

Consumer Price Index ♦ December 2009

Consumer Price Index (2002=100)

Highlights - Annual Averages

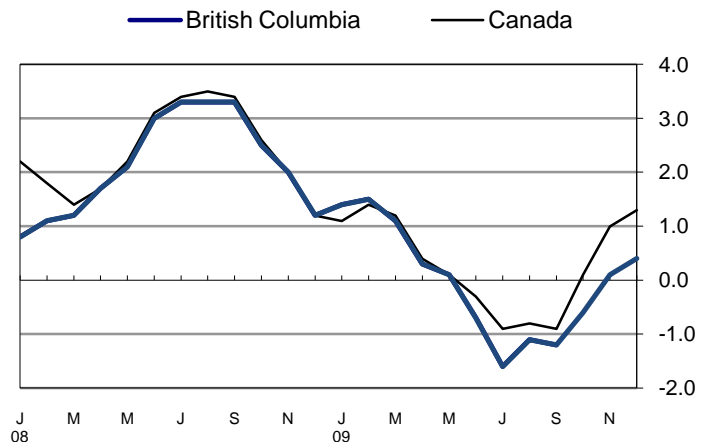
- British Columbia's annual average all-items Consumer Price Index (CPI) experienced no change in 2009 compared to 2008. Prince Edward Island and Nova Scotia had the greatest annual deflation in the country, both at -0.2%, followed closely by Alberta (-0.1%). The highest annual inflation was seen in Saskatchewan (+1.0%). Canada's annual average increase was +0.3%.
- Among the metropolitan areas, the highest annual inflation was seen in Regina (+1.7%), followed by Saskatoon (+0.9) and Montreal (+0.8). The greatest deflation rate was in Calgary (-0.1%), while Vancouver and Victoria both had slight increases (+0.1%) from 2008.
- Energy prices exerted the most significant downward pressure on the BC CPI in 2009. Overall, prices for energy were 11.3% lower in 2009, contrasting with the 9.5% increase in 2008. Gasoline prices fell 15.2% in 2009, while prices for natural gas and fuel oil and other fuels were down 8.6% and 26.6%, respectively. Food prices rose an average of 4.3% in 2009, along with health and personal care (+2.8%) and tuition fees (+2.7%). The shelter index decreased 1.7%, largely due to lower prices for owned accommodation (-2.5%) offset by higher costs for rented accommodation (+1.7%).

Note: Statistics Canada will release the January Consumer Price Index on February 18, 2010

2002=100	All-Items Index December 2009	% Change from	
		November 2009	December 2008
Canada	114.8	-0.3	1.3
BC	111.9	-0.4	0.4
Vancouver	112.7	-0.4	0.7
Victoria	111.5	-0.4	0.5
Core Canada ¹	114.3	-0.3	1.5

BC and Canada Inflation Trend

(% change, same month of previous year)



2002=100	2009 Annual Average Index	2009 Annual Average % Change	2008 Annual Average % Change
Canada	114.4	0.3	2.3
BC	112.3	0.0	2.1
Vancouver	112.9	0.1	2.4
Victoria	111.9	0.1	1.8

¹The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

Consumer Price Index—Terms and Definitions

Base Effect

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

Twelve-Month Percent Changes

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

Annual Average Index

Annual average indexes are calculated by averaging index levels over the 12 months of

the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

Latest Twelve-Month Average Index

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

More information about the concepts and use of the CPI is available online in the Statistics Canada publication *Your Guide to the Consumer Price Index*, (catalogue 62-557-XIB) (<http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=62-557-X&lang=eng>)

Prepared by: BC Stats, January 2010