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Inflation in British Columbia peaked at 6.9% in 2022, the highest in 40 years. Since then, the rise in prices has slowed to 3.9% in 2023 and sits at 2.8% as of April 2024. While it seems to be getting under control, this high inflation period continues to impact everyone.

It might help to know that British Columbia is far from alone in going through this. According to the [World Bank](#), inflation was 6.8% for all of Canada in 2022, 8.0% in the United States, and 9.1% in the United Kingdom. And bad as this is, we can be thankful we didn't have Turkey's rate of 72% in 2022, or the 15% rise in prices experienced by Poland, Hungary, and the Czech Republic.

Did you know?

The Bank of Canada selected the inflation target of 2.0% in 1991. Since then, it has been revisited every 5 years but the Bank has always tried to keep inflation within the 1 to 3% range.

There are many possible reasons for the inflation felt around the world. [A governor of the Bank of Canada](#) pointed out that the pandemic caused supply disruptions, followed by a sudden resurgence of demand when people started getting back to normal. There are also global tensions and sanctions that affect international trade and key commodity markets. And a report by [TD Bank](#) says that more than half of inflation in Canada is due to shelter costs, principally because of high housing costs and rising interest rates.

But whatever the cause, inflation places a financial burden on British Columbians who face increasing costs for goods and services. This burden is exacerbated by the fact that necessities – specifically food and shelter – have had some of the biggest price increases. The following chart shows the annual changes for selected components of consumer price inflation in B.C.

British Columbia Components of Consumer Price Inflation

	2018	2019	2020	2021	2022	2023	2024 YTD
All-items BC CPI	+2.7%	+2.3%	+0.8%	+2.8%	+6.9%	+3.9%	+2.8%
Food	+1.7%	+3.9%	+2.7%	+2.4%	+8.0%	+7.1%	+3.6%
Food purchased from stores	+0.9%	+4.3%	+2.8%	+2.3%	+9.1%	+7.5%	+2.7%
Food purchased from restaurants	+3.3%	+3.2%	+2.7%	+2.3%	+5.5%	+6.0%	+5.6%
Shelter	+3.2%	+2.4%	+1.4%	+4.3%	+7.6%	+5.7%	+6.6%
Rented accommodation	+1.9%	+3.5%	+2.5%	+0.5%	+5.7%	+7.3%	+7.7%
Owned accommodation	+4.0%	+1.7%	+1.2%	+5.3%	+8.0%	+5.7%	+7.0%
<i>e.g. Mortgage interest cost*</i>	+4.7%	+7.6%	+1.7%	-7.7%	+2.6%	+28.5%	+25.9%
Water, fuel and electricity	+1.5%	+4.2%	+0.8%	+6.9%	+9.2%	-0.1%	-1.2%
Household operations, furnishings and equipment	+1.6%	+0.8%	+0.2%	+0.4%	+5.0%	+0.3%	-1.2%
Clothing and footwear	+1.1%	+2.2%	-1.6%	-0.6%	+0.2%	+0.9%	-4.9%
Transportation	+4.7%	+2.6%	-0.8%	+3.8%	+10.2%	+1.1%	+0.9%
Private transportation	+3.6%	+1.9%	-0.7%	+4.1%	+10.1%	+1.3%	+0.9%
<i>e.g. Gasoline</i>	+12.8%	-1.3%	-13.9%	+24.2%	+27.4%	-4.7%	+0.5%
Public transportation	+10.4%	+4.5%	-0.3%	+2.3%	+8.5%	-1.4%	+0.3%
Health and personal care	+1.4%	+1.7%	+2.6%	+2.7%	+3.4%	+5.4%	+3.2%
Recreation, education and reading	+1.6%	+2.2%	-0.8%	+2.5%	+5.8%	+2.6%	+1.3%
Alcohol, tobacco and cannabis	+5.9%	+2.5%	+1.5%	+0.6%	+6.2%	+5.2%	+2.6%

* Data available for all of Canada only.

Source: Statistics Canada tables [18-10-0005](#) and [18-10-0004](#).

The CPI Basket

Goods and services in the Consumer Price Index basket are assigned a basket share that is proportional to their share of total consumption expenditure by households. On June 18th, those weights were updated to reflect the most recently available data on consumer expenditure, determined primarily by the [Household Final Consumption Expenditure \(HFCE\)](#) and supplemented by data from the [Survey of Household Spending \(SHS\)](#) as well as many other sources including retail scanner data, tourism indicators, and cellular subscription data. A full analysis and additional data sources for the 2024 Consumer Price Index basket update can be found [here](#).

Basket weights change a little each year but are relatively stable over time. B.C.'s weights over the past four years (and before) are shown below. As can be seen here, the importance of shelter costs went up in the most recent basket but the weight of food went down.

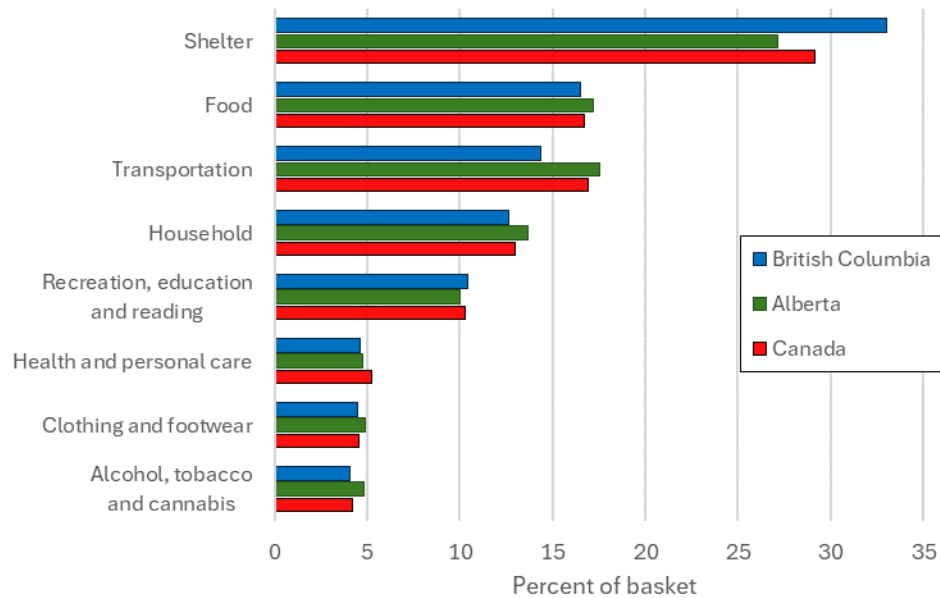
Basket Weights of the B.C. Consumer Price Index (Percent)

	2001	2011	2020	2021	2022	2023
All-items	100	100	100	100	100	100
Food	17.29	17.19	15.45	15.21	16.87	16.51
Food purchased from stores	11.55	11.64	11.33	10.7	11.2	10.42
Food purchased from restaurants	5.74	5.55	4.12	4.51	5.67	6.09
Shelter	27.66	27.53	32.94	33.04	31.38	33.03
Rented accommodation	6.62	6.25	7.38	8.38	9.1	8.56
Owned accommodation	17.01	17.72	22.68	22.31	20.11	22.15
<i>e.g. Mortgage interest cost</i>	5.82	4.69	4.42	3.41	4.52	6.92
Water, fuel and electricity	4.03	3.55	2.88	2.35	2.17	2.33
Household operations, furnishings and equipment	10.11	12.63	14.65	14.26	13.67	12.61
Clothing and footwear	4.91	5.44	4.08	4.4	4.7	4.45
Transportation	18.89	17.68	13.72	14.54	14.35	14.36
Private transportation	16.67	15.23	13.1	13.71	13.41	13.35
<i>e.g. Gasoline</i>	4.26	3.67	2.77	3.65	3.29	3.45
Public transportation	2.22	2.45	0.62	0.83	0.95	1.01
Health and personal care	4.42	4.96	4.52	4.14	4.75	4.61
Recreation, education and reading	12.99	12.21	9.51	9.67	9.69	10.4
Alcohol, tobacco and cannabis	3.73	2.38	5.13	4.75	4.6	4.03

Source: Statistics Canada table [18-10-0007](#).

The weights are updated annually for Canada and each province and territory. Compared to Albertans, British Columbians spend less of their overall expenditure on food and transportation but more on recreation, education and reading. The shelter component for B.C.'s CPI basket, however, is the highest in the country. All other things being equal, a higher basket weight means that a change in price will have a bigger impact on consumers and the overall CPI level.

CPI Basket Weights by Province, 2023



Source: Statistics Canada table [18-10-0007](#).

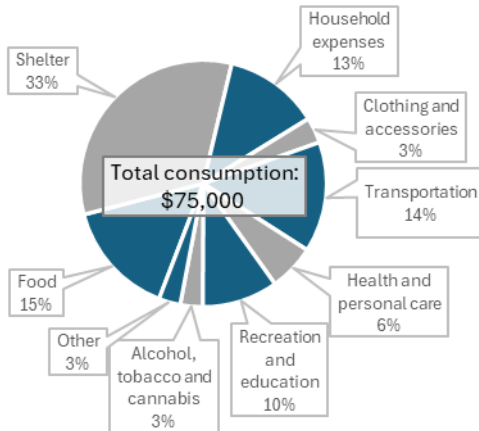
Inflation Affects People Differently

The headline inflation figure - +3.8% in 2023 – is based on the statistical average of the budgets and spending habits of British Columbians and does not reflect the experience of any particular household. For example, nobody spends 22% of their budget on owned accommodation *and* 8.5% on rented accommodation, but that’s Statistics Canada’s best estimate for what all British Columbians spend on average.

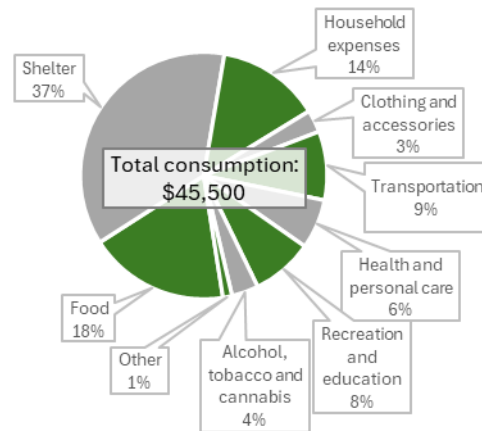
An individual’s experience of inflation depends on their circumstances, preferences and level of income. For example, one person prefers to spend a lot on good food and has a lifestyle where they don’t have to drive. Maybe you’ve paid off your home but someone else has a mortgage that’s up for renewal. Then there are the prices that you notice or ignore; some people pay their phone bill without a second thought but chafe when they see the price of eggs. And of course, someone who is well-off may find it easy to give up some luxuries but for someone who is struggling, higher prices can mean going without necessities.

As noted earlier, the Consumer Price Index uses many data sources, but the following charts show spending profiles for some common types of households using the [2021 Survey of Household Spending](#). How they differ from one another can give you an idea of how their own basket would be weighted and how inflation would affect them.

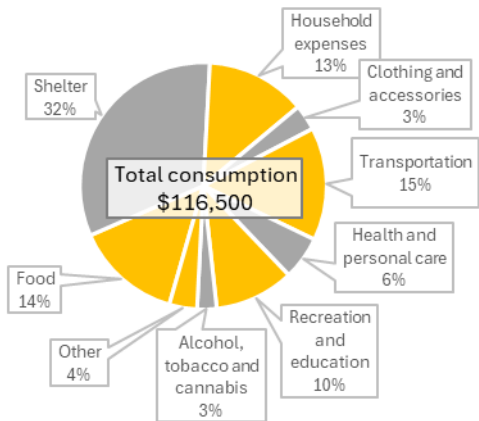
BC: Average household, 2021



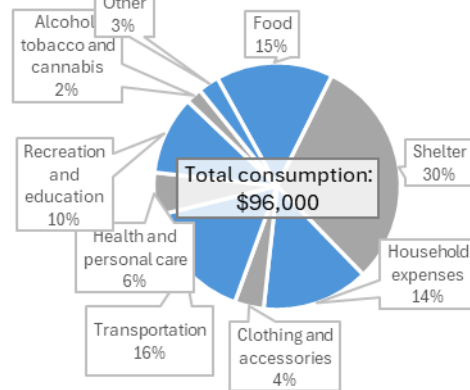
BC: Lowest income quintile



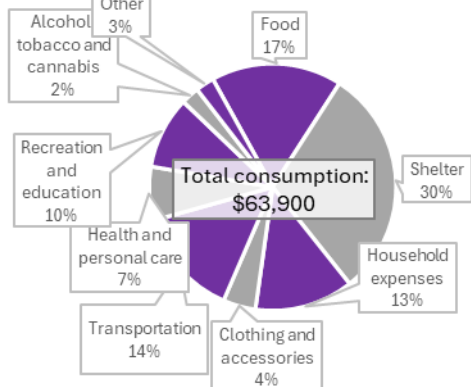
BC: Highest income quintile



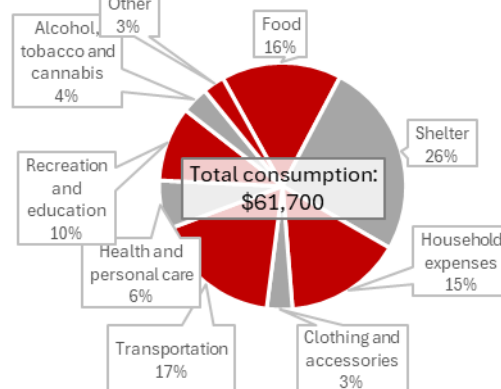
Canada: Couples with children



Canada: Single-parent households



Canada: Rural area households



Measuring Your Personal Inflation Rate

Whereas the CPI inflation rate is a one-size fits all measure, in 2021, Statistics Canada published the [Personal Inflation Calculator](#). This product allows users to enter their expenses and purchase values to calculate their personal rate of inflation.

As an example, let’s say there are two people: one from Vancouver and one from Quesnel. Below is a sample budget for these two individuals, based on data from the [Survey of Household Spending \(SHS\)](#) and median rental estimates from the [Canadian Mortgage and Household Corporation](#). To make things simple, we’ll keep all expenditures the same except for rent.

Example: Vancouver vs. Quesnel Personal Inflation Rates

Monthly Expenses	Vancouver	Quesnel
Groceries	700	700
Eating Out	250	250
Rent (2 bed Apt.)	2,100	1,150
Utilities	200	200
Communications	250	250
Other household expenses	150	150
Clothing and footwear	150	150
Public Transportation and Ride Sharing	150	150
Personal Care	100	100
Entertainment and Recreation	200	200
Alcohol, tobacco, and cannabis	100	100
Total:	4,350	3,400
<i>Personal inflation rate:</i>	3.3%	2.2%

Statistics Canada makes the following disclaimer:

“The personal inflation rate is provided for informational purposes only and should not be used as a substitute for the official CPI inflation rate. It is meant as a guide that will help you understand your unique experience of inflation and is not an official statistic.”

When entered into the personal inflation calculator, the April 2024 rate of inflation for the person living in Vancouver is 3.3% while the rate for the person in Quesnel is 2.2%.

In the previous example the person living in Vancouver had a larger budget, but what if they had the same amount of money to spend? The Vancouver resident would have to cut spending in other areas – in this case areas where prices aren’t increasing as much – and this would make their personal inflation rate even higher, 4.2%.

The Big Picture

Inflation is caused by national and global forces and the headline statistic is highly general. But everyone’s circumstances are different and we hope this article has shown you how to analyze how inflation is experienced by different individuals and types of people.

Example: Vancouver resident on a lower budget

Monthly Expenses	Amount
Groceries	500
Eating Out	50
Rent (2 bed Apt.)	2,100
Utilities	200
Communications	150
Other household expenses	150
Clothing and footwear	50
Public Transportation and Ride Sharing	150
Personal Care	100
Entertainment and Recreation	50
Alcohol, tobacco, and cannabis	0
Total:	3,500
<i>Personal inflation rate:</i>	4.2%