

Consumer Price Index ♦ March 2007

Important Note:
Statistics Canada has announced a major update of the Consumer Price Index, effective June 19, 2007. See page 3 of this release for details.

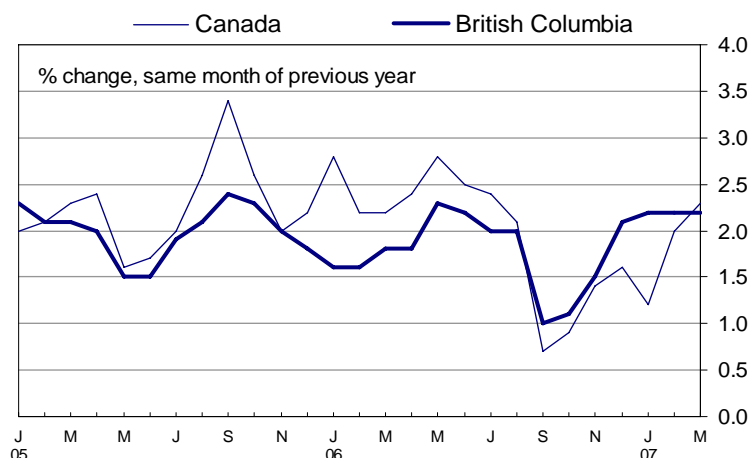
Highlights

- British Columbia's Consumer Price Index rose 2.2% from March 2006, slightly below the national figure of 2.3%. Across the country, inflation ranged from a low of 1.4% in New Brunswick to a high of 5.5% in Alberta.
- Compared to last month, BC's CPI rose 0.4%, while nationally prices rose 0.8% from February 2007.
- Among the metropolitan areas, Calgary (+6.5) and Edmonton (+4.6%) continue to post the greatest increase in consumer prices compared to a year ago, while Thunder Bay recorded the lowest inflation (+1.1%). The CPI rose 2.5% in Vancouver and 1.9% in Victoria from last March.
- Rising food and energy prices were the main contributors to the rise in BC's CPI from a year ago. March 2007 saw significant increases in the price of fresh vegetables (+18.0%), fresh fruit (+15.3%), fish & seafood (+6.9%), gasoline (+10.1%) and fuel oil (+6.1%). Offsetting these increases were lower prices for piped gas (-8.2%) and clothing (-3.2%).
- BC's CPI, excluding food & energy, was 1.5% higher than in March 2006. The comparable figure for Canada was 1.8%.

Note: Statistics Canada will release the April Consumer Price Index on May 17, 2007.

1992=100	Index	% Change from	
	March 2007	February 2007	March 2006
Canada	132.3	0.8	2.3
BC	129.1	0.4	2.2
Vancouver	130.0	0.3	2.5
Victoria	128.8	0.4	1.9
Core Canada ¹	131.0	0.3	2.3

BC and Canada Inflation Trend



1992=100	Latest 12-month Average Index (ending in March 2007)	Latest 12-month Average % Change	2006 Annual Average % Change
Canada	130.5	1.9	2.0
BC	128.2	1.9	1.8
Vancouver	128.9	2.2	1.9
Victoria	128.0	1.6	1.6

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 and BC Stats

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.ca/cgi-bin/downpub/freepub.cgi>)

Prepared by: BC Stats, November 2006

Excerpt from Statistics Canada's "The Daily", Tuesday, January 23, 2007

Consumer Price Index: A preview of the upcoming changes

- **Statistics Canada has announced a major update of the Consumer Price Index to reflect changes in the spending patterns of Canadian households.**
- **The update will take effect on June 19, 2007, when data for the reference period of May 2007 are released.**
- **The update, which occurs periodically, is designed to ensure the CPI's reliability for three key purposes: a measure of inflation; a statistical series deflator; and a tool for indexing various payments and transfers.**

It will include two major changes:

- the weights of various items in the basket of goods and services used to calculate the index will be updated from 2001 to 2005; and
- the CPI base year (the period for which the value 100 is assigned to the index) will change from 1992 to 2002.

Users should note that the changeover to the base year 2002=100 will in no way alter rates of changes measured for previous periods, barring rounding.

The weights for the various components of the basket of goods and services are being updated on the basis of the most recent Survey of Household Spending (SHS). The update ensures that the CPI reflects any changes in the consumption patterns of Canadians.

The weights between January 2003 and mid-2007 are based on 2001 consumption patterns. The new basket will be based on patterns captured by the 2005 SHS.

More details on this significant change can be viewed on Statistics Canada's Website, at:

<http://www.statcan.ca/Daily/English/070123/d070123e.htm>