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Consumer Price Index, August 2007 2

Weaker gasoline prices in each province slowed the increase of the Consumer Price Index to its lowest level in eight months in August. Consumers paid 1.7% more in August 2007 for the goods and services included in the CPI basket than they did in August 2006, substantially lower than the increase of 2.2% posted in the previous four months.

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Releases

Consumer Price Index

August 2007

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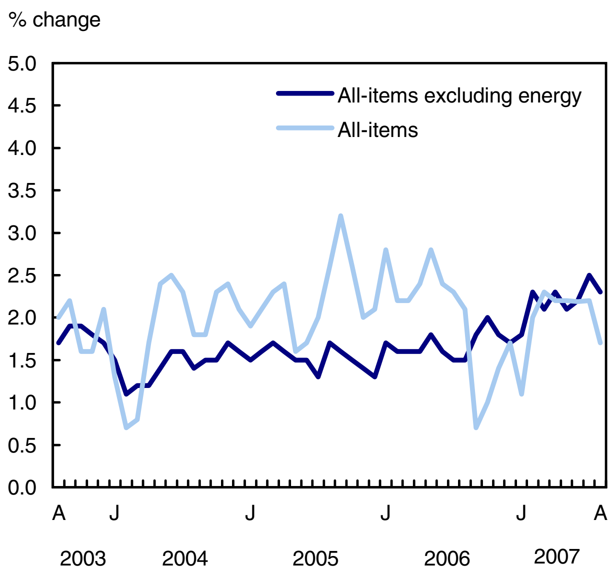
Percentage change from the same month of the previous year



The growth was driven largely by mortgage interest cost and homeowners' replacement cost. However, lower prices for computer equipment and supplies, video equipment, and fresh vegetables exerted significant downward pressure.

The all-items index without energy increased 2.3% between August 2006 and August 2007, slightly slower than the 2.5% gain reported in July.

The Bank of Canada's core index, used to monitor the inflation control target, increased 2.2% from August 2006. This is a slight slowdown from the 2.3% increase posted in July. The rise in homeowners' replacement cost drove most of the increase in August.

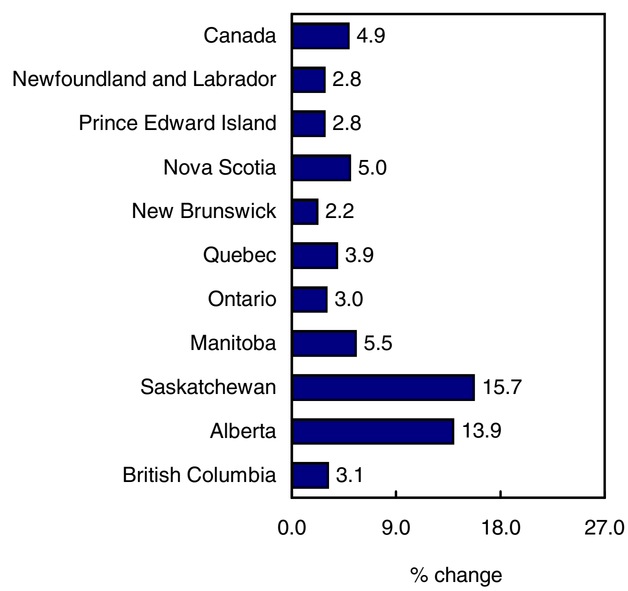
On a monthly basis, prices declined 0.3% between July and August 2007, the fastest decline in nearly a year. The biggest factors were lower gasoline prices and, to a lesser extent, lower prices for vehicle purchases and leases, and fresh vegetables.

The all-items index without energy remained unchanged between July and August, whereas the core index rose 0.1%. Both indexes had increased 0.1% between June and July.

12-month increase: Costs for owned accommodation remain strong as gasoline prices ease

The increase in prices in August was largely driven by higher costs for owned accommodation and, to a lesser extent, food. Falling gasoline prices exerted significant downward pressure.

Percentage change in the owned accomodation index from the same month of the previous year, Canada and provinces



Canadian homeowners saw their costs increase again in August. Mortgage interest cost contributed significantly, rising 6.1% between August 2006 and August 2007. This increase was the most pronounced since June 1991 and followed a 12-month change of 6.0% in July.

This growth was largely driven by higher prices for new houses. However, mortgage renewals at higher interest rates have played a larger role in the growth in mortgage interest cost in the past two months.

Homeowners' replacement cost increased by 6.0% in August, down from the 6.2% observed in July. This rate of growth is well below the average annual change noted since early 2007 (+6.6%). This cost represents the worn-out structural portion of housing and is estimated using new housing prices (excluding land).

Higher property taxes (+3.0%) and rents (+1.7%) also had an impact on housing costs.

Consumers spent 2.0% more for food purchased in grocery stores in August 2007 than in August 2006. This increase was mainly the result of higher prices for meat (+3.5%), dairy products (+3.1%), and bakery products (+3.7%). Prices for restaurant meals rose 3.5%.

The slower growth in consumer prices was largely the result of gasoline prices, which fell in every province. Following a 2.8% drop in July, average prices at the pump were 7.7% lower in August 2007 compared with the same month in 2006. This was the most pronounced decrease in this component since last January.

Lower gas prices can partially be explained by the downturn in the average price of crude oil in August compared with the preceding month. With the strength of the Canadian dollar in relation to the US greenback, local refineries were able to pay less for crude oil in August 2007 than they did during the same period in 2006.

A 17.4% decline in prices for computer equipment and supplies also had a significant impact on the change in prices in August.

Prices for video equipment were down by 8.6%, as they were the previous month.

Consumers were also able to take advantage of price decreases of 4.9% for fresh vegetables and of 2.3% for fresh fruits in August. Year-over-year price decreases for potatoes and lettuce had a significant impact on vegetable prices.

The 12-month increase in the CPI slows in all provinces

The 12-month increase in the CPI was slower in all provinces, largely because of falling gasoline prices.

The only provinces in which consumer prices rose faster than the national average in August were Alberta (+4.7%) and Saskatchewan (+2.4%). This gap has persisted since February 2007 for Saskatchewan and since August 2005 for Alberta.

Consumer prices increased less than 1% in Newfoundland and Labrador (+0.2%) and Quebec (+0.8%). The slowing of price increases in these two provinces was strongly associated with lower gasoline prices.

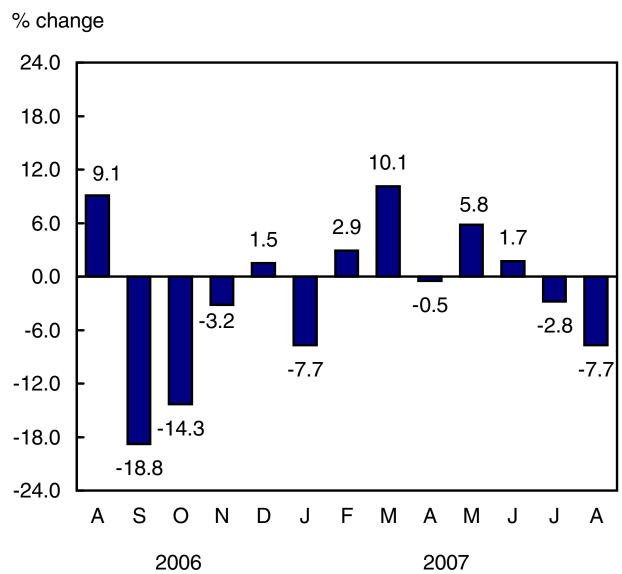
The drop in gasoline prices ranged from 6.4% in Newfoundland and Labrador to 13.2% in New Brunswick.

The cost of owned accommodation was the largest contributor to the increase in consumer prices in all provinces.

From July to August 2007: Gasoline moderates the rise in consumer prices

Consumer prices fell 0.3% between July and August 2007, the most substantial monthly decline in this index since September 2006.

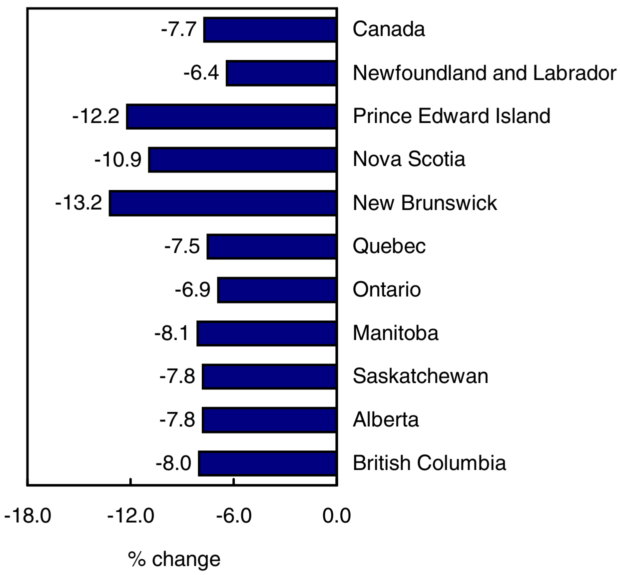
Percentage change in the gasoline index from the same month of the previous year



The decrease was largely the result of gasoline prices and, to a lesser extent, vehicle purchases and leases, and fresh vegetables. These decreases were partly offset by the rise in mortgage interest cost, electricity, men's clothing, and homeowners' replacement cost.

Gasoline prices fell 4.9% in August, a strong decline compared with the modest 0.1% decrease between June and July 2007.

Percentage change in the gasoline index from the same month of the previous year, Canada and provinces



Canadian drivers also enjoyed a 1.8% reduction in the cost of vehicle purchases and leases. Manufacturers' discounts on 2007 models continued to account for the downward movement of new vehicle prices.

Prices for food purchased in stores dropped 0.7% as a result of lower prices for fresh vegetables, with local harvests swelling supply in this market.

These decreases were partly offset by the growth in other components, such as mortgage interest cost, which rose 0.7% in August, down slightly from the 0.8% growth in July. This slowdown can largely be attributed to the softening in new housing prices.

Homeowners' replacement cost increased 0.5% between July and August 2007, identical to the increase in the previous month.

Available on CANSIM: tables 326-0009, 326-0012, 326-0015 and 326-0020 to 326-0022.

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 August 2007 issue of the *Consumer Price Index*, Vol. 86, no. 8 (62-001-XWE, free) is now available from the *Publications* module of our website. A paper copy is also available (62-001-XPE, $12/$111). A more detailed analysis of the CPI is available in this publication. See *How to order products*.

The September Consumer Price Index will be released on October 19.

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

□

Consumer Price Index and major components

(2002=100)

	Relative importance[1]	August 2007	July 2007	August 2006	July to August 2007	August 2006 to August 2007
		Unadjusted				
					% change	
All-items	**100.00**[2]	**111.7**	**112.0**	**109.8**	**-0.3**	**1.7**
Food	17.04	111.8	112.3	109.2	-0.4	2.4
Shelter	26.62	117.6	117.0	113.5	0.5	3.6
Household operations and furnishings	11.10	103.5	103.2	101.7	0.3	1.8
Clothing and footwear	5.36	95.4	94.6	95.4	0.8	0.0
Transportation	19.88	116.3	118.5	118.0	-1.9	-1.4
Health and personal care	4.73	107.6	107.5	105.5	0.1	2.0
Recreation, education and reading	12.20	102.9	103.0	101.2	-0.1	1.7
Alcoholic beverages and tobacco products	3.07	126.1	126.0	121.8	0.1	3.5
All-items (1992=100)		132.9	133.3	130.7	-0.3	1.7
Special aggregates						
Goods	48.78	107.7	108.6	108.1	-0.8	-0.4
Services	51.22	115.6	115.3	111.4	0.3	3.8
All-items excluding food and energy	73.57	109.2	109.1	106.8	0.1	2.2
Energy	9.38	136.4	139.6	141.7	-2.3	-3.7
Core CPI[3]	82.71	110.1	110.0	107.7	0.1	2.2

1. *2005 CPI basket weights at April 2007 prices, Canada - Effective May 2007. Detailed weights are available under the Documentation section of survey 2301 (http://www.statcan.ca/english/sdds/index.htm).*
2. *Figures may not add up 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 cost; natural gas; fuel oil and other fuel; gasoline; inter-city transportation; and tobacco products and smokers' supplies. For additional information on the core CPI, please consult the Bank of Canada website (www.bankofcanada.ca/en/inflation/index.htm).*

Consumer Price Index by province, and for Whitehorse, Yellowknife and Iqaluit[1]

(2002=100)

	August 2007	July 2007	August 2006	July to August 2007	August 2006 to August 2007
	Unadjusted				
				% change	
Newfoundland and Labrador	111.1	111.6	110.9	-0.4	0.2
Prince Edward Island	113.8	114.0	112.8	-0.2	0.9
Nova Scotia	112.7	113.0	111.4	-0.3	1.2
New Brunswick	111.4	112.1	110.0	-0.6	1.3
Quebec	110.1	110.6	109.2	-0.5	0.8
Ontario	110.9	111.1	109.1	-0.2	1.6
Manitoba	111.2	112.1	109.7	-0.8	1.4
Saskatchewan	113.1	113.3	110.4	-0.2	2.4
Alberta	119.3	119.1	113.9	0.2	4.7
British Columbia	110.4	110.5	109.0	-0.1	1.3
Whitehorse	110.5	110.7	107.7	-0.2	2.6
Yellowknife[2]	111.1	111.5	108.0	-0.4	2.9
Iqaluit (Dec. 2002=100)	108.9	108.9	104.4	0.0	4.3

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.*

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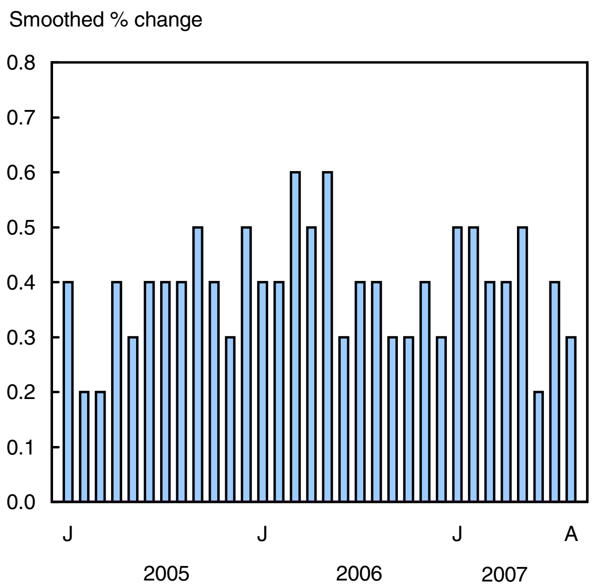
Leading indicators

August 2007

The composite leading index rose 0.3% in August, equalling its average monthly gain over the last three months. Household demand remained the engine of growth, led by robust housing market conditions. Financial market conditions softened over the summer, but manufacturing activity firmed.

Composite leading indicator



Household demand advanced across the board. Housing starts rebounded in August, offsetting a dip in the sales of existing homes. The underlying strength in housing demand was reflected in the steady growth of sales of furniture and appliances. Outlays for other durable goods continued to post healthy gains, although at a slower pace than in the spring when pay equity changes fuelled a surge in spending in Quebec.

After a strong start to the year, manufacturing activity slowed in the second quarter. The leading indicators related to manufacturing suggest that demand was firming as summer began. The rate of decline of new orders slowed appreciably, reflecting increases for capital goods. This firming of demand was reflected in a slight upturn in shipments, although not quite enough to offset higher inventories. The average workweek was steady for the third straight month, and manufacturing employment rose on balance in July and August after a lengthy period of decline.

The trend of the stock market levelled off over the summer, reflecting three straight small monthly declines in the unsmoothed index. The dip in stock prices accompanied turbulent conditions in the global financial system as investors re-assessed their valuations of risk.

Available on CANSIM: table 377-0003.

Definitions, data sources and methods: survey number 1601.

This release will be reprinted in the October issue of the *Canadian Economic Observer*. For more information on the economy in August, consult the September issue of the *Canadian Economic Observer*, Vol. 20, no. 9 (11-010-XIB, free).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-3627; *ceo@statcan.ca*), Current Economic Analysis Group. □

Leading indicators

	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	Last month of data available
							% change
Composite leading indicator (1992=100)	**224.1**	**225.1**	**226.3**	**226.8**	**227.7**	**228.3**	**0.3**
Housing index (1992=100)[1]	144.9	145.1	147.7	146.4	148.5	149.0	0.3
Business and personal services employment ('000)	2,820	2,827	2,836	2,842	2,850	2,852	0.1
S&P/TSX stock price index (1975=1,000)	12,981	13,114	13,344	13,518	13,683	13,782	0.7
Money supply, M1 ($ millions, 1992)[2]	162,504	163,138	163,100	163,530	164,359	165,221	0.5
U.S. Conference Board leading indicator (1992=100)[3]	126.9	126.9	126.9	126.8	126.7	126.9	0.2
Manufacturing							
Average workweek (hours)	38.4	38.5	38.5	38.5	38.5	38.5	0.0
New orders, durables ($ millions, 1992)[4]	26,540	26,801	27,069	27,011	26,794	26,743	-0.2
Shipments/inventories of finished goods[4]	1.81	1.82	1.84	1.85	1.84	1.83	-0.01[5]
Retail trade							
Furniture and appliance sales ($ millions, 1992)[4]	2,623.4	2,624.8	2,633	2,650.4	2,674.2	2,687.2	0.5
Other durable goods sales ($ millions, 1992)[4]	8,865	8,865.8	8,949.4	9,035.8	9,142.8	9,181.8	0.4
Unsmoothed composite leading indicator	**225.7**	**226.7**	**228.4**	**228.2**	**229.6**	**228.4**	**-0.5**

1. *Composite index of housing starts (units) and house sales (multiple listing service).*
2. *Deflated by the Consumer Price Index for all items.*
3. *The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.*
4. *The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the second preceding month.*
5. *Difference from the previous month.*

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Large urban transit

July 2007 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 5.6% higher in July 2007 than it was for the same month in 2006.

Approximately 103.2 million passenger trips were taken on these transit systems in July. These systems account for about 80% of total urban transit in Canada.

The trips generated $178.1 million in revenue in July (excluding subsidies), an 8.5% increase over July 2006.

Available on CANSIM: table 408-0004.

Definitions, data sources and methods: survey number 2745.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-500-8400; fax: 613-951-0009; *transportationstatistics@statcan.ca*), Transportation Division. ■

Aircraft movement statistics

August 2007 (preliminary)

The 42 Canadian airports with NAV CANADA air traffic control towers reported 465,138 aircraft take-offs and landings in August, up 5.6% compared with August 2006 (440,333 movements). This marked the 15th consecutive increase in year-over-year monthly comparisons. Year-over-year increases in aircraft movements were reported by 32 of these airports in August 2007. The variations ranged from 80.8% for Gander International to -17.8% for Edmonton City Centre.

Available on CANSIM: table 401-0005.

Definitions, data sources and methods: survey number 2715.

The August 2007 issue of *Aircraft Movement Statistics*, Vol. 6, no. 8 (51F0001PWE, free) is now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; *aviationstatistics@statcan.ca*), Transportation Division. ■

New products

Environment Accounts and Statistics Technical Paper Series: "Behaviour Study on the Water Quality Index of the Canadian Council of Ministers of the Environment", no. 3
Catalogue number 16-001-MWE2007003
(free).

Aircraft Movement Statistics, Monthly, August 2007, Vol. 6, no. 8
Catalogue number 51F0001PWE
(free).

The Consumer Price Index, August 2007, Vol. 86, no. 8
Catalogue number 62-001-XPE ($12/$111).

The Consumer Price Index, August 2007, Vol. 86, no. 8
Catalogue number 62-001-XWE
(free).

New Motor Vehicle Sales, July 2007, Vol. 79, no. 7
Catalogue number 63-007-XWE
(free).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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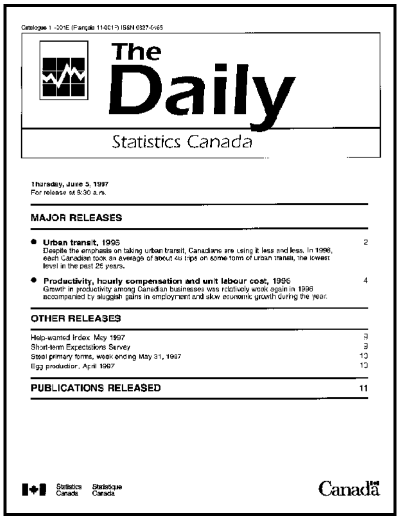
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The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
  Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

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