

Inflation rate accelerates in October

November 17, 2021

The annualised rate of consumer inflation in the Edmonton census metropolitan area (CMA) accelerated to a rate of 4.1 per cent in October 2021 from 3.7 per cent in September. Shelter prices rose at an annualised rate of 3.2 per cent in October, bolstered by stronger price growth for utilities.

Consumer Price Index for October 2021

	Oct 2020	Sept 2021	Oct 2021	Sept to Oct 2021	Oct 2020 to Oct 2021
	2002=100			% change	
Canada	137.5	142.9	143.9	0.7	4.7
Alberta	145.2	150.8	151.5	0.5	4.3
Edmonton CMA	145.1	150.3	151.0	0.5	4.1

Source: Statistics Canada, Table 18-10-0004-01

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

The annualised rate of inflation in Alberta was 4.3 per cent in October 2021, up from four per cent in September. Prices rose in six of the eight major components in October, with price growth in the transportation component contributing the most towards October’s headline inflation rate. Like Alberta, transportation prices contributed the most to overall inflation in Canada. In October, consumer inflation in Canada accelerated to a rate of 4.7 per cent from 4.4 per cent in September with higher prices in all eight major components. According to Statistics Canada, this rate was the largest gain since February 2003.

Higher energy prices played a significant role in inflation rates accelerating in October for both Alberta and Canada. Statistics Canada’s special aggregate for energy includes electricity, natural gas, fuel oil, gasoline, and fuel parts and accessories for recreational vehicles. In Alberta, energy prices have consistently posted double-digit growth in monthly readings since March 2021. This has been largely reflective of growth in natural gas and gasoline prices, though price pressures for natural gas started becoming more pronounced starting in June 2020. Although detailed data are not available for the Edmonton CMA, price growth for natural and retail gasoline are



likely following similar patterns. Gasoline prices in the Edmonton region continued to post double-digit year-over-year growth in October 2021 across all fuel types. Gasoline price growth has been driven higher by reduced crude oil output as well as base-year effects¹. Upward price pressures from gasoline and natural gas on headline inflation are expected to remain elevated for the balance of 2021. As such, expectations for consumer inflation in the Edmonton CMA have been lifted to an average annual rate of three per cent in 2021, followed by a gradual deceleration to 2.8 per cent in 2022. This is assuming that price pressures from pandemic-related supply chain disruptions and energy commodities begin to ease in 2022.

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 indicate that since 2002, prices for consumer goods have risen somewhat faster in Edmonton compared to the Canadian average.

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¹ A base-year effect refers to the price movements from 12 months earlier on the current month's inflation rate.