Inflation jumps above one per cent in September

October 22, 2020

The Consumer Price Index (CPI) for the Edmonton Census Metropolitan Area (CMA) rose 1.2 per cent year-over-year in September 2020, which was double the rate of growth in August. On a year-over-year basis, the region’s shelter-related prices increased by 1.6 per cent in September, largely driven by price growth in the water, fuel and electricity component. Prices related to owned accommodation saw marginal growth of 0.4 per cent year-over-year in September, while prices for rented accommodation saw a decline of 1.3 per cent.

The Calgary CMA’s rate of inflation picked up in September, reaching 1.4 per cent year-over-year from a rate of 0.6 per cent in August. Shelter-related prices in the Calgary region were 2.3 per cent higher year-over-year in September with the greatest price increase observed in the water, fuel and electricity component.

Consumer-based inflation in Alberta accelerated to a rate of 1.5 per cent year-over-year in September from 0.6 per cent in August. Across the six major components that saw year-over-year price growth in September, price growth in the transportation component was the most pronounced, driven largely by higher prices for private transportation. Monthly prices related to private transportation, which includes the purchase, leasing, rental and operation of passenger vehicles, have been rising consistently on a year-over-year basis since June. Another notable increase was for tuition fees, which increased by 1.9 per cent year-over-year in September which was the greatest year-over-year increase across Canadian provinces.

The annual rate of inflation in Canada picked up to 0.5 per cent in September, following growth of 0.1 per cent in August. Price growth for food and shelter continued to be the largest contributors to the rate of inflation, though the pace of food price growth was slightly slower in September compared to the previous month.

Significance

Inflation in the Edmonton CMA was running relatively inline with pre-COVID historical trends in September. The largest contributor to price growth in the shelter component was a 10 per cent price change related to water, fuel and electricity. Though there are limited details on changes in the CPI for the Edmonton CMA, it is possible that provincial price trends may also apply to the region, particularly a 28 per cent year-over-year increase in natural gas prices. The price of natural gas has seen double-digit year-over-year increases since June 2020 and is likely one factor that is accelerating price growth in the water, fuel and electricity component in Edmonton.
Canada’s core inflation rate, as reflected in the three measures of consumer prices tracked by the Bank of Canada, held at 1.7 per cent in September which is lower than the midpoint of the Bank’s target range of one to three per cent.

**Consumer Price Index for September 2020**

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<td>0.6</td>
<td>1.5</td>
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<td>Edmonton CMA</td>
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Source: Statistics Canada, Table 18-10-0004-01

**Limitations**

The CPI is a measure of the change in prices and not their absolute levels. It reflects the prices consumers pay on a typical basket of goods and services, but not all 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 mortgages. The CPI does not reflect the type of expenditures required to deliver municipal goods and services, such as construction materials, public transit equipment and professional services.

Consequently, when compared to the national CPI, Edmonton’s higher CPI does not mean 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 compared to the Canadian average.

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