

Calgary's Monthly INFLATION REVIEW



May 2008

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Canadians Benefit From High Exchange Rate

Calgary Census Metropolitan Area

Calgary's consumer prices¹ rose by 4.0 per cent in May 2008, following a 4.1 per cent increase in April 2008. The increase in Calgary's inflation rate was the lowest since September 2006. Alberta's rate was estimated at 4.3 per cent in May 2008, slightly lower than the 4.4 per cent increase registered the same time last year. At the national level, rates remained unchanged at 2.1 per cent, up from the 1.8 per cent reported in May 2007.

The main drivers of consumer prices in May 2008 were:

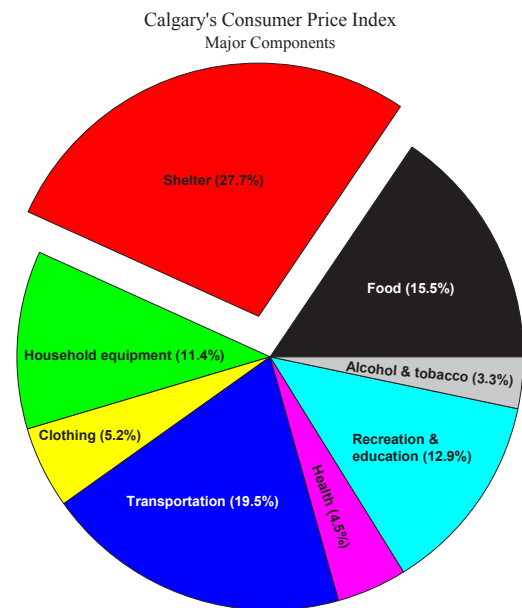
- The price of gasoline products increased by 11.5 per cent in May 2008. The price of West Texas Intermediate (WTI) crude oil rose by 98.0 per cent between May 2007 and May 2008 placing upward pressure on the transportation and other components of the consumer price index.
- The increase in shelter cost (9.2 per cent) remained unchanged from last month signaling a softer housing market in Calgary. The index for owned accommodation increased by 9.4 per cent in May 2008 the weakest increase in almost two years. The shelter component of the CPI accounts for nearly 28.0 per cent of the basket of goods and services purchased by consumers in Alberta.

The higher exchange rate is moderating the price increases for imported items and therefore offsetting some of the inflationary effects of high oil prices.

The core inflation rate in Calgary, which excludes energy and food items, rose by 3.7 per cent in May 2008 compared to 4.0 per cent in Alberta and 1.7 per cent in Canada.

Inflation Rates (12-Month-Moving-Average)			
	May-08	Apr-08	May-07
Calgary: All-items	4.0	4.1	5.3
Calgary: All-items excluding food & energy	3.7	4.0	5.9
Food	1.4	1.7	4.8
Shelter	9.2	9.2	14.9
Household operations, furnishing & equipment	1.0	1.1	1.2
Clothing & footwear	(1.0)	(0.6)	0.4
Transportation	2.3	2.4	1.8
Gasoline	11.5	10.9	3.2
Health & personal care	1.9	1.9	1.8
Recreation, education & reading	1.7	1.7	0.1
Alcoholic beverages & tobacco products	6.0	6.4	3.3
Alberta: All-items	4.3	4.4	4.4
Alberta: All-items excluding food & energy	4.0	4.3	4.9
Canada: All-items	2.1	2.1	1.8
Canada: All-items excluding food & energy	1.7	1.7	1.6

Source: Statistics Canada, Corporate Economics, June 2008



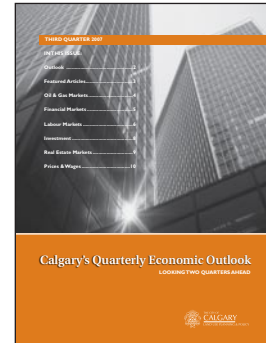
Source: Statistics Canada, Corporate Economics

¹ This is measured by the 12-month-moving average.

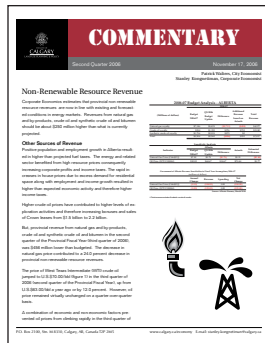
Monthly
 Review of Economic Trends



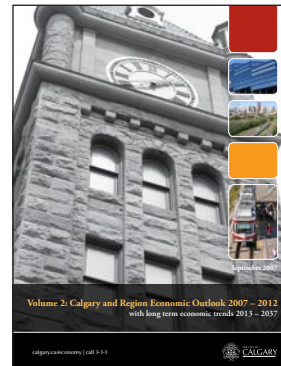
Quarterly
 Short-term Economic Outlook



Commentary
 Analysis of Opportunities & Challenges



Bi-Annually
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Many of our publications are available on the internet at www.calgary.ca/economy.

Design: Chunlee Jackson Source: Statistics Canada

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