

Cdn. Consumer Price Index (April)

CPI Fuelled Up

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Canadian consumer prices climbed 0.4% in April, bang on expectations and marking the strongest three-month rise for CPI since 2011. On a seasonally adjusted basis, prices were up 0.3% in the month. The strong headline print pushed yearly inflation up a tick as expected to 2%, a four-month high. The details were largely in line with expectations as well. **Gasoline was the big driver for the headline**, surging 10%, leaving it up 25.1% over the past three months. However, gas prices have been much more subdued so far in May, so don't expect that trend to continue.

Unlike the headline, the core measures decelerated a tick on average to 1.9% y/y. Two of three measures slowed, with the weighted median down two ticks to 1.9% (though the prior month was revised up a tick), and the trimmed mean slowing a snick to 2%. The common measure held at 1.8% y/y. The Bank of Canada likely won't be surprised by the slowing, as the wider output gap would mean slower underlying inflation in their models.

Key Takeaway: Finally a Canadian data point that was exactly as expected. From headline to details, there were no big surprises. The slowing core measures are noteworthy, but aren't shocking. This report isn't likely to change much for the BoC.



Consumer Price Index

Canada (month/month % change)

		Apr	Mar	Feb	(3-mo. % chng : a.r.)	Apr	(12-mo. % chng)
All Items	(s.a.)	0.3	0.4	0.4	4.2	2.0	1.9
	(n.s.a.)	0.4	0.7	0.7			
Ex. Food & Energy	(s.a.)	0.2	0.2	0.2	2.5	2.0	1.9
BoC Core — Trim						2.0	2.1
Median						1.9	2.1
Common						1.8	1.8
Food	(s.a.)	0.0	0.2	0.3	1.9	2.9	3.6
Energy		5.7	6.0	1.1	64.6	0.7	-1.2
Services		0.0	0.3	0.3	2.7	2.4	2.2
Shelter	(s.a.)	0.2	0.3	0.3	3.1	2.7	2.7
Alcohol & Tobacco	(s.a.)	0.1	-0.2	0.1	0.0	2.0	3.0
Clothing & Footwear	(s.a.)	0.2	-0.2	0.4	1.7	1.0	1.5
Automobiles		-0.6	-0.1	1.3	2.7	2.7	2.9
Gasoline		10.0	11.6	1.9	144.7	-1.6	-4.4
Mort. Interest Payments		0.6	0.6	0.8	8.4	8.2	8.1

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