economist  
Financial Services & Utilities  
780-496-6600