

Inflation rate picks up to 1.2 per cent in November

December 16, 2020

The Consumer Price Index (CPI) for the **Edmonton** Census Metropolitan Area (CMA) rose to an annualised rate of 1.2 per cent year-over-year in November 2020 from a rate of 0.8 per cent in October. Shelter-related prices in the Edmonton region increased year-over-year by about one per cent in November, largely due to higher prices in rented accommodations and the water, fuel and electricity component.

The **Calgary CMA's** rate of inflation ticked up to 1.3 per cent in November from 1.2 per cent in October. Shelter-related prices in the Calgary region increased by 1.4 per cent year-over-year in November with higher prices recorded for owned and rented accommodation, as well as for water, fuel and electricity.

The annualised rate of consumer-based inflation in **Alberta** increased slightly in November to 1.3 per cent from 1.1 per cent in October. Price growth for the transportation component continued to see the largest relative year-over-year increase, driven largely by private transportation. Price growth for private transportation excluding gasoline rose 4.9 per cent year-over-year in November. Prices for energy have been picking up recently with November prices up 2.4 per cent year-over-year, with continued large increases in natural gas prices.

The annualised rate of inflation in **Canada** was one per cent in November, up from 0.7 per cent in October. Shelter price growth was the largest contributor to the rate of inflation, largely due to rising prices for rented accommodations and for new homes.

Significance

Edmonton's inflation rate remained at relatively low levels in November, bringing the year-to-date average rate to 1.1 per cent. Looking ahead, consumer-based inflation in the Edmonton region is expected to remain below two per cent 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, averaged 1.7 per cent in November. The average remains lower than the midpoint of the Bank's target range of one to three per cent.

Consumer Price Index for November 2020

	Nov 2019	Oct 2020	Nov 2020	Oct to Nov 2020	Nov 2019 to Nov 2020
	2002=100			% change	
Canada	136.4	137.5	137.7	0.2	1.0
Alberta	143.6	145.2	145.4	0.1	1.3
Edmonton CMA	143.7	145.1	145.4	0.2	1.2
Calgary CMA	143.7	145.4	145.6	0.1	1.3

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.

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