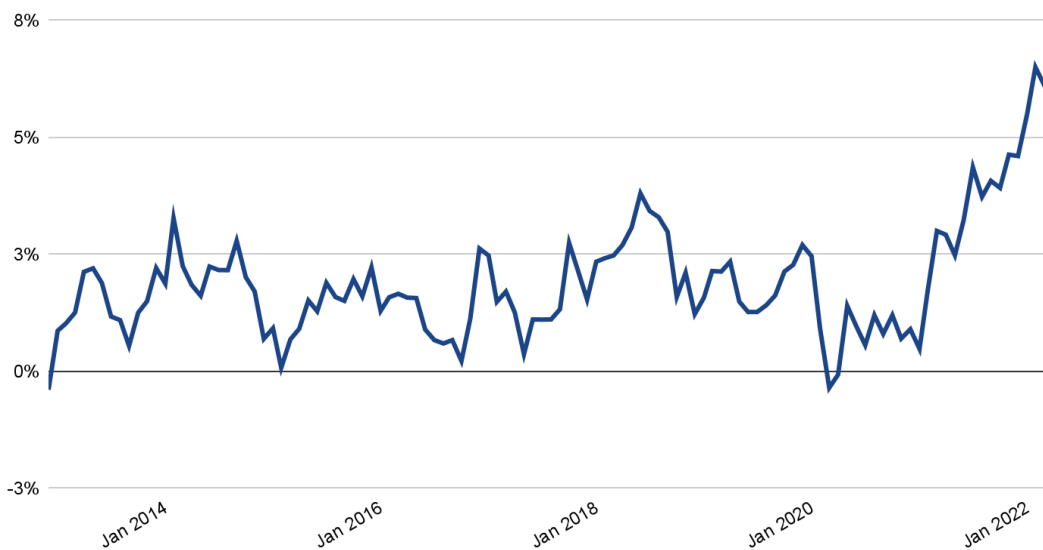


Consumer inflation accelerates to 7.1% in May 2022

June 24, 2022

- Consumer inflation in the Edmonton census metropolitan area (CMA), as measured by year-over-year changes in Statistics Canada's Consumer Price Index (CPI), remained high in May, reaching an annualised rate of 7.1 per cent.
- Prices in the shelter component rose 6.6 per cent year-over-year in May.
- Utility prices in May were 21.3 per cent higher year-over-year in the Edmonton CMA.

Edmonton CMA Consumer Inflation



Source: Statistics Canada, Table 18-10-0004-01; series ends May 2022

Note: This chart outlines the percentage change in the monthly CPI reading from the same month a year earlier (also known as the annualised rate).

In April, consumer inflation in the Edmonton CMA saw a very slight month-over-month deceleration to 6.1 per cent, before accelerating to an annualised rate of 7.1 per cent in May. At 7.1 per cent in May 2022, consumer inflation was its highest since April 2003. Provincial data indicate that price pressures have broadened across components over the past 12 months which, combined with indications of sustained and even accelerating price increases in other components, is signalling an excess of consumer demand. This situation is not unique to Alberta and is evident not only in other parts of the country, but in many jurisdictions globally. This has prompted the Bank of Canada to intervene with more force, through hikes to its policy interest rate, in the hopes that higher interest rates will temper demand. However, there are some

components for which prices are being driven higher by global factors, like select food and energy commodities, for which rising domestic interest rates are not expected to have as great an impact. Looking ahead, consumer inflation in the Edmonton CMA is expected to average an annual rate of 6.2 per cent in 2022.

It is worth noting that the May 2022 CPI release was the first with Statistics Canada's updated weights for its consumer basket of goods and services. The basket weights are updated at regular intervals to ensure that the CPI reflects Canadian spending patterns. The pandemic introduced material shifts in spending patterns, which necessitated updates to the basket weights outside of Statistics Canada's usual schedule. Statistics Canada's analysis of the 2022 Consumer Price Index Basket Update can be found [here](#).

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 is not a cost-of-living index. Prices used to determine the CPI represent average consumer purchases, such as groceries, clothes, retail goods, rent and mortgages.

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