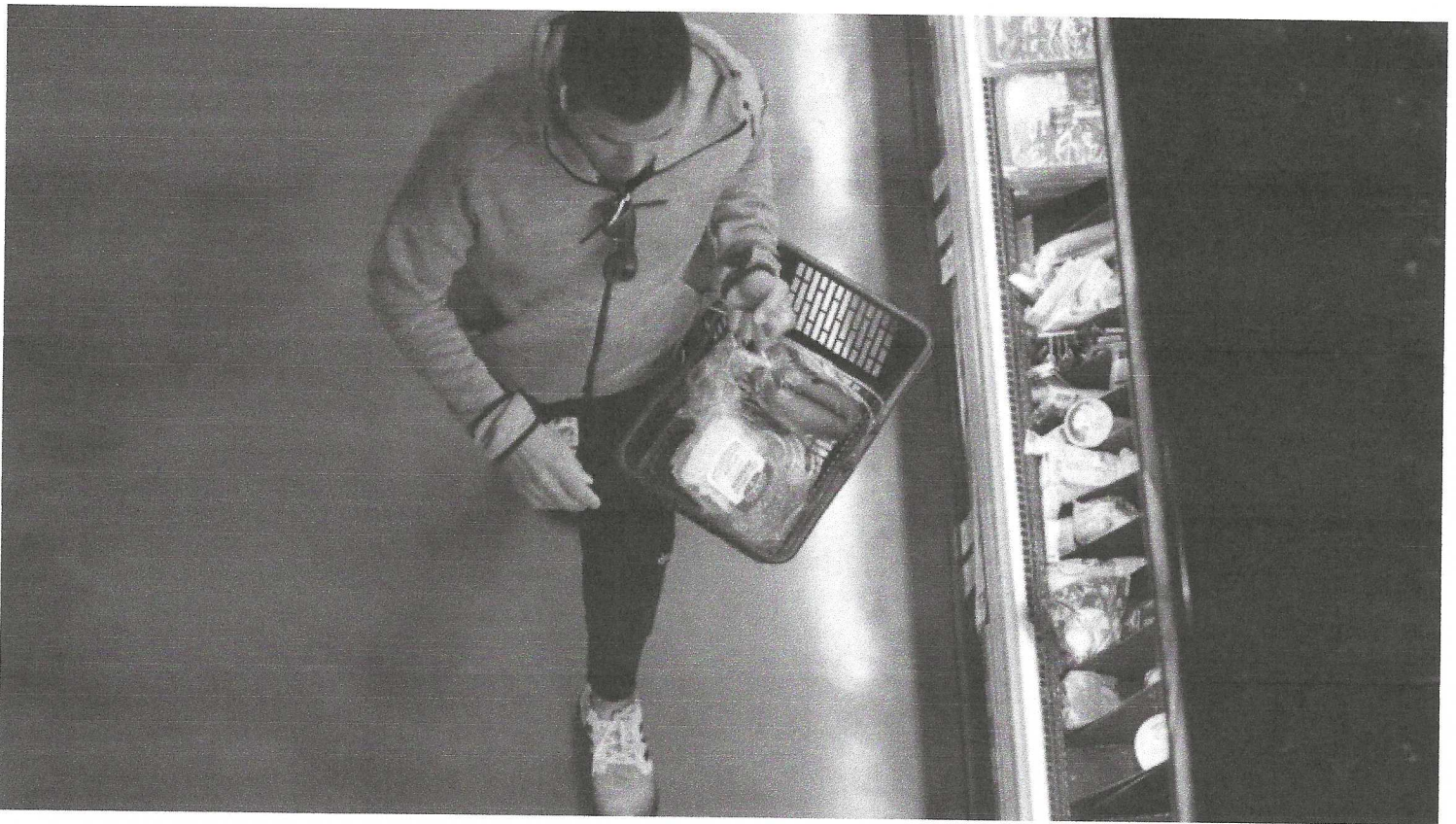


Business

Food keeps getting more expensive even as overall inflation slows

Economists had been expecting rate to decline by even more

Pete Evans · CBC News · Posted: Oct 19, 2022 8:37 AM ET | Last Updated: October 19



Food prices have increased by 11.4 per cent in the past year. That's the fastest annual pace since 1981. (George Frey/Bloomberg)



Canada's official inflation rate slowed for the third month in a row in September, even as many goods and services continued to get more expensive.

Statistics Canada reported Wednesday that the consumer price index declined to 6.9 per cent in September, down from seven per cent in August.

The rate seems to have peaked at a 40-year high of 8.1 per cent in June.

Economists had been expecting an even bigger drop off, to about 6.7 per cent, but food prices pulled the headline number up.

Food purchased at stores increased at a pace of 11.4 per cent. That's the fastest pace of increase in grocery bills since August 1981.

Some of the price increases in the grocery aisle in the past year are eye-popping:

- Cereals are up 17.9 per cent.
- Baked goods are up 14.8 per cent.
- Fresh fruit is up by 12.9 per cent.
- Fresh vegetables are up by 11.8 per cent.
- Dairy products are up by 9.7 per cent.
- Meat prices are up by 7.6 per cent.

The number means food inflation is almost twice as much as the overall inflation rate. Food inflation has now been higher than the overall rate for 10 months in a row.

Food prices may keep climbing

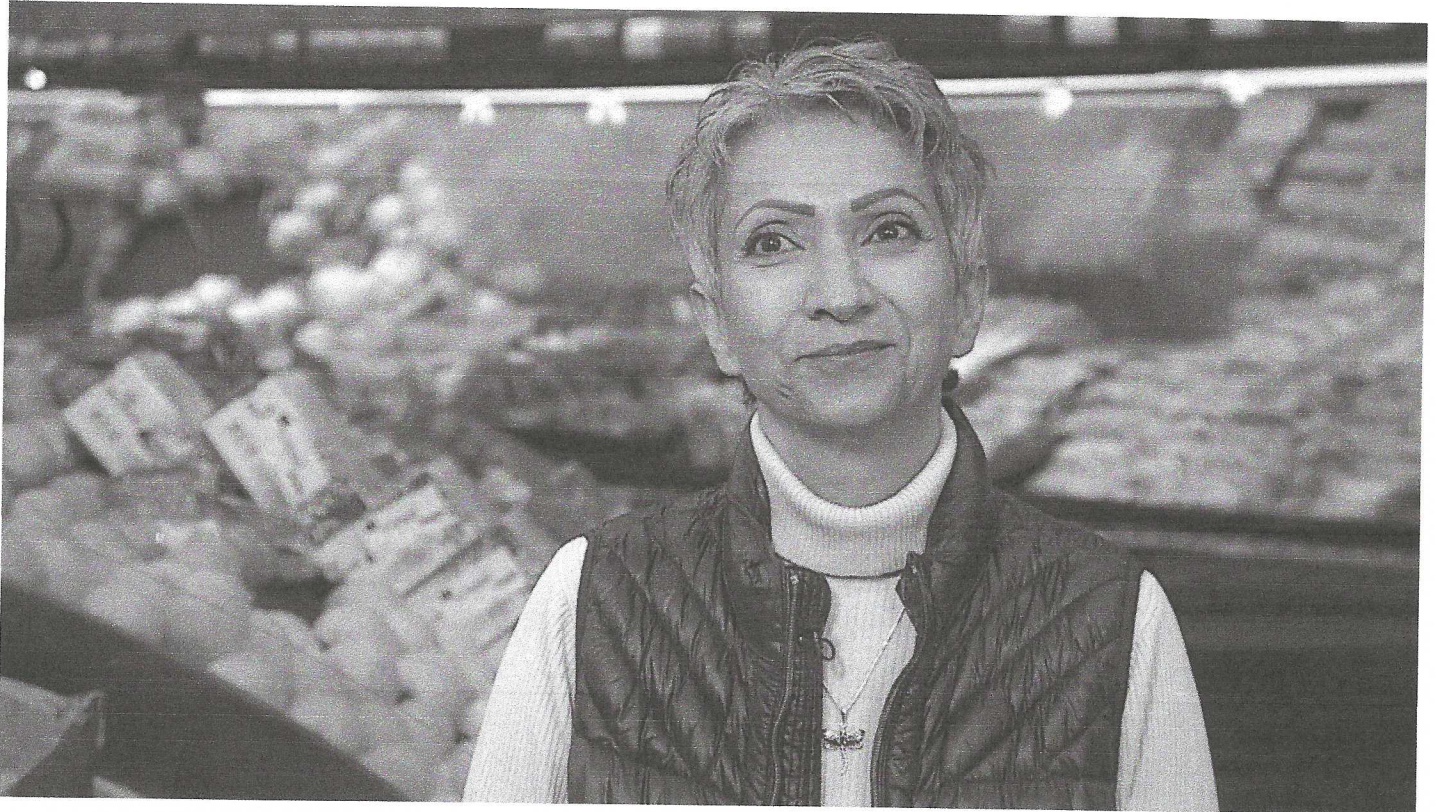
Worse still, there's reason to fear that food prices may keep going higher for seasonal and currency reasons.

"We have a weak Canadian dollar right now and we import a lot of what we consume," economist Derek Holt with Scotiabank said in an interview.

- **ANALYSIS** Supply chains are healing, so why is inflation still so high?

Drought conditions in food-producing parts of Europe and the United States will also push up prices for Canadian shoppers.

"We're headed in the right direction, I think, as supply chains adjust — but it's still going to require some patience," Holt said.



Independent grocer Sue Ghebari says her wholesale costs have increased by more than her prices have this year. (CBC)

While major grocery chains have enough control over their supply chains to put pressure on suppliers to keep prices low, that isn't the case for independent grocers like Sue Ghebari, co-owner of MRT Family Foods in Calgary.

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She says her costs on the wholesale side are up by between 25 to 30 per cent, an increase she can't pass on to customers because she'll lose them.

"We've tried not to increase prices too much because increasing prices doesn't necessarily mean you're going to sell the item," she said. "If it's too expensive it's not going to get bought."

Shoppers blame big grocery chains

In Toronto, shopper John Romanelli says the cost of food is "atrocious" right now and he places the blame squarely at the feet of the big grocery chains.

"They've never made more money than they are today," he told CBC News in an interview Tuesday. "We just went through two years of COVID and they're making millions off us. ... All they're doing is pocketing everyone's hardship."

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Food prices in Canada rose at the fastest pace since 1981, despite Statistics Canada's latest figures showing overall inflation cooling down for the third month in a row.

Gasoline prices, which were a major contributor to inflation earlier in the year, have now fallen for three months in a row. They're still, on average, 13 per cent higher than they were a year ago, but they fell by more than seven per cent during the month of September.

The lone exception to the pump price trend was B.C., where unexpected oil refinery shutdowns led to the price of gasoline spiking all over the province. Pump prices were up by 27 per cent during the month.

Gas prices have risen this month across the country, something that may lead to an unpleasant surprise in next month's inflation data. "Given that those prices have since reversed, the next month could see headline inflation temporarily heading in the wrong direction," said CIBC economist Karyne Charbonneau.

- **ANALYSIS [Inflation biting into your grocery bill? Follow the food from farm to fork to see why](#)**

Food and energy prices are always volatile, which is why the data agency strips those out of some of its numbers to calculate to get a better sense of the underlying price pressures in the overall economy.

The data agency tabulates three measures — CPI-median, CPI-trim and CPI-common — that taken together are known as "core inflation."

The core rate was unchanged at 5.3 per cent during the month, a disturbing sign that inflation is starting to become entrenched even as the Bank of Canada has been hiking rates aggressively to rein it in.

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Charbonneau says the biggest thing the central bank will take away from the latest inflation numbers is the need for higher rates to further cool demand.

"The Bank of Canada has clearly not slayed the inflation dragon yet and is therefore set for another large rate hike next week."

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