## **GLOBAL ECONOMICS**

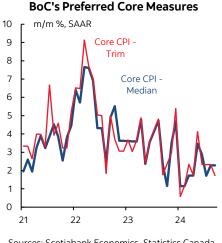
#### **SCOTIA FLASH**

October 15, 2024

### Contributors

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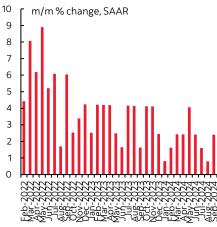
#### Chart 1



Sources: Scotiabank Economics, Statistics Canada.



**Canadian Core Inflation** 



Sources: Scotiabank Economics, Statistics Canada.

## The Bank of Canada Has the Green Light to Cut 50bps

- BoC's preferred 'core' gauges are on the 2% target at the margin
- Services inflation vapourizes as core goods inflation remains subdued
- Shelter CPI was an ongoing BoC concern and is waning
- BoC to cut 50bps, but is at strong risk of reigniting inflationary pressures

#### Canadian CPI, m/m %, September, NSA:

Actual: -0.4 / 1.6 Scotia: -0.1 / 2.0 Consensus: -0.3 / 1.8 Prior: -0.2 / 2.0

#### 'Core' gauges, m/m % SAAR:

Trimmed mean CPI: 2.3% Weighted median CPI: 1.7% Traditional core CPI: 2.4%

There has been a lot of baseless on- and off-speculation around the Bank of Canada's next move but it needed data to justify a call. We now have that. The Bank of Canada is likely to cut 50bps next Wednesday on the heels of a report that shows that the Bank's preferred core measures are on target. That was our instant reaction with our traders and clients seconds after seeing the core gauges. There is still the risk that the BoC-that has surprised markets many times in the past—could opt for -25bps, but the hurdle to doing so is set rather high now. I'll also argue that while it's our call, we disagree with upsizing.

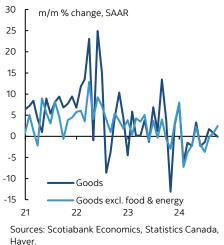
Key is that the average of the trimmed mean and weighted median measures of core inflation slowed to an average of 2% m/m SAAR in September (chart 1). Weighted median CPI was the higher of the two at 2.3% m/m SAAR but trimmed mean CPI at 1.7% balances that out and the BoC tends to take an average. Traditional core (ex-food and energy) was up 2.4% m/m SAAR but this is on the heels of just 0.8% the prior month (chart 2).

On a three-month moving average basis, traditional core CPI (ex-food and energy) is up by just 1.6% m/m SAAR, and both the weighted median and trimmed mean CPI gauges are up 2.1%.

### Chart 3 **Canadian Service Inflation** m/m % change, SAAR 15 10 5 0 -5 -10 19 20 21 22 23 24 Sources: Scotiabank Economics, Statistics Canada, Haver.

## Chart 4





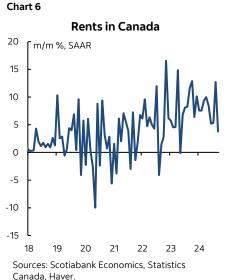
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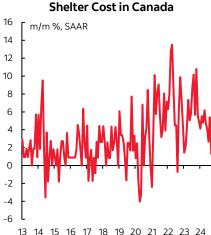
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October 15, 2024

So why 50bps?

- Chart 5
- Symmetry around the 2% inflation target amidst readings like these would be taken by the BoC as a need to focus more upon the risk of undershooting the 2% inflation target.
- The output gap is estimated to be significantly negative which adds to this concern.
- The BoC is likely to downgrade Q3 GDP growth from 2.8% in their prior forecast to around half that next week, thus advancing a narrative that their forecast rebound is being stymied at least for now.
- Population growth is not yet slowing given the LFS reading that indicated another gain of over 100k in September which means—rightly or wrongly—the BoC can point to ongoing concerns about per capita numbers (partly still wrongly imo).
- The BoC has surprised markets in the past, but it would need strong arguments to negatively surprise markets priced by 50. They would also need steely resolve to go against markets, most economists, and heavy pressure from the business community and politicians.
- Macklem is unlikely to be that person who goes against such pressure given his naturally dovish instincts and so the BoC's reaction function has to get a high weight in the forecast call.
- With the policy rate presently at 4.25% and hence somewhere around 150bps above neutral, the BoC is significantly restrictive and still has room after cutting to 3.75% so say that they need to be careful going forward.
- Services inflation has recently disappeared (chart 3) to go alongside weak core goods inflation (chart 4).
- Furthermore, the one main area where the BoC has been concerned about inflation risk in the shortterm is shelter cost and that too waned sharply last month (chart 5). While the small roughly 3% weight

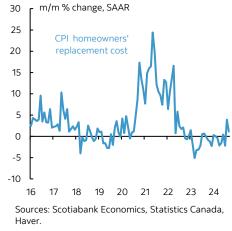




Sources: Scotiabank Economics, Statistics Canada, Haver.

#### Chart 7

Canada CPI: Homeowners' Replacement Cost



in the basket on mortgage interest continues to wane, the BoC will place more emphasis upon charts 6 and 7 showing that perhaps rent and replacement cost of housing are more subdued on a trend basis.

Opting to cut 50bps and the aggressive market easing around the expected path forward are likely to ignite growth faster over 2025–26 than otherwise, closing the output gap quicker than estimated along ongoing other sources of inflation risk from real wage gains alongside terrible productivity, severe housing shortages and ongoing immigration, likely fiscal pump-priming into an election year, and our work on the pent-up demand and pent-up savings that exist in the household sector. The BoC is at significant risk of unleashing inflationary forces.

Across other components, the transportation sector is driving disinflationary momentum (chart 8) as vehicle price changes are subdued (chart 9), airfare fell (chart 10) and gasoline prices fell (chart 11).

Food prices were up but the low weight on the noisy trend did not have much impact on headline CPI (chart 12).

Clothing prices fell (chart 13).

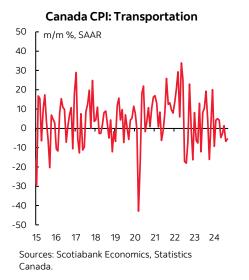
The 0.1% m//m SA rise and the roughly 10% weight on the recreation/education/reading leisure categories drove little impact on overall inflation notwithstanding significant variation within the category (chart 14).

Please see more charts in the following pages that break out more of the components, as well as the detailed table at the back of this publication including measures of dispersion and micro-charts.

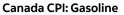
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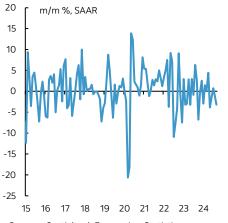
October 15, 2024

#### Chart 8



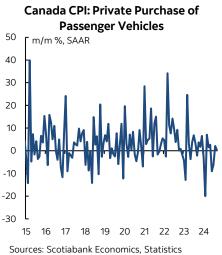
#### Chart 11





Sources: Scotiabank Economics, Statistics Canada, Haver.

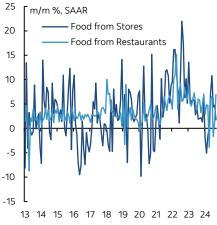
#### Chart 9



Canada, Haver.

#### Chart 12

#### **Canada CPI: Food Prices**



Sources: Scotiabank Economics, Statistics Canada, Haver.

#### Chart 14

#### Breakdown of Monthly Changes within Recreation Education and Reading CPI Category

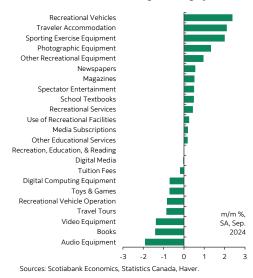
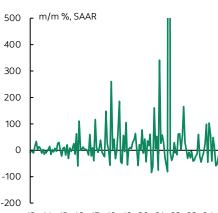


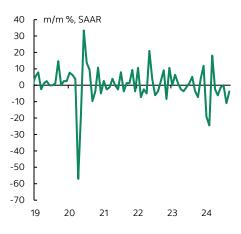
Chart 10 Canada CPI: Air Transportation



13 14 15 16 17 18 19 20 21 22 23 24 Sources: Scotiabank Economics, Statistics Canada.

#### Chart 13

#### **Canada CPI: Clothing & Footwear**



Sources: Scotiabank Economics, Statistics Canada.

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October 15, 2024

# Scotiabank.

#### Chart 15

#### September Detailed Category 12-Month Change in Canadian CPI

Mortgage interest cost	í de la companya de la
Rent	-
Other passenger vehicle expenses	-
Homeowners' home & mortgage	
Tobacco products	-
Personal care services	-
Health care services	-
Property tax & other charges Fast food & take-out	-
Vegetables	
Water	
Other cultural & rec. services	
Services related to furnish. & equip.	
Cafeterias & other restaurants	
Table service restaurants	
Meat	
Other food & non-alc. bev.	
Dairy & eggs	
City bus & subway	
Passenger vehicle parts, maint. &	
Alcoholic beverages	
Education	E
Rail, highway bus, other Health care goods	E
Fruit & nuts	E
Other household goods & services	E .
Purchase & operation of rec. vehicles	
Personal care supplies & equip.	
Child care & housekeeping services	
Clothing accessories	i
Rec. cannabis	i i
Homeowners' maintenance & repairs	i i
Household cleaning products	
Clothing material	
Reading material excl. textbooks	
Furniture & textiles	-
Bakery & cereal	-
Tenants' insurance premiums Homeowners' replacement cost	-
Tenants' maintenance & repairs	-
Taxi & other commuter service	}
Electricity	
Rec. equip. & services, excl. vehicles	
Other owned accom. expenses	( )
Household equipment	•
Purchase & lease of passenger vehicles	· · · · · · · · · · · · · · · · · · ·
Fish & seafood	· · · · · ·
Travel services	
Air transportation	
Paper, plastic, aluminum foil	
Rental of passenger vehicles Footwear	
Communications	
Natural gas	
Clothing	
Home entertainment equipment	
Gasoline	
Fuel oil & other fuels	
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Sources: Scotiabank Economics, Statistics Canada.

Chart 16

#### September Detailed Category Contributions to 12-Month Change in Canadian CPI

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Reading material excl. textbooks Tenants' insurance premiums Tenants' maintenance & repairs Taxi & other commuter service Rental of passenger vehicles Bakery & cereal Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	Rail, highway bus, other	[
Tenants' insurance premiums Tenants' maintenance & repairs Taxi & other commuter service Rental of passenger vehicles Bakery & cereal Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	Clothing material	
Tenants' maintenance & repairs Taxi & other commuter service Rental of passenger vehicles Bakery & cereal Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications	-	_
Taxi & other commuter service Rental of passenger vehicles Bakery & cereal Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications		
Rental of passenger vehicles Bakery & cereal Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications		-
Bakery & cereal Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing		-
Fish & seafood Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications		-
Electricity Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	-	-
Rec. equip. & services, excl. vehicles Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications		-
Other owned accom. expenses Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications		-
Homeowners' replacement cost Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications		ŀ
Paper, plastic, aluminum foil Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	-	}
Household equipment Footwear Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	-	}
Natural gas Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing		t i
Air transportation Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	Footwear	l l
Fuel oil & other fuels Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing	Natural gas	(
Travel services Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing		•
Home entertainment equipment Purchase & lease of passenger vehicles Communications Clothing		•
Purchase & lease of passenger vehicles Communications Clothing		•
Communications Clothing		<b>.</b>
Clothing		
Gasoline	0	
	Gasoline	

-0.690.490.200.000.200.400.600.801.001.20

Sources: Scotiabank Economics, Statistics Canada.

y/y % change

10

20

ppts

## SCOTIA FLASH

October 15, 2024

#### Chart 17

#### September Detailed Category Monthly **Change in Canadian CPI**

enangen			enangen		
Education		[		c.	
Clothing		_	Mortgage interest cost	-	
Tenants' maintenance & repairs			Clothing	-	
Rental of passenger vehicles			Education	-	
Health care services			Other passenger vehicle expenses	-	
Other passenger vehicle expenses		Ē	Rent		
Mortgage interest cost		<b></b>	Meat		
Personal care supplies & equip.		Ē	Personal care supplies & equip.		
Meat		<b></b>	Health care services		
Clothing accessories			Purchase & lease of passenger vehicles		
Fast food & take-out			Rec. equip. & services, excl. vehicles		
Taxi & other commuter service			Fast food & take-out		
Natural gas		E	Other household goods & services		
Rec. equip. & services, excl. vehicles		E	Fruit & nuts		
Fruit & nuts			Clothing accessories		
Fish & seafood		E C	Table service restaurants	L	
		-	Other cultural & rec. services		
Cafeterias & other restaurants		E E	Natural gas	L	
Rent		ŀ	Cafeterias & other restaurants	[	
Other cultural & rec. services		-	Furniture & textiles	[	
Other household goods & services		-	Health care goods	[	
Purchase & lease of passenger vehicles			Tenants' maintenance & repairs	Γ	
Table service restaurants			Fish & seafood	Γ	
Furniture & textiles		L	Tobacco products	Γ	
Health care goods		L	Taxi & other commuter service	Ē	
Household cleaning products			Rental of passenger vehicles	Γ	
Tobacco products		[	Household cleaning products	Ē	
Personal care services		Γ	Homeowners' replacement cost	Ē	
Clothing material		ſ	Personal care services	Ē	
Homeowners' replacement cost		ſ	Clothing material	Ē	
City bus & subway		l l	Passenger vehicle parts, maint. &		
Passenger vehicle parts, maint. &		ŀ	City bus & subway	ŀ	
Services related to furnish. & equip.		ŀ	Services related to furnish. & equip.	ŀ	
Property tax & other charges		ŀ	Property tax & other charges	ŀ	
Water		ŀ	Water	ŀ	
Rec. cannabis		ŀ	Rec. cannabis	ŀ	
Dairy & eggs		ŀ	Tenants' insurance premiums	F	
Child care & housekeeping services		ŀ	Child care & housekeeping services	ŀ	
		ŀ	Paper, plastic, aluminum foil	F	
Alcoholic beverages		ŀ	Dairy & eggs	ŀ	
Other food & non-alc. bev.		-	Home entertainment equipment	ŀ	
Homeowners' home & mortgage.		<u> </u>	Rail, highway bus, other		
Tenants' insurance premiums		Ļ	Homeowners' home & mortgage	}	
Other owned accom. expenses		Ļ	Alcoholic beverages	··	
Paper, plastic, aluminum foil			Reading material excl. textbooks	}	
Homeowners' maintenance & repairs		L .	Other food & non-alc. bev.	ł	
Electricity		•	Other owned accom. expenses	}	
Home entertainment equipment			Homeowners' maintenance & repairs	}	
Communications		•		}	
Household equipment			Electricity Footwear		
Vegetables		<b>1</b>		}	
Purchase & operation of rec. vehicles			Vegetables Fuel oil & other fuels	3	
Bakery & cereal					
Footwear			Household equipment		
Reading material excl. textbooks			Communications		
Travel services			Bakery & cereal		
Rail, highway bus, other			Purchase & operation of rec. vehicles	_ 4	
Fuel oil & other fuels			Travel services		pote
Gasoline	<b>.</b> .	-	Air transportation		ppts, NSA
		-	Gasoline		
Air transportation				0.350.390.250.290.150.190.050.00	00.050.10
	-20 -15 -10 -5	0	5 Sources: Scotiabank Economics, Sta		
	hatiatian Canada		sources, sectabank Econorfiles, su	acistics curriculu	

Chart 18

September Detailed Category Contributions to Monthly

Change in Canadian CPI

### SCOTIA FLASH

October 15, 2024

#### Chart 19



#### September Single-Month Components Included and Excluded from Bank of Canada Trim Core CPI Measure

## SCOTIA FLASH

													DDel 15, 2024	
Sep 2024			_		Weighted Contributions (ppts)*			5-Year	Pre-Pande	mic	10-Year Pre-Pandemic			
CA INFLATION COMPONENT BREAKDOWN	y/y % change	Pandemic trend (Jan 2019–Present		m/m % change, SA**	Weights (%)	у/у	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score	
Food	2.8 ~		0.0	0.0	16.69	0.46	0.00	2.1	1.7	0.4	2.2	1.5	0.4	
Food, stores	2.4 ~~	man mark	-0.1		10.72	0.26	-0.01	1.7	2.4	0.3	2.0	2.0	0.2	
Meat	3.1 👡	And a share and a share a shar	- 0.7	0.1	1.94	0.06	0.01	2.5	3.6	0.2	3.4	3.6	-0.7	
Fish & seafood	-1.6 🎤	man min	0.2	0.6	0.37	-0.01	0.00	2.9	1.4	-3.1	2.8	2.5	-1.7	
Dairy products & eggs	3.0	man mark	-0.1	-0.1	1.47	0.04	0.00	0.2	1.5	1.8	0.6	1.5	1.6	
Bakery & cereal products	-0.2	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	-1.0	-0.1	1.51	0.00	-0.02	0.5	2.1	-0.3	1.2	2.3	-0.6	
Fruit, fruit prep. & nuts	1.8 ~~	man month	- 0.4	0.7	1.25	0.02	0.00	1.8	4.4	0.0	2.0	3.5	-0.1	
Vegetables & vegetable prep.	4.0	mmm	0.8	0.3	1.25	0.05	-0.01	4.9	6.4	-0.1	3.6	5.8	0.1	
Other food & non-alcoholic beverages	3.1		-0.2	0.2	2.93	0.09	-0.01	1.0	1.5	1.4	1.3	1.7	1.1	
Food, restaurants	3.5		0.3		5.97	0.21	0.02	3.0	0.7	0.8	2.6	0.7	1.3	
Table service restaurants	3.2		0.1		3.49	0.11	0.00	2.9	0.6	0.6	2.6	0.6	1.0	
Fast food & take-out	4.3		0.5		1.63	0.07	0.01	3.2	1.2	0.8	2.6	1.2	1.4	
Cafeterias & other restaurants	3.4		0.2		0.85	0.03	0.00	3.0	0.6	0.7	2.6	0.7	1.2	
Shelter	5.0		0.1	0.0	29.15	1.45	0.03	1.8	0.6	5.4	1.7	0.8	4.	
Rented accommodation	8.0		0.2	0.2	7.37	0.59	0.01	1.3	0.8	8.4	1.3	0.6	11.3	
Rent	8.2		0.2	-	7.18	0.59	0.01	1.3	0.8	8.4	1.3	0.6	11.5	
Tenants' insurance premiums	-0.2		-0.2		0.12	0.00	0.00	1.1	1.6	-0.8	0.3	1.6	-0.3	
Tenants' maintenance & repairs	-0.4 \	Long - Long - Charles	1.2		0.08	0.00	0.00	2.2	1.0	-2.5	2.6	2.2	-1.4	
Owned accommodation	5.1		0.2		18.55	0.94	0.03	2.3	0.4	6.5	1.7	0.8	4.0	
Mortgage interest cost	16.7		0.9	0.9	5.58	0.93	0.05	2.1	3.6	4.1	-0.1	3.6	4.7	
Homeowners' replacement cost	-0.4		0.0	0.0	4.61	-0.02	0.00	1.9	1.7	-1.4	2.1	1.5	-1.7	
Property tax & other charges	4.9		0.0	0.1	2.43	0.12	0.00	2.4	0.6	4.4	2.8	0.7	3.1	
Homeowners' home & mortgage insurance	6.8	m marine have	-0.2	-0.2	1.50	0.10	0.00	5.2	2.3	0.7	4.5	2.6	0.9	
Homeowners' maintenance & repairs	0.7		-0.4	-0.4	1.85	0.01	-0.01	2.0	1.1	-1.2	2.0	1.4	-1.0	
Other owned accomodation expenses	-0.6		-0.3	0.3	2.58	-0.02	-0.01	2.0	1.2	-2.1	2.0	2.0	-1.6	
Water, fuel, & elec.	-2.2		-0.5	0.5	3.22	-0.07	-0.02	0.8	2.1	-1.4	2.5	3.4	-1.4	
Electricity	-0.6	man man man	-0.5	-0.5	1.68	-0.01	-0.01	1.2	4.4	-0.4	2.5	3.8	-0.8	
Water	4.0		0.0	0.3	0.74	0.03	0.00	3.7	0.9	0.3	4.9	1.4	-0.6	
Natural gas	-5.6 ~		0.5	0.5	0.59	-0.03	0.00	-1.3	9.0	-0.5	4. <i>5</i> 0.4	10.6	-0.6	
Fuel oil & other fuels	-22.0		-5.8	-5.8	0.21	-0.05	-0.01	-0.1	15.5	-1.4	5.1	14.2	-1.9	
Household operations, furniture & equipment	-0.2 ~~		-0.2	0.0	13.01	-0.03	-0.02	1.2	1.0	-1.4	1.4	0.9	-1.9	
Household ops.	-0.5 ~~	Another and the second	-0.1	0.0	8.74	-0.04	-0.01	1.3	1.1	-1.6	2.1	1.3	-2.0	
Communications	-5.1		-0.6	-0.5	2.58	-0.13	-0.01	0.0	2.8	-1.8	1.5	2.9	-2.3	
Child care & housekeeping services	1.4 ~~		-0.1	-0.8	0.75	0.01	0.00	3.4	1.4	-1.5	3.3	1.3	-1.4	
Household cleaning products	0.6	dan in dans inter	0.1	0.8	0.42	0.00	0.00	1.3	1.4	-0.3	0.8	1.9	-0.1	
Paper, plastic, aluminum foil	-4.7~	and the for the second	-0.4	1.0	0.42	-0.02	0.00	2.2	2.2	-0.3	2.0	2.0	-3.4	
Other household goods & services	-4.7		0.2	0.1	4.61	-0.02	0.00	1.8	0.5	-0.2	2.0	2.0	-0.7	
Household furnishings & equip.	0.1		-0.2	0.1	4.01 <b>4.27</b>	0.08	-0.01	1.8 0.8	0.5 1.7	-0.2	2.4 0.1	1.6	-0.1 0.0	
		and and the second the	0.1							- <b>0.4</b> 0.0				
Furniture & textiles	0.4	man and man and the	-0.7	-0.2	1.79 1.96	0.01 -0.02	0.00 -0.01	0.4 0.9	2.1 1.7	-1.2	-0.3 0.0	2.1 1.8	0.4 -0.6	
Household equipment	-1.0 1													
Services related to furnishings & equipment	3.5	man and broke and backets	- 0.0	0.4	0.35	0.01	0.00	2.4	1.8	0.6	2.7	2.9	0.2	
Clothing & footwear	-4.4	man mal have and a	0.9	0.0	4.6	-0.20	0.04	0.6	1.2	-4.2	0.3	1.4	-3.3	
Clothing	-6.0 M	when the provide the second	1.4	-0.5	2.98	-0.18	0.04	0.5	1.6	-4.0	-0.3	2.1	-2.7	
Footwear	-5.0	the state of the s		-1.3	0.64	-0.03	-0.01	0.4	1.2	-4.7	0.1	1.4	-3.6	
Clothing accessories	1.4 /~	man man	0.6		0.71	0.01	0.00	1.0	1.8	0.2	2.3	2.6	-0.4	
Clothing material	0.6 🗸	$\sim$	0.0		0.23	0.00	0.00	2.2	0.7	-2.4	2.7	1.2	-1.8	

## SCOTIA FLASH

												OCLODET 15, 2024		
Sep 2024					Weighted Contributions (ppts)* 5-Year Pre-Pandemic						10-Year Pre-Pandemic			
CA INFLATION COMPONENT BREAKDOWN	y/y% change	Pandemic trend (Jan 2019–Present)		m/m % change, SA**	Weights (%)	у/у	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score	
Transportation	-1.5	man	-2.4	0.0	16.9	-0.26	-0.41	1.7	3.1	-1.0	2.3	3.0	-1.3	
Private trans.	-1.4 ~	many many many many many many many many	-1.6		15.3	-0.21	-0.24	1.3	3.2	-0.8	2.2	3.2	-1.1	
Purchase, lease, rental of passenger vehicles	-1.0 <sub>M</sub>	wight have a summer and the second se	0.2		5.76	-0.06	0.01	2.3	1.5	-2.2	1.9	1.6	-1.8	
Purchase & lease of passenger vehicles	<u>-1.0</u>	and the second of the second o	<u>0.2</u>		<u>5.73</u>	-0.06	<u>0.01</u>	<u>2.3</u>	<u>1.5</u>	<u>-2.3</u>	<u>1.9</u>	<u>1.6</u>	<u>-1.8</u>	
Rental of passenger vehicles	<u>-4.9</u>		<u>1.2</u>	<u>6.0</u>	<u>0.03</u>	0.00	<u>0.00</u>	<u>1.4</u>	5.2	<u>-1.2</u>	<u>1.2</u>	<u>4.1</u>	<u>-1.5</u>	
Operation of passenger vehicles	-1.6 🗸	man	-2.7		9.52	-0.15	-0.25	0.7	5.7	-0.4	2.4	5.4	-0.7	
Gasoline	<u>-10.7</u> ~	man the man	<u>-7.1</u>	<u>-2.5</u>	4.09	-0.44	<u>-0.29</u>	<u>-0.6</u>	<u>13.5</u>	<u>-0.8</u>	<u>3.0</u>	<u>12.2</u>	<u>-1.1</u>	
Passenger vehicle parts, maintenance & repairs	2.7		<u>0.0</u>	<u>0.3</u>	2.50	<u>0.07</u>	<u>0.00</u>	<u>1.9</u>	<u>0.3</u>	<u>2.1</u>	<u>1.6</u>	<u>0.8</u>	<u>1.3</u>	
Other passenger vehicle expenses	<u>8.0</u>		<u>0.9</u>	<u>0.8</u>	<u>2.93</u>	0.24	<u>0.03</u>	2.4	<u>2.2</u>	<u>2.6</u>	<u>2.6</u>	<u>2.0</u>	<u>2.7</u>	
Public trans.	-2.5 🖉	Maynethor	-9.7		1.62	-0.04	-0.16	4.8	3.9	-1.9	3.4	3.7	-1.6	
Local & commuter transportation	1.7 ~		0.1	0.2	0.43	0.01	0.00	1.5	0.5	0.4	2.2	1.2	-0.5	
<u>City bus &amp; subway</u>	2.7 -	──── <sup>®</sup> \₽ <sup>™</sup> ─ <sup>®</sup> `\_ <mark>₽</mark> ──	0.0		0.31	0.01	0.00	2.1	0.7	0.8	2.8	1.4	-0.1	
Taxi & other commuter service	-0.5		0.5		0.12	0.00	0.00	0.1	0.8	-0.8	0.9	1.2	-1.2	
Inter-city transportation	-4.0		-13.4	-1.0	1.08	-0.04	-0.14	6.2	5.7	-1.8	3.9	5.8	-1.3	
<u>Air transportation</u>	-4.4		-14.3		1.00	-0.04	-0.14	6.5	6.2	-1.8	4.0	6.4	-1.3	
Rail, highway bus, other	2.1	man when the second sec	-3.7		0.09	0.00	0.00	2.7	1.8	-0.3	2.0	4.2	0.0	
Health & personal care	3.1		0.5	0.0	5.23	0.2	0.03	1.4	0.4	4.2	1.3	0.9	2.1	
Health care	3.3		0.5		2.56	0.1	0.01	1.3	0.6	3.4	1.1	0.8	2.7	
Health care goods	1.9	man and a second	0.1	0.1	1.44	0.0	0.00	0.5	0.7	1.9	-0.1	1.1	1.8	
Health care services	5.3		1.0	0.7	1.12	0.1	0.01	2.5	0.6	5.1	2.9	0.8	3.1	
Personal Care	2.7	man and a man	0.5		2.67	0.1	0.01	1.5	0.5	2.3	1.5	1.2	1.1	
Personal care supplies & equipment	1.6	man and a man and and a man an	0.7	0.5	1.84	0.0	0.01	0.4	0.9	1.3	0.5	1.6	0.7	
Personal care services	5.4 _		0.0	0.4	0.83	0.0	0.00	2.9	0.7	3.4	2.7	1.4	1.9	
Recreation, education & reading	0.0~		-0.4	0.0	10.27	0.0	-0.04	1.7	0.8	-2.2	1.3	0.9	-1.5	
Recreation	-0.4 ~	man marked and marked and and and and and and and and and an	-0.80		8.22	-0.03	-0.07	1.4	1.0	-1.7	0.6	1.2	-0.8	
Recreational equipment & services, excl. vehicles	-0.6	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	0.4	-0.1	2.10	0.0	0.01	-0.8	1.6	0.1	-2.2	2.0	0.8	
Purchase & operation of recreational vehicles	1.7 👡	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	-1.0	2.0	1.77	0.0	-0.02	2.6	1.8	-0.5	1.9	2.0	-0.1	
Home entertainment equipment	-8.2 _	man man	-0.5	-0.8	0.66	-0.1	0.00	-3.8	2.0	-2.2	-4.9	2.2	-1.5	
Travel services	-2.8	man	-3.2	0.0	1.79	-0.1	-0.06	0.8	2.9	-1.2	0.4	2.8	-1.1	
Other cultural & rec. services	3.8	man - man	0.2	0.3	1.91	0.1	0.00	3.5	1.1	0.4	3.4	1.4	0.3	
Educ. & reading	1.9 ~		1.55		2.05	0.04	0.03	2.5	1.4	-0.4	3.0	1.1	-0.9	
Education	2.1		1.9	-0.2	1.83	0.0	0.03	2.4	1.4	-0.2	3.0	1.2	-0.7	
Reading material excl. textbooks	0.6	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	-1.8	-1.8	0.22	0.0	0.00	3.8	2.8	-1.2	3.2	2.9	-0.9	
Alcoholic beverages, tobacco & rec. cannabis	3.0	And	-0.1	0.0	4.20	0.1	0.00	3.2	1.2	-0.1	2.7	1.3	0.2	
Alcoholic beverages	2.2 -		-0.13		2.69	0.06	0.00	1.7	0.5	1.0	1.4	0.7	1.2	
Alc. beverages served in licensed establishments	2.3	man man	0.2	0.4	0.77	0.0	0.00	1.8	0.6	0.7	2.0	0.7	0.4	
Alc. beverages purchased from stores	2.2 🗤		-0.3	0.0	1.92	0.0	-0.01	1.7	0.7	0.8	1.1	1.1	1.1	
Tobacco products	5.6	aman	0.06		1.11	0.06	0.00	5.6	2.1	0.0	4.8	2.8	0.3	
Cigarettes	6.1	Aman	0.1		0.94	0.1	0.00	5.6	2.1	0.2	4.8	2.8	0.5	
Other tobacco products & supplies	1.6	amount man	-0.4		0.16	0.0	0.00	5.6	2.0	-2.0	4.9	2.6	-1.3	
Rec. cannabis	0.7		0.00		0.50	0.00	0.00							

\*Number may not add due to rounding \*\* Only available for components that are tracked on a seasonally adjusted basis.

Sources: Scotiabank Economics, Statistics Canada.

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