

Economic Indicators

Inflation rate slows in October

November 19, 2020

The Consumer Price Index (CPI) for the **Edmonton** Census Metropolitan Area (CMA) increased 0.8 per cent year-over-year in October 2020, slowing down slightly from an increase of 1.2 per cent in September. On a year-over-year basis, shelter-related prices in the Edmonton region saw marginal increases (0.2 per cent) with price growth in the water, fuel and electricity component just barely offsetting price declines for rented and owned accommodation.

The **Calgary CMA's** rate of inflation slowed in October to 1.2 per cent from 1.4 per cent in September. Shelter-related prices in the Calgary region rose 1.3 per cent year-over-year in October, driven by higher prices for water, fuel and electricity, as well as owned accommodation.

Like Edmonton and Calgary, consumer-based inflation in **Alberta** slowed in October to an annualised rate of 1.1 per cent from 1.5 per cent in September. Once again, price growth in the transportation component was the most pronounced across the components that saw positive inflation in October. Price growth for transportation continued to be driven by higher prices for private transportation.

The annual rate of inflation in **Canada** was 0.7 per cent in October, up from 0.5 per cent in September. Price growth for food and shelter continued to be the largest contributors to the rate of inflation.

Significance

Inflation in the Edmonton region has been uneven since March. The unevenness can be explained in part by changes in consumption that have arisen due to the unprecedented nature of the COVID-19 pandemic and health measures that were introduced to contain transmission. These changes have impacted prices for some components (e.g., clothing and footwear and recreation, education and reading) at the provincial level which may also apply to the Edmonton region. Energy prices have also remained volatile, further contributing to the bumpiness. Looking ahead, consumer-based inflation in the Edmonton region is expected to average 1.1 per cent in 2020. Inflation is expected to remain below two per cent in the region for the next few years.

Canada's core inflation rate, as reflected in the three measures of consumer prices tracked by the Bank of Canada, ticked up to an average of 1.8 per cent in October from 1.7 per cent in September. The average remains lower than the midpoint of the Bank's target range of one to three per cent.

Consumer Price Index for October 2020

	Oct 2019	Sept 2020	Oct 2020	Sept to Oct 2020	Oct 2019 to Oct 2020
	2002=100			% change	
Canada	136.6	136.9	137.5	0.4	0.7
Alberta	143.6	145.0	145.2	0.1	1.1
Edmonton CMA	143.9	144.9	145.1	0.1	0.8
Calgary CMA	143.7	145.0	145.4	0.3	1.2

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.

Contact

Felicia Mutheardy
Chief Corporate Economist (acting)
Financial and Corporate Services
780-496-6144

Contact for media inquiries

Matt Pretty
Communications Advisor
780-442-0970

