

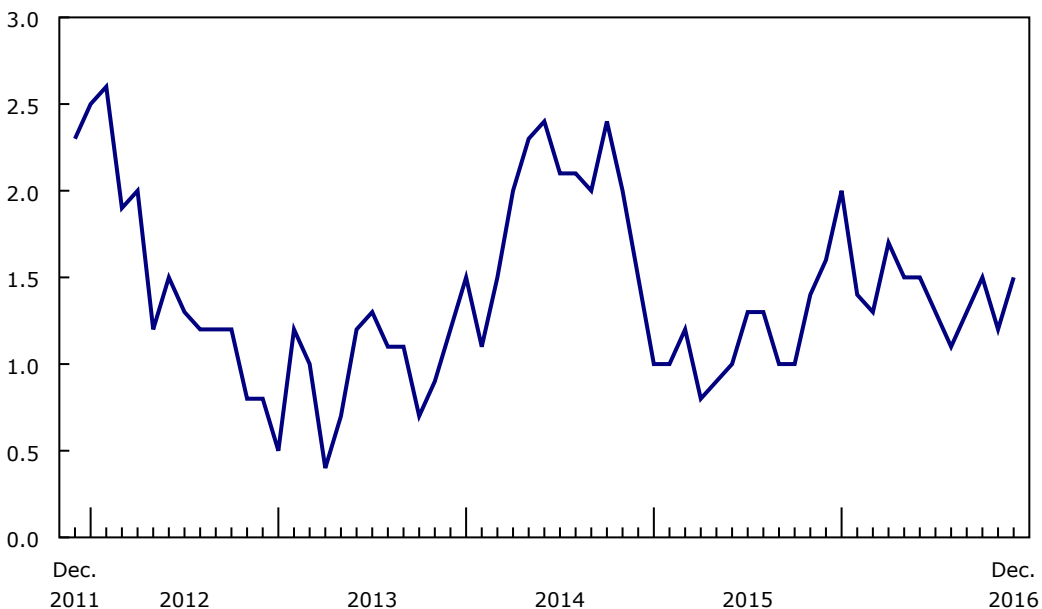
Consumer Price Index, December 2016

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, January 20, 2017

The Consumer Price Index (CPI) rose 1.5% on a year-over-year basis in December, following a 1.2% gain in November.

Chart 1
The 12-month change in the Consumer Price Index

12-month % change



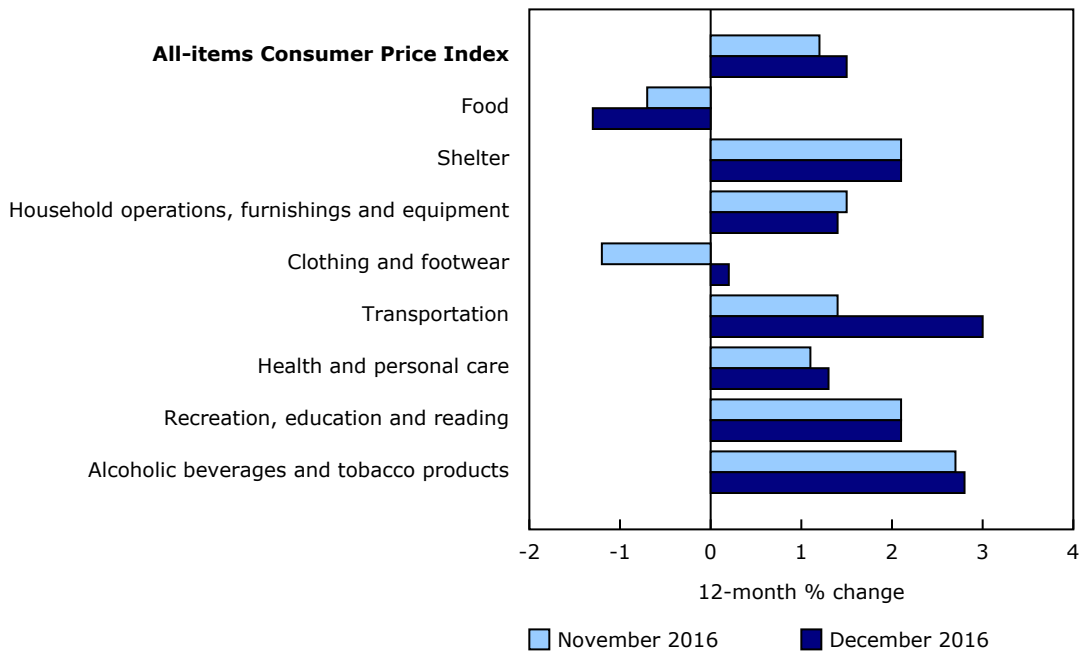
Source(s): CANSIM table [326-0020](#).

12-month change in the major components

Prices were up in seven of the eight major components in the 12 months to December, with the transportation and shelter indexes contributing the most to the year-over-year rise in the CPI. The food index declined on a year-over-year basis for the third consecutive month.



Chart 2
Consumer prices increase in seven of the eight major components



Source(s): CANSIM table [326-0020](#).

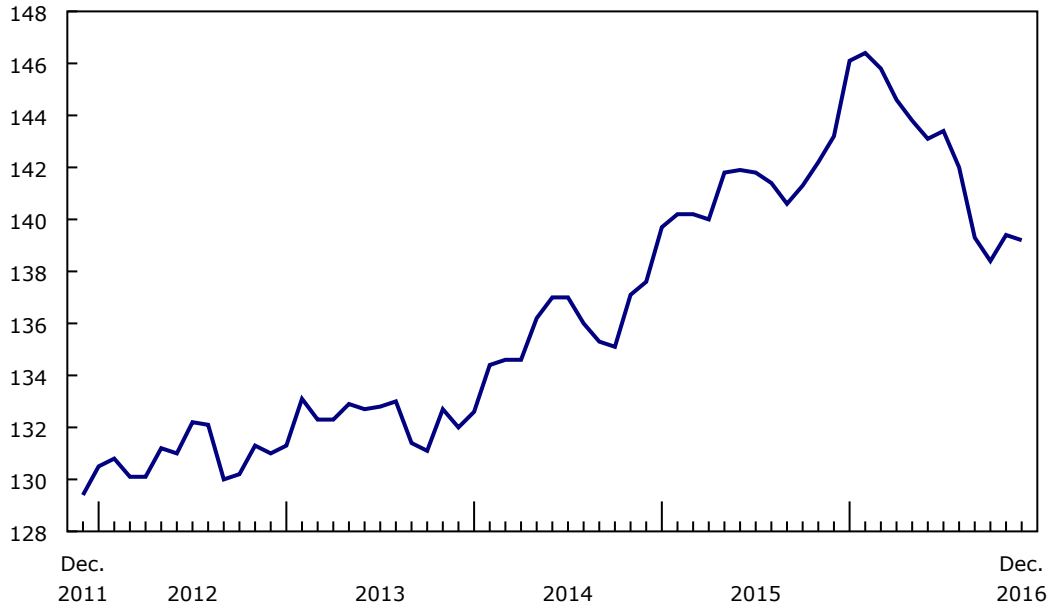
The transportation index rose on a year-over-year basis for the fifth consecutive month, up 3.0% in December, after a 1.4% gain in November. This increase was led by gasoline prices, which increased 5.5% in the 12 months to December, following a 1.7% decline in November. At the same time, the purchase of passenger vehicles index rose less year over year in December (+2.6%) than in November (+3.0%), and the air transportation index registered its largest year-over-year gain since August 2013.

The clothing and footwear index increased 0.2% in the 12 months to December, following a 1.2% decline in November. This turnaround was partly attributable to the women's clothing index, up 2.0% on a year-over-year basis in December after decreasing 0.2% in November. Additionally, prices for footwear were flat in the 12 months to December, after declining 1.7% the previous month. Meanwhile, the children's clothing index (-4.5%) posted a year-over-year decrease for the eighth consecutive month.

Consumers paid 1.3% less for food in the 12 months to December. Prices for food purchased from stores decreased 2.8% year over year in December, with the fresh vegetables, fresh fruit, and cereal products indexes contributing most to the decline. In contrast, prices for fish, seafood and other marine products, and prices for sugar and confectionery rose in the 12 months to December. Prices for food purchased from restaurants were up 2.3% in the 12 months to December, following a 2.5% gain in November.

Chart 3
Food purchased from stores index

index (2002=100)

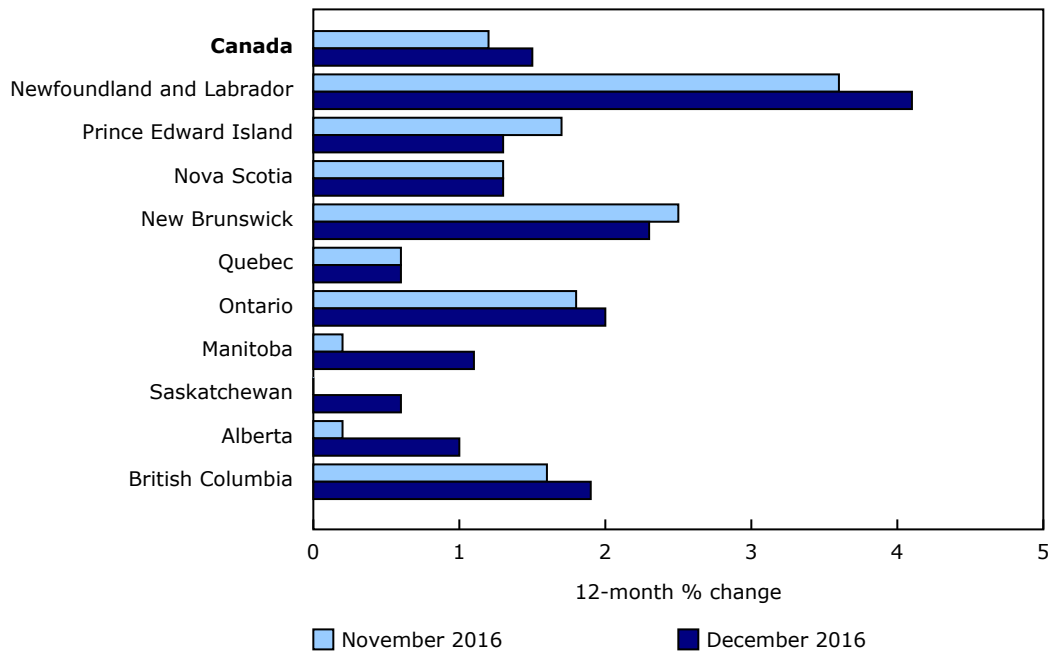


Source(s): CANSIM table [326-0020](#).

12-month change in the provinces

Consumer prices rose more year over year in six provinces in December than they did in November. At the same time, two provinces reported a deceleration in consumer price growth. In Nova Scotia and Quebec, the year-over-year advance in the CPI in December matched the increase in November.

Chart 4
Consumer prices rise at a faster rate in six provinces



Source(s): CANSIM table [326-0020](#).

In Alberta, the CPI increased 1.0% on a year-over-year basis in December, after rising 0.2% in November. The gasoline index rose 7.9% year over year in December, following an 8.6% decline in November. The electricity index was down less in the 12 months to December than in November. At the same time, natural gas prices rose less on a year-over-year basis in December than in November.

The CPI in Ontario was up 2.0% on a year-over-year basis in December. Homeowners' replacement costs contributed the most to this gain, up 7.4% in the 12 months to December. Electricity rates increased 11.2% year over year in December, matching the gain in November. At the same time, the fresh fruit index declined 9.2% in the 12 months to December.

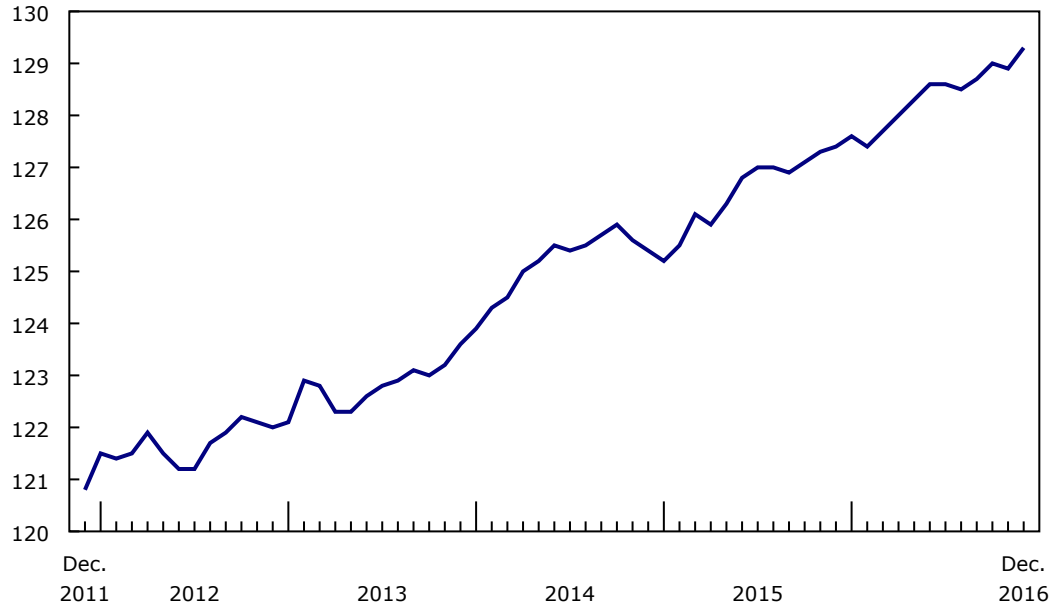
In New Brunswick, the CPI increased 2.3% year over year in December, following a 2.5% gain in November. The telephone services index (-0.3%), which led this deceleration, declined on a year-over-year basis for the first time since November 2015. The homeowners' home and mortgage insurance index posted its smallest increase since October 2012, up 4.7% year over year in December, following a 9.4% gain in November. Meanwhile, clothing prices increased more in the 12 months to December in New Brunswick than at the national level.

Seasonally adjusted monthly Consumer Price Index

On a [seasonally adjusted monthly basis](#), the CPI increased 0.3% in December, after declining 0.1% in November.

Chart 5 Seasonally adjusted monthly Consumer Price Index

index (2002=100)



Source(s): CANSIM table [326-0022](#).

In December, six major components increased on a seasonally adjusted monthly basis, while the alcoholic beverages and tobacco products index declined 0.1%. The food index was unchanged.

On a seasonally adjusted monthly basis in December, the transportation index (+1.5%) posted the largest gain.

The evolution of prices in Canada

As 2017 marks the 150th anniversary of Confederation, we take a look back at an aspect of price movements in Canada.

In December 2016, the food index registered its third consecutive year-over-year decline, down 1.3%.

The last period of prolonged food deflation in Canada occurred in the early 1990s, from January to August 1992. During this eight month period, the year-over-year declines in food prices ranged from 0.7% to 2.1%.

The longest period of food price deflation recorded in Canada began in July 1952 and lasted for over one year, until September 1953. The year-over-year declines ranged from 1.5% to 7.1% over this period.

Note to readers

A seasonally adjusted series is one from which seasonal movements have been eliminated. Users employing CPI data for indexation purposes are advised to use the unadjusted indexes. For more information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

New data table

As of January 20, 2017, CANSIM [table 326-8023](#), containing historical data for the Bank of Canada's preferred measures of core inflation, has been published.

Upcoming basket update

Every two years, the expenditure weights for the basket of goods and services used in the calculation of the CPI are updated based on new estimates from the Survey of Household Spending (SHS).

On February 24, 2017, with the release of the January 2017 CPI, these expenditure weights will be updated with the 2015 SHS. This new weighting pattern will replace the current expenditure weights, which are based on the 2013 SHS. Table 326-0031, Basket Weights of the Consumer Price Index, will be updated with 2015 basket weight data on February 20, 2017.

The index base period, for which the CPI equals 100, will remain 2002.

There will be changes to the CANSIM tables as two published series will be terminated: "Rental of digital media" and "Other home entertainment equipment, parts and services." As a result, their assigned vectors within CANSIM [tables 326-0020](#) and [326-0021](#) will no longer be updated.

Next release

The CPI for January will be released on February 24.

Table 1
Consumer Price Index, major components and special aggregates, Canada – Not seasonally adjusted

	Relative importance ¹	December 2015	November 2016	December 2016	November to December 2016	December 2015 to December 2016
	%	(2002=100)		% change		
All-items	100.00²	126.5	128.6	128.4	-0.2	1.5
Food	16.41	142.5	140.6	140.6	0.0	-1.3
Shelter	26.80	134.5	137.2	137.3	0.1	2.1
Household operations, furnishings and equipment	13.14	119.6	121.6	121.3	-0.2	1.4
Clothing and footwear	6.08	91.7	95.5	91.9	-3.8	0.2
Transportation	19.10	125.6	128.1	129.4	1.0	3.0
Health and personal care	4.73	121.0	122.9	122.6	-0.2	1.3
Recreation, education and reading	10.89	107.9	111.1	110.2	-0.8	2.1
Alcoholic beverages and tobacco products	2.86	153.5	158.0	157.8	-0.1	2.8
Special aggregates						
All-items excluding energy	92.21	125.0	127.0	126.6	-0.3	1.3
Energy ³	7.79	143.4	146.8	149.1	1.6	4.0
Gasoline	3.84	142.7	146.1	150.6	3.1	5.5
All-items excluding food and energy	75.80	121.3	124.0	123.5	-0.4	1.8
Goods	46.68	116.3	117.6	117.4	-0.2	0.9
Services	53.32	136.8	139.6	139.5	-0.1	2.0

1. 2013 Consumer Price Index (CPI) basket weights at December 2014 prices, Canada, effective with the January 2015 CPI.

2. Figures may not add up to 100% as a result of rounding.

3. The special aggregate "energy" comprises electricity, natural gas, fuel oil and other fuels, gasoline, and fuel, parts and accessories for recreational vehicles.

Source(s): CANSIM tables [326-0020](#) and [326-0031](#).

Table 2
Consumer Price Index for the provinces and for Whitehorse, Yellowknife and Iqaluit – Not seasonally adjusted

	Relative importance ¹	December 2015	November 2016	December 2016	November to December 2016	December 2015 to December 2016
	%	(2002=100)		% change		
Canada	100.00²	126.5	128.6	128.4	-0.2	1.5
Newfoundland and Labrador	1.38	128.6	134.0	133.9	-0.1	4.1
Prince Edward Island	0.34	129.2	131.8	130.9	-0.7	1.3
Nova Scotia	2.47	128.9	130.9	130.6	-0.2	1.3
New Brunswick	1.87	125.5	128.9	128.4	-0.4	2.3
Quebec	21.60	124.4	125.6	125.2	-0.3	0.6
Ontario	38.94	127.5	130.2	130.0	-0.2	2.0
Manitoba	3.15	126.4	127.9	127.8	-0.1	1.1
Saskatchewan	3.01	130.6	131.7	131.4	-0.2	0.6
Alberta	13.20	133.5	135.0	134.9	-0.1	1.0
British Columbia	13.85	120.4	122.7	122.7	0.0	1.9
Whitehorse	0.08	124.1	126.1	126.1	0.0	1.6
Yellowknife	0.08	130.6	132.5	131.9	-0.5	1.0
Iqaluit (Dec. 2002=100)	0.03	120.8	124.0	123.8	-0.2	2.5

1. 2013 Consumer Price Index (CPI) basket weights at December 2014 prices, effective with the January 2015 CPI.

2. Figures may not add up to 100% as a result of rounding.

Source(s): CANSIM tables [326-0020](#) and [326-0031](#).

Table 3
Consumer Price Index, major components and special aggregates – Seasonally adjusted¹

	October 2016	November 2016	December 2016	October to November 2016	November to December 2016
	(2002=100)			% change	
All-items	129.0	128.9	129.3	-0.1	0.3
Food	141.4	141.3	141.3	-0.1	0.0
Shelter	136.9	137.2	137.3	0.2	0.1
Household operations, furnishings and equipment	122.0	121.9	122.1	-0.1	0.2
Clothing and footwear	94.5	94.2	94.7	-0.3	0.5
Transportation	129.7	129.2	131.1	-0.4	1.5
Health and personal care	122.9	122.7	122.8	-0.2	0.1
Recreation, education and reading	111.7	112.1	112.3	0.4	0.2
Alcoholic beverages and tobacco products	158.1	158.0	157.8	-0.1	-0.1
Special aggregates					
All-items excluding food and energy ²	124.1	124.1	124.3	0.0	0.2

1. A seasonally adjusted series is one from which seasonal movements have been eliminated. Each month, the previous month's seasonally adjusted index is subject to revision. On an annual basis, the seasonally adjusted values for the last three years are revised with the release of January data. Users employing Consumer Price Index (CPI) data for indexation purposes are advised to use the unadjusted indexes. For more information on the availability and uses of seasonally adjusted CPI data, please see the "Definitions, data sources and methods" section of survey 2301.

2. The special aggregate "energy" comprises electricity, natural gas, fuel oil and other fuels, gasoline, and fuel, parts and accessories for recreational vehicles.
Source(s): CANSIM table [326-0022](#).

Table 4
Consumer Price Index statistics, preferred measures of core inflation – Bank of Canada definitions, year-over-year percent change, Canada^{1,2}

	September 2016	October 2016	November 2016	December 2016
	%			
CPI-common ^{3,5}	1.5	1.4	1.3	1.4
CPI-median ^{4,6}	2.2	2.2	2.0	2.0
CPI-trim ^{4,7}	1.9	1.8	1.6	1.6

1. For more information on these measures of core inflation, consult the [general information document](#) and the [methodology document](#) from the Statistics Canada website.

2. The Bank of Canada's preferred measures of core inflation, CPI-common, CPI-median and CPI-trim, are subject to revision. In the case of CPI-median and CPI-trim, this results from the fact that these measures are based on seasonally adjusted price index series. In the case of CPI-common, revisions are due to the statistical technique used, as the factor model is estimated over all available historical data. The CANSIM table 326-8023, to be published on January 20, 2017, will contain historical release data for these three measures and will be updated every month.

3. This measure is based on the Consumer Price Index (CPI) series adjusted to remove the effect of changes in indirect taxes.

4. This measure is based on CPI series that have been treated to remove the effect of changes in indirect taxes, and that have been seasonally adjusted.

5. CPI-common is a measure of core inflation that tracks common price changes across categories in the CPI basket.

6. CPI-median is a measure of core inflation corresponding to the price change located at the 50th percentile (in terms of CPI basket weights) of the distribution of price changes in a given month.

7. CPI-trim is a measure of core inflation that excludes CPI components whose rates of change in a given month are located in the tails of the distribution of price changes.

Source(s): CANSIM table [326-0023](#).

Available in CANSIM: tables [326-0009](#), [326-0012](#), [326-0020](#), [326-0022](#), [326-0023](#) and [326-8023](#).

Definitions, data sources and methods: survey number [2301](#).

The December 2016 issue of *The Consumer Price Index*, Vol. 95, no. 12 ([62-001-X](#)), is now available.

More information about the concepts and use of the Consumer Price Index (CPI) is available in *The Canadian Consumer Price Index Reference Paper* ([62-553-X](#)).

For information on the history of the CPI in Canada, consult the publication *Exploring the First Century of Canada's Consumer Price Index* ([62-604-X](#)).

Two videos, "[An Overview of Canada's Consumer Price Index \(CPI\)](#)" and "[The Consumer Price Index and Your Experience of Price Change](#)," are available on Statistics Canada's YouTube channel.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).