

Inflation rate remains elevated in September

October 20, 2021

According to Statistics Canada’s latest Consumer Price Index (CPI) release, the annualised rate of inflation in the Edmonton census metropolitan area (CMA) slowed to 3.7 per cent in September from a rate of 4.4 per cent in August. Price growth for the shelter component decelerated in September to an annualised rate of 2.6 per cent from 4.1 per cent in August. While utility prices were higher year-over-year in September, the annualised pace of growth was 11.9 per cent, which is considerably lower than August’s rate of 20.3 per cent. Double-digit year-over-year price growth in the Edmonton region for gasoline continued in September for all fuel types.

Consumer Price Index for September 2021

	Sept 2020	Aug 2021	Sept 2021	Aug to Sept 2021	Sept 2020 to Sept 2021
	2002=100			% change	
Canada	136.9	142.6	142.9	0.2	4.4
Alberta	145.0	151.0	150.8	-0.1	4.0
Edmonton CMA	144.9	150.7	150.3	-0.3	3.7

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).

Similar to Edmonton, inflation in Alberta slowed slightly in September to an annualised rate of four per cent from 4.7 per cent in August. Despite the slowdown, the provincial inflation rate remained elevated with notable contributions from the food and aggregate energy components. Excluding these components, Alberta’s CPI rose 2.4 per cent year-over-year in September. It is worth noting that while energy price growth continued to push-up the headline inflation rate, the pace of price growth for utilities (which includes electricity and natural gas, both of which are included in Statistics Canada’s aggregate energy component) slowed from an annualised rate of 21.6 per cent in August to 12.2 per cent in September.

Consumer-based inflation in Canada accelerated in September to a rate of 4.4 per cent in September from 4.1 per cent in August. Prices rose nationally in all eight major components on a year-over-year basis in September, with the transportation component being the largest

contributor to headline inflation.

Gasoline and utility prices in the Edmonton CMA have seen strong growth for the year thus far. Price growth for gasoline has been due to a combination of reduced crude oil output and base-year effects¹. As for utilities, price growth for this component has been largely reflective of price growth for electricity and natural gas². Upward price pressures from gasoline and natural gas on headline inflation are not expected to ease for the balance of the year, which means that the region's headline inflation rate will likely remain elevated.

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.

² As disaggregated price growth for utilities is not available for the Edmonton CMA, provincial utility price trends by component are assumed to reflect price trends by utility component in the Edmonton region.

