

Edmonton's inflation rate jumps above two per cent

December 18, 2019

Inflation in the **Edmonton** Census Metropolitan Area (CMA), as measured by the Consumer Price Index (CPI), moved higher in November 2019, reaching an annual rate of 2.1 per cent from 1.6 per cent in October. Shelter-related costs were two per cent higher year-over-year in November 2019. Costs related to water, fuel and electricity rose 3.6 per cent year-over-year in November 2019 and rented accommodation costs increased by 3.4 per cent.

Calgary's annual rate of inflation rose to two per cent in November 2019, up from 1.4 per cent in October. Shelter-related costs were 1.6 per cent higher year-over-year in November 2019, primarily due to gains in owned accommodation costs as well as costs related to water, fuel and electricity.

The rate of consumer-based inflation in **Alberta** increased to 2.1 per cent in November 2019 from 1.6 per cent in October. Energy costs in November 2019 continued to decline on a year-over-year basis, which helped to absorb some of the upward pressures from higher food and shelter costs, as well as costs related to clothing and footwear. Excluding energy costs, prices in Alberta saw a 2.5 per cent year-over-year gain in November 2019.

In **Canada**, the annual rate of change in CPI increased to 2.2 per cent in November from 1.9 per cent in October. The rise in inflation was largely due to a gain in energy prices, particularly for gasoline. Energy prices were 1.5 per cent higher in November 2019, the first year-over-year gain since October 2018.

Significance

Gasoline prices in the Edmonton CMA continued to see a year-over-year reduction in November 2019 which helped to partially offset higher shelter-related costs. Looking ahead, there may be accelerated inflation by way of increased costs for imported consumer goods such as food, clothing and electronics in response to ongoing trade disputes. As a result, inflation in Edmonton is expected to be in the two per cent range in December 2019.

Canada's core inflation rate, as reflected in the three measures of consumer prices tracked by the Bank of Canada, held at 2.1 per cent in October 2019. This is slightly above the midpoint of the Bank's target range of one to three per cent.

It is looking increasingly unlikely that the Bank of Canada will reduce interest rates in the coming months with Canada's core inflation rate around the middle of the Bank's target range.

Consumer Price Index for November 2019

	Nov 2018	Oct 2019	Nov 2019	Oct 2019 to Nov 2019	Nov 2018 to Nov 2019
	2002=100			% change	
Canada	133.5	136.6	136.4	-0.1	2.2
Alberta	140.7	143.6	143.6	0.0	2.1
Edmonton CMA	140.7	143.9	143.7	-0.1	2.1
Calgary CMA	140.9	143.7	143.7	0.0	2.0

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 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 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 (136.4), Edmonton's higher CPI (143.7) 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: approximately 44 per cent for Edmonton, compared to about 36 per cent for Canada.

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