

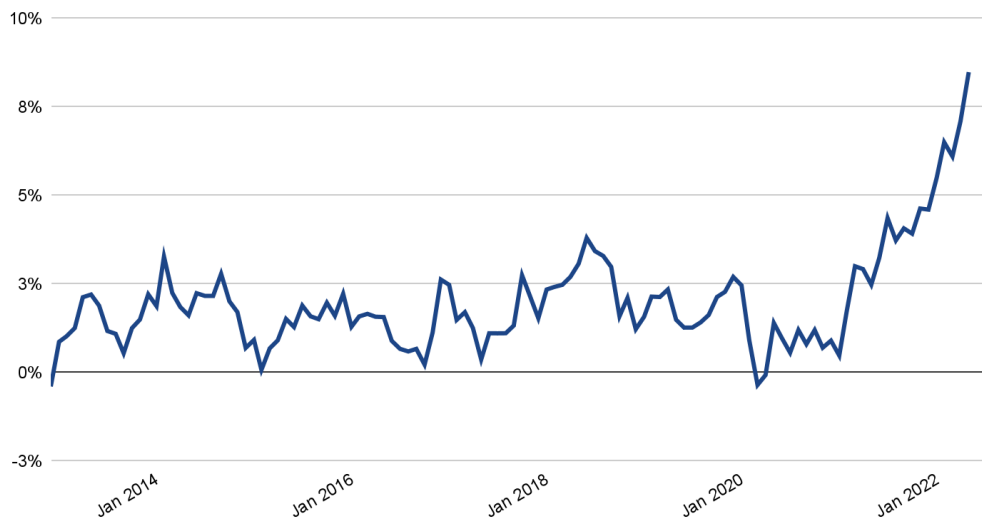
Economic Indicators

Consumer inflation spikes to 8.5% in June 2022

July 20, 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), accelerated further to reach 8.5 per cent in June 2022, its highest rate since March 2003.
- Prices in the shelter component increased by 7.2 per cent year-over-year in June.
- Utility prices in the Edmonton CMA continued to post double-digit year-over-year growth with an almost 29 per cent increase in June.

Edmonton CMA Consumer Inflation



Source: Statistics Canada, Table 18-10-0004-01; series ends June 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).

Consumer inflation has been running high with price pressures, as indicated by provincial data, that are not only more broad-based relative to 12 months ago, but are building up in some components, including energy, food, and shelter. As noted in the Bank of Canada’s [July 2022 Monetary Policy Report](#), the Canadian economy is overheated, and inflation expectations (based on the Bank of Canada’s consumer and business surveys) have risen. The Bank of Canada has increased its policy interest rate target four times so far in 2022, with its most recent increase of 100 basis points bringing the rate target to 2.5 per cent (compared to 0.25 per cent at the start of the year), to help to bring inflation back to its two per cent target. Higher interest rates are expected to dampen domestic spending, which should help to ease price pressures coming from domestic sources. However, it is worth noting that the Bank of Canada increased its

consumer inflation forecast to reflect its expectations for near term rates to remain high and a return to target is now expected by the end of 2024. This development adds upside risk to the City of Edmonton's most recent forecast for consumer inflation in the Edmonton region. As of the City of Edmonton's May 2022 forecast update, consumer inflation was expected to average a rate of 6.2 per cent in 2022, followed by a gradual easing to 3.3 per cent in 2023.

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.

Contact

Felicia Mutheardy, Corporate Economist
Financial and Corporate Services
780-496-6144

Contact for media inquiries

Matt Pretty, Communications Advisor
780-442-0970

