



Latest release from the Consumer Price Index

Released at 7:00 a.m. Eastern time in *The Daily*, November 22, 2006

Consumer Price Index

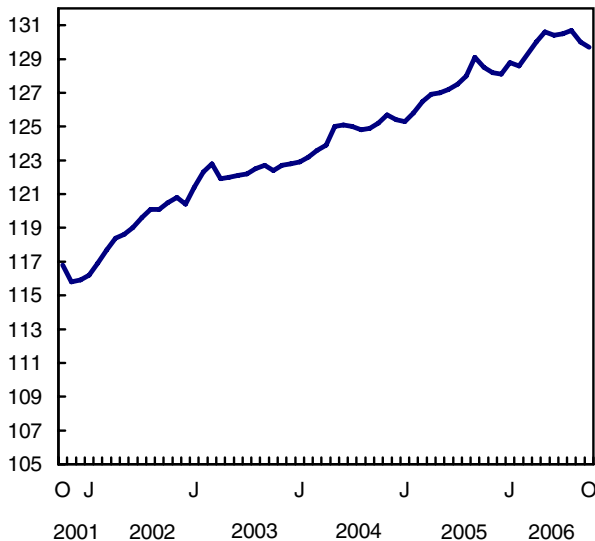
October 2006

Lower gasoline prices mitigated the upward pressure on consumer prices, driven mainly by owned accommodation. However, excluding energy, the index climbed over the 2.0% threshold for the first time since June 2003.

Consumer Price Index

Index (not seasonally adjusted)

(1992=100)



The All-items Consumer Price Index (CPI) rose 0.9% between October 2005 and October 2006, a slight increase from the 0.7% advance recorded in the previous month. The 12-month change in the All-items index, having remained below the 1.0% mark for two months, continued to advance at a moderate pace.

The All-items index excluding energy posted a 2.0% increase between October 2005 and October 2006, rising for the second consecutive month. Costs incurred by homeowners, such as replacement cost and mortgage interest cost, were largely responsible for the upswing in this index.

As announced last month, Statistics Canada now produces and disseminates the Core Consumer Price Index as defined by the Bank of Canada. This index, used by the Bank for the purpose of monitoring the inflation-control target, rose by 2.3% between October 2005 and October 2006.

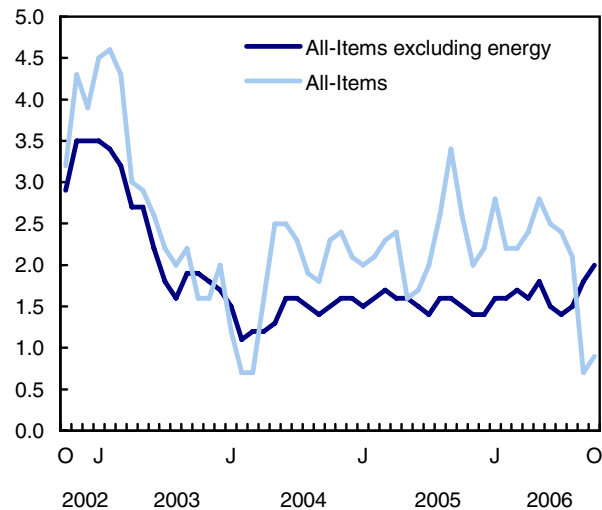
On a monthly basis, the All-items index fell for a second straight month. Consumer prices dropped 0.2% in October, following a decline of 0.5% in September. Once again, gasoline prices were a significant factor in the drop of the monthly CPI.

The All-items index excluding energy rose 0.2% in October, compared with 0.5% in September. Increased property taxes (including special fees) and higher mortgage interest costs were the main contributors to this increase.

The monthly Core CPI rose 0.1% in October.

Percentage change from the same month of the previous year

% change



Gasoline slows the rise in consumer prices

In October 2006, prices paid by consumers increased 0.9% from October 2005, a slight increase compared to the 0.7% growth recorded in the previous month.

Over the past two months, the rise in consumer prices has remained relatively weak. Not since March 2004 has there been two straight months where the 12-month change was below 1.0%.

Homeowners' replacement cost, which represents the worn-out structural portion of housing and is estimated using new housing prices (excluding land), rose by 8.8% between October 2005 and October 2006.

Increases in replacement cost varied widely from province to province in October. Alberta again stood out sharply with a large increase of 48.3%, while other provinces experienced relatively modest increases.

Mortgage interest cost, which measures changes in mortgage interest owed by consumers, rose 4.0% between October 2005 and October 2006. This was the largest 12-month increase since May 2001.

Electricity prices rose 6.9% between October 2005 and October 2006, contributing again to the rise in the All-items index.

Downward pressure came from a decrease in fossil fuels prices, which mitigated the 12-month increase in the October All-items CPI.

In October 2006, consumers paid 14.3% less for gasoline than they did in October 2005. This follows the 12-month drop of 18.7% in September.

The natural gas index fell 16.4% between October 2005 and October 2006. Alberta (-37.7%) and Ontario (-9.7%) posted the most substantial reductions. The increase in world natural gas stocks has reduced the price on world markets, holding it below the \$5 US dollars per million BTU mark in recent months.

The 15.4% drop in the average price of heating oil and other fuels reflected price reductions in Quebec (-16.8%), Ontario (-12.0%) and Nova Scotia (-15.7%) between October 2005 and October 2006.

The price of computer equipment and supplies fell 19.9% between October 2005 and October 2006. While these durable goods are purchased only occasionally by consumers, they play an important role in reducing upward pressure on prices.

The Bank of Canada's Core Consumer Price Index increases

Statistics Canada now produces and disseminates the Core Consumer Price Index as defined by the Bank of Canada. This index is used by the Bank to guide monetary policy.

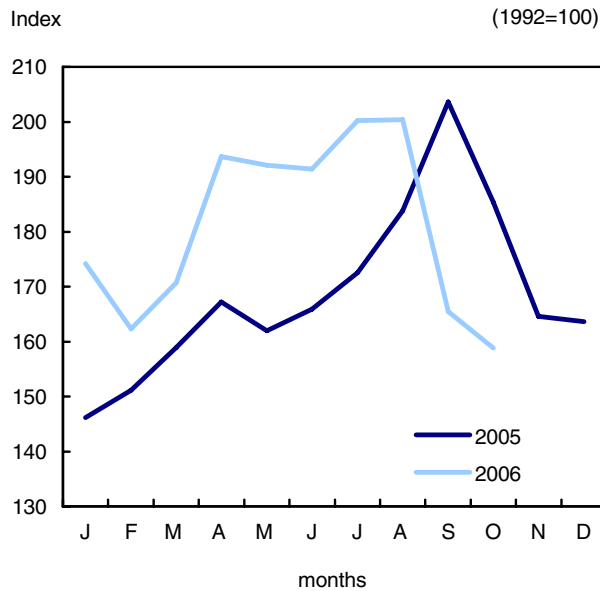
Although Statistics Canada will henceforth announce and publish the Core CPI, the underlying methodology for the index was established by the Bank of Canada and remains the latter's responsibility.

The measure of the Core CPI excludes from the All-items CPI the effect of the changes in indirect taxes and eight of the most volatile components identified by the Bank of Canada: fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; fuel oil and other fuel; gasoline; inter-city transportation; and tobacco products and smokers' supplies.

The Core CPI as defined by the Bank of Canada was at 129.7 in October 2006.

The 12-month growth posted by this index was 2.3% between October 2005 and October 2006.

Gasoline



Gasoline and natural gas push down the monthly CPI

The 0.2% reduction in the All-items CPI between September and October 2006 was due primarily to lower fossil fuel prices.

In October 2006, the 4.0% reduction in the price of gasoline was the main source of the drop in the monthly index. New Brunswick (-10.1%) posted the largest decline in gasoline prices in October, while Ontario (-1.8%) posted the smallest.

The monthly change in natural gas, which fell 11.4% in October 2006, was also a significant factor in the downward movement of the All-items CPI. This change was driven by the 30.3% reduction in prices in Alberta, a reversal from the previous month when the price of natural gas rose 31.9%.

Changes in property taxes (including special fees) are reflected in the CPI once a year, in October. This year, property taxes were up 3.0%, compared with an increase of 3.2% in October 2005. After rising steadily between 2000 and 2004, the growth in average property taxes has slowed over the past two years.

Except for residents of Newfoundland and Labrador (+0.5%) and British Columbia (+0.4%), those in other provinces saw more substantial increases in their property taxes, although with a large variation across provinces. Residents of Prince Edward Island (+7.0%) experienced the sharpest increase in the country, followed at some distance by those in New Brunswick (+5.6%), Nova Scotia (+4.9%) and Saskatchewan (+4.3%). The increases noted by residents of Alberta (+3.7%), Ontario (+3.4%), Quebec (+3.0%) and Manitoba (+2.6%) were moderately rapid.

Consumers had to pay slightly more for fresh vegetables (+7.4%) between September and October

2006. Vegetable prices normally increase in October because of seasonal effects marking the end of the harvest period for locally-grown vegetables.

The mortgage interest cost rose by 0.6% in October 2006. This was the fourth straight month that there has been an increase in this index equal to or greater than 0.6%.

Available on CANSIM: tables 326-0001, 326-0002, 326-0009, 326-0012 and 326-0016 to 326-0018.

Definitions, data sources and methods: survey number 2301.

More information about the concepts and use of the CPI are also available online in *Your Guide to the Consumer Price Index* (62-557-XIB, free) from the *Publications* module of our website.

Available at 7 a.m. online under *The Daily* module of our website.

The October 2006 issue of the *Consumer Price Index*, Vol. 85, no. 10 (62-001-XIB, free) is now available from the *Publications* module of our website. A paper copy is also available (62-001-XPB, \$12/\$111). A more detailed analysis of the CPI is available in this publication. See *How to order products*.

The November Consumer Price Index will be released on December 19.

For more information or to enquire about the concepts, methods or data quality of this release, call Client Services (toll-free 1-866-230-2248; 613-951-9606; fax: 613-951-1539; prices-prix@statcan.ca), Prices Division.

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Consumer Price Index and major components (1992=100)

	Relative importance ¹	October	September	October	September	October
		2006	2006	2005	to October 2006	2005 to October 2006
Unadjusted						
% change						
All-items	100.00²	129.7	130.0	128.5	-0.2	0.9
Food	16.89	131.4	130.9	127.7	0.4	2.9
Shelter	26.75	129.9	129.8	126.0	0.1	3.1
Household operations and furnishings	10.58	116.3	116.1	115.7	0.2	0.5
Clothing and footwear	5.37	102.8	103.6	104.5	-0.8	-1.6
Transportation	19.79	150.1	151.6	153.3	-1.0	-2.1
Health and personal care	4.52	122.6	122.5	121.2	0.1	1.2
Recreation, education and reading	11.96	127.5	128.3	128.0	-0.6	-0.4
Alcoholic beverages and tobacco products	4.13	151.0	150.8	147.9	0.1	2.1
All-items (1986=100)		166.1				
Purchasing power of the consumer dollar expressed in cents, compared to 1992		77.1	76.9	77.8		
Special aggregates						
Goods	48.84	122.2	123.1	123.8	-0.7	-1.3
Services	51.16	137.8	137.5	133.8	0.2	3.0
All-items excluding food and energy	74.27	126.3	126.2	124.1	0.1	1.8
Energy	8.84	160.5	166.9	175.8	-3.8	-8.7
Core CPI ³	82.75	129.7	129.6	126.8	0.1	2.3

1. 2001 CPI basket weights at June 2004 prices, Canada: Effective July 2004. Detailed weights are available under the Documentation section of survey 2301 (<http://www.statcan.ca/english/sdds/index.htm>).

2. Figures may not add to 100% due to rounding.

3. The measure of the Core Consumer Price Index (CPI) excludes from the all-items CPI the effect of changes in indirect taxes and eight of the most volatile components identified by the Bank of Canada: fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest costs; natural gas; fuel oil and other fuel; gasoline; inter-city transportation; tobacco products and smokers' supplies. For additional information, please consult the Bank of Canada website (<http://www.bankofcanada.ca/en/inflation/index.htm>).

Consumer Price Index by province, and for Whitehorse, Yellowknife and Iqaluit¹ (1992=100)

	October	September	October	September	October
	2006	2006	2005	to October 2006	2005 to October 2006
Unadjusted					
% change					
Newfoundland and Labrador	127.7	128.7	126.8	-0.8	0.7
Prince Edward Island	130.3	131.3	131.3	-0.8	-0.8
Nova Scotia	131.9	132.5	131.6	-0.5	0.2
New Brunswick	127.9	129.1	128.5	-0.9	-0.5
Québec	125.3	125.3	124.5	0.0	0.6
Ontario	130.2	130.3	129.4	-0.1	0.6
Manitoba	134.1	133.9	132.3	0.1	1.4
Saskatchewan	135.0	135.3	133.0	-0.2	1.5
Alberta	140.3	141.7	136.2	-1.0	3.0
British Columbia	127.7	127.8	126.3	-0.1	1.1
Whitehorse	125.0	126.1	125.6	-0.9	-0.5
Yellowknife ²	124.6	125.4	125.0	-0.6	-0.3
Iqaluit (Dec. 2002=100)	104.2	105.0	103.3	-0.8	0.9

1. View the geographical details for the city of Whitehorse, the city of Yellowknife and the town of Iqaluit.

2. Part of the increase first recorded in the shelter index for Yellowknife for December 2004 inadvertently reflected rent increases that actually occurred earlier. As a result, the change in the shelter index was overstated in December 2004, and was understated in the previous two years. The shelter index series for Yellowknife has been corrected from December 2002. In addition, the Yellowknife All-items CPI and some Yellowknife special aggregate index series have also changed. Data for Canada and all other provinces and territories were not affected.