15TH EDITION

CANADA'S FOOD PRICE REPORT 2025

DALHOUSIE UNIVERSITY

THE UNIVERSITY OF BRITISH COLUMBIA

UNIVERSITY of GUELPH

UNIVERSITY OF SASKATCHEWAN

15TH EDITION

The 2025 Canada's Food Price Report marks the 15th edition of this annual publication

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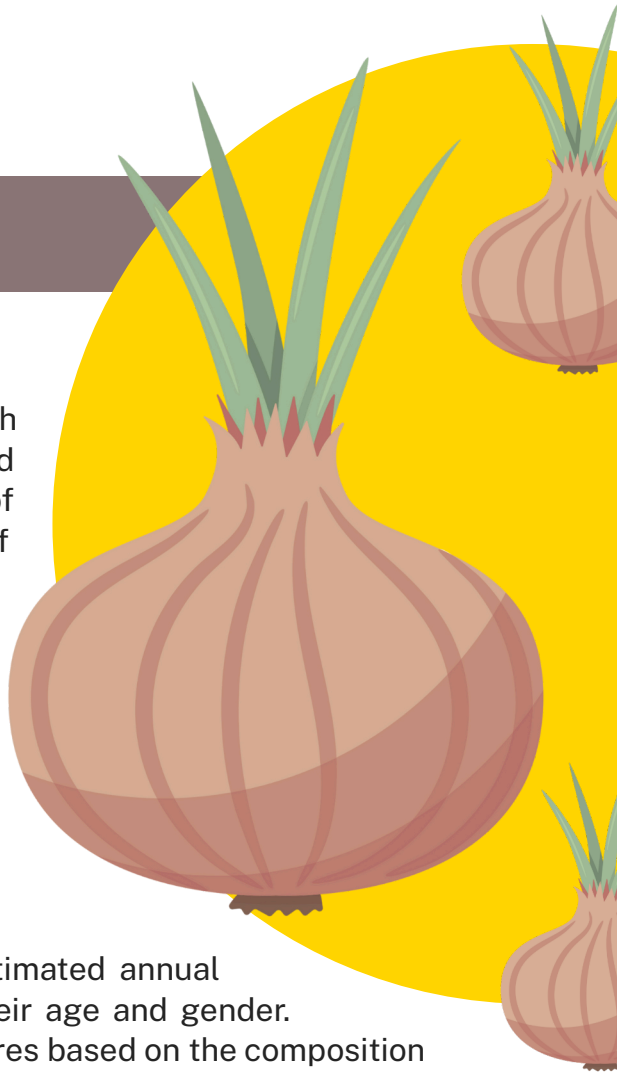
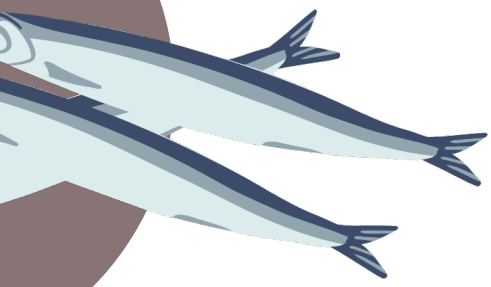


The 2025 Canada's Food Price Report marks the 15th edition of this annual publication. This report is produced collaboratively by Dalhousie University, University of Guelph, University of British Columbia, and University of Saskatchewan. Each of these universities contributes to enriching the report's scope and regional expertise.

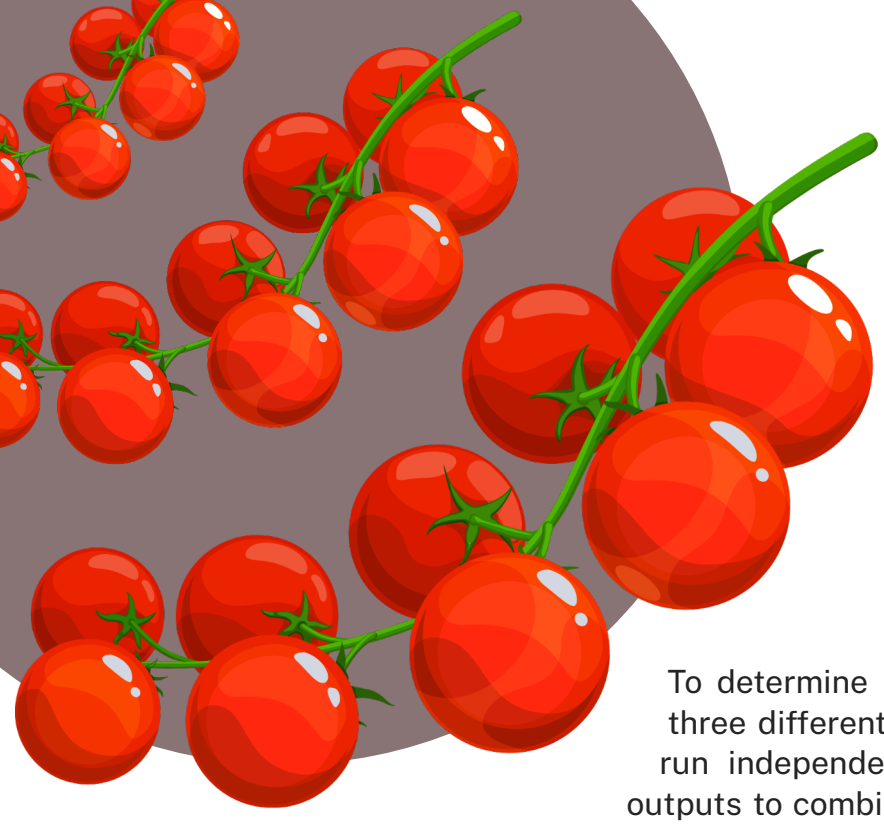
Last year's report predicted there would be an overall price increase of 2.5% to 4.5% in 2024. The current rate for food price increases is within the predicted range at 2.8% according to the latest available CPI data.[1] By category, all price changes were either within or below the anticipated range for 2024.

The report also provides readers with predictions on estimated annual food expenditures for individual consumers based on their age and gender. This allows readers to predict their annual food expenditures based on the composition of their household.



"Our relationship with food is changing as we pay more attention to food prices than ever before, shifting our behaviours around purchasing and consumption."

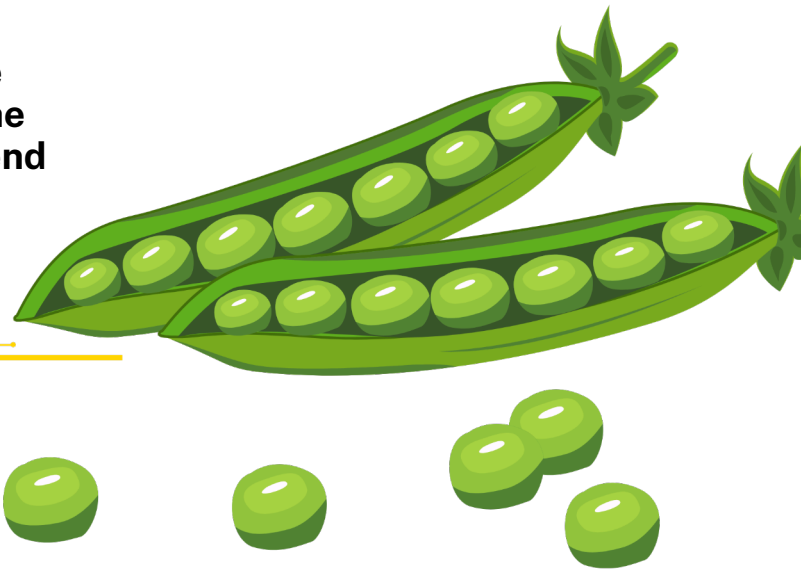
[1] Statistics Canada. (October 30, 2024). Consumer Price Index, monthly percentage change, seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife–Food. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000403



Based on the 2024 predictions, the total annual expenditure for a family with the following demographic composition: a man (aged 31-50), a woman (aged 31-50), a boy (aged 14-18), and a girl (aged 9-13), was projected to be $16,297.20. Based on the observed changes in 2024, a family with the same demographic makeup spent $16,032.07, a difference of $265.13.

To determine the anticipated change in food prices, three different machine learning and AI models were run independently. Experts then weighed in on the outputs to combine the use of AI and expert knowledge. To forecast the cost for families in 2025, we determine the anticipated change, use the highest end of the predicted scale (for this year 5%), and multiply the observed costs in 2024 by this figure. This unique process has parallels to what is known as Kasparov's Law. In a website chess tournament hosted in 2005, the winners were not grandmasters and their machines; rather they were two amateur chess players using three different computers.[2] This showed that small teams of good players backed by AI were the best chess players–like the team that works to provide the predictions in this report.

"Looking ahead to 2025, we are expecting a family of four with the same demographic makeup to spend $16,833.67, an increase of up to $801.56 from last year."



[2] Phillips-Levine, T., Kanaan, M., Phillips-Levine, D., Mills, W., and Spataro, N. (2022). Weak Human, Strong Force: Applying Advanced Chess to Military AI. Retrieved from https://www.kasparov.com/weak-human-strong-force-applying-advanced-chess-to-military-ai-war-on-the-rocks-july-7-2022/

For 2025, the report uses the same food categories and makes the predictions shown in Table 1:

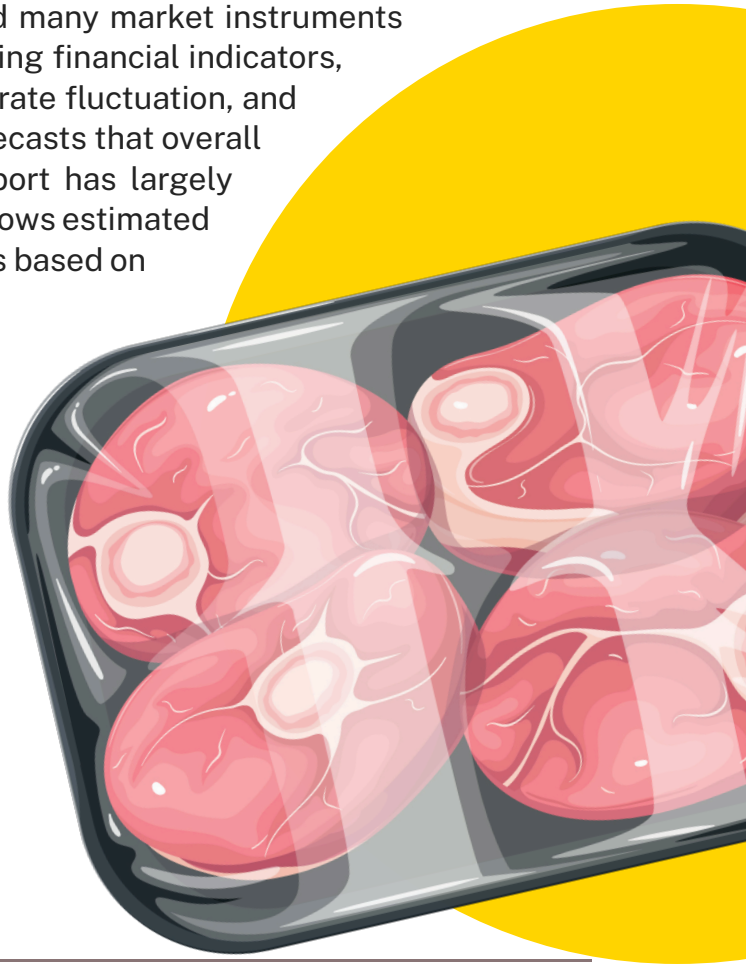
Table 1: 2025 Food Price Forecasts

Food Categories	Anticipated Changes %
Bakery	2% to 4%
Dairy	2% to 4%
Fruit	1% to 3%
Meat	4% to 6%
Other	2% to 4%
Restaurants	3% to 5%
Seafood	1% to 3%
Vegetables	3% to 5%
Total Increase in Food Prices	**3% to 5%**

Over the last 15 years, this report has considered many market instruments and macroeconomic factors in its forecast, including financial indicators, recession signals, currency values and exchange rate fluctuation, and Canada-specific information. The 2025 report forecasts that overall food prices will increase by 3% to 5%. This report has largely maintained the same approach as last year and shows estimated annual food expenditures by individual consumers based on their age and gender.

Looking ahead to 2025, we are expecting a family of four with the same demographic makeup to spend $16,833.67, an increase of up to $801.56 from last year.

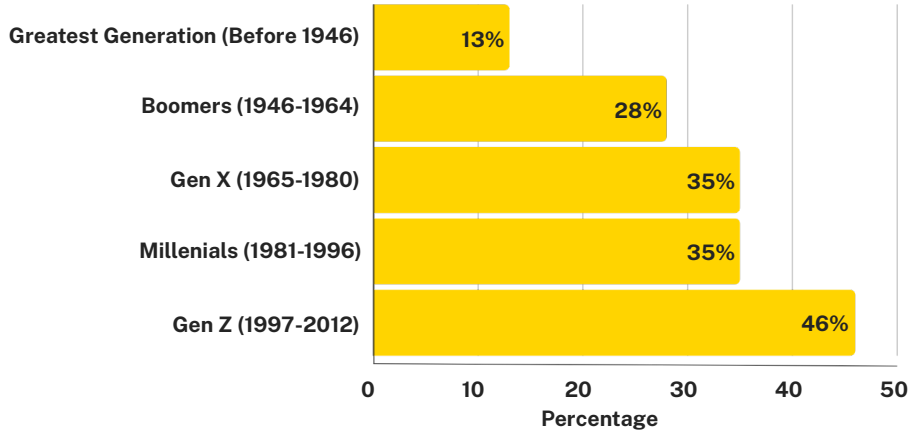
This year's report considers the following factors potential contributors to price increases: climate events, labour disputes, new policies, the U.S. election, and exchange and interest rates.



"Despite more stable food prices, food insecurity levels and food bank usage in Canada are at an all-time high."

Over the past year, the public has continued to pay close attention to food prices, and some have changed their behaviour, seeking more deals as they shop for groceries. The Canadian Food Sentiment Index published this year found that 48.2% of respondents sought more sales and discounts, while others used different methods to save, such as buying fewer non-essential food items (22%), switching to cheaper brands (21.6%), or shopping at cheaper stores (24.9%).[3] In addition to money-saving techniques there is a growing reliance on hunger-relief organizations including food banks. In March 2024 the Food Banks Canada Hunger Count reported there were over 2 million visits to food banks in the country, marking a 6% increase compared to 2023 and a 90% increase compared to 2019.[4] This latest figure marks the highest food bank usage in history. Figure 1 uses a recent survey to show the number of individuals by generation that had to use savings or borrow money to buy food.[5] This may indicate that younger individuals are facing significant economic pressure, possibly due to rising food costs, high cost of living, or unstable early-career employment due to volatile job markets.

Figure 1: Percentage of Respondents Drawing from Savings or Borrowing Money to Purchase Food per Generation



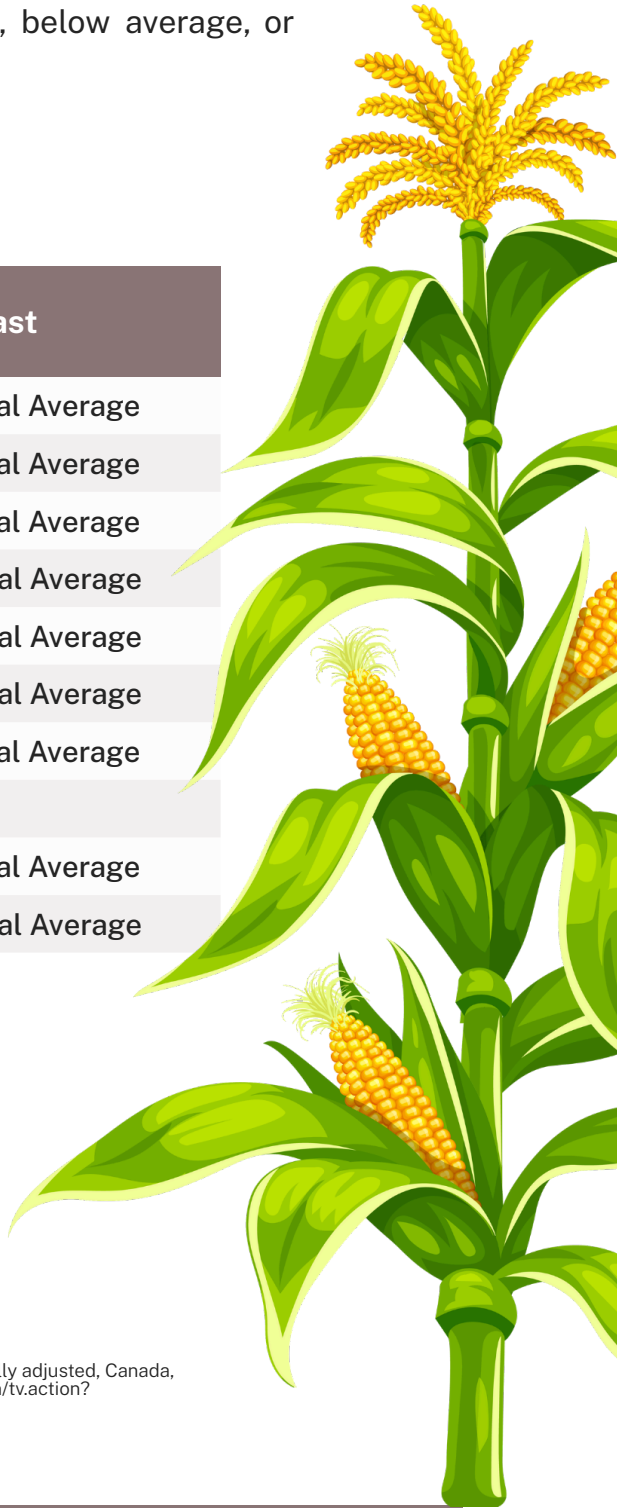
[3] Agri-Food Analytics Lab. (October 10, 2024). Canadian Food Sentiment Index. Retrieved from https://www.dal.ca/sites/agri-food/research/canadian-food-sentiment-index.html
[4] Food Banks Canada. (2024). Hunger Count 2024. Retrieved from https://foodbankscanada.ca/hungercount/
[5] Agri-Food Analytics Lab. (October 10, 2024). Canadian Food Sentiment Index. Retrieved from https://www.dal.ca/sites/agri-food/research/canadian-food-sentiment-index.html

In 2025, it is anticipated that Canadians will continue to feel the impact of food inflation, though at a moderate level between 3% and 5%.

Table 2 shows whether provinces will experience above average, below average, or average increases in food prices. This is determined using TimeGPT to furnish historical Consumer Price Index (CPI) data for each good, including meat, dairy, fish, fruit, bakery, restaurant, and other. The average of these predicted values then determines whether the increase will be above average, below average, or average.

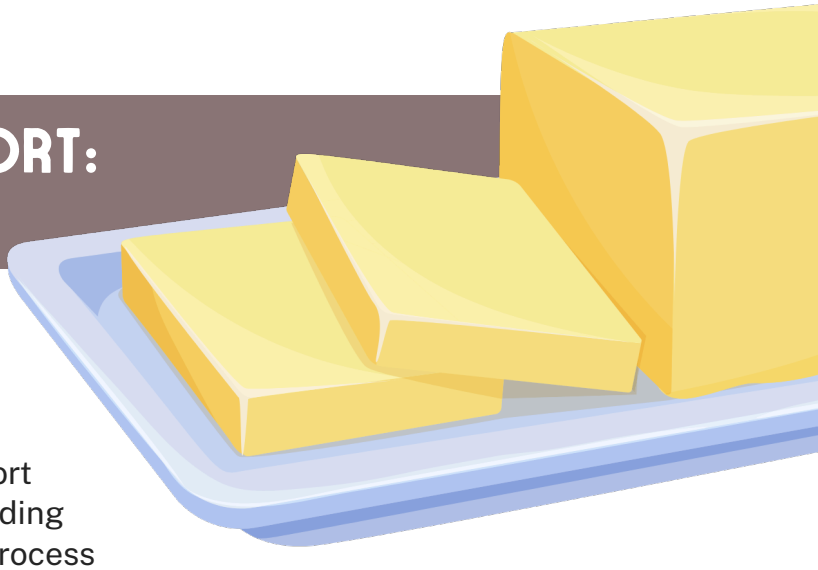
Table 2: 2025 Provincial Breakdown of Food Prices

Province	2024 Change[6]	2025 Forecast
Alberta	3.2%	Below National Average
British Columbia	2.8%	Below National Average
Manitoba	3.3%	Below National Average
New Brunswick	3.1%	Above National Average
Newfoundland and Labrador	3.8%	Above National Average
Nova Scotia	2.7%	Above National Average
Ontario	3.1%	Below National Average
Prince Edward Island	3.1%	Average
Saskatchewan	2.8%	Below National Average
Quebec	1.8%	Above National Average



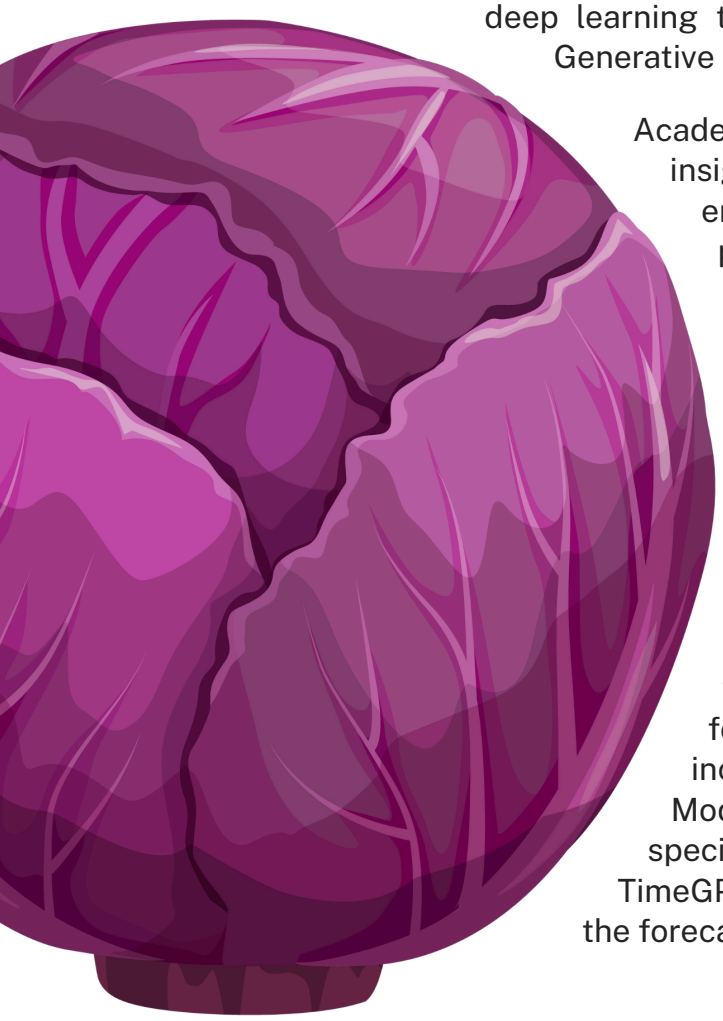
[6] Statistics Canada. (October 30, 2024). Consumer Price Index, monthly percentage change, seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife–Food. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000403

CANADA'S FOOD PRICE REPORT: 2025 FORECAST



Methodology

The 15th edition of Canada's Food Price Report utilizes predictive analytics models, including machine learning, to support the analytical process of forecasting future food prices and trends. Produced collaboratively by Dalhousie University, University of Guelph, University of Saskatchewan, and University of British Columbia, the report maintains its focus on food prices in Canada while providing valuable insights into industry trends. Dalhousie University harnesses its predictive analytics capabilities, drawing expertise from the faculties of Agriculture, Management, and Computer Science to develop the forecasts. The University of Guelph leverages its partnership with the Vector Institute and expertise in deep learning to explore novel trends in forecasting, including Generative AI approaches.

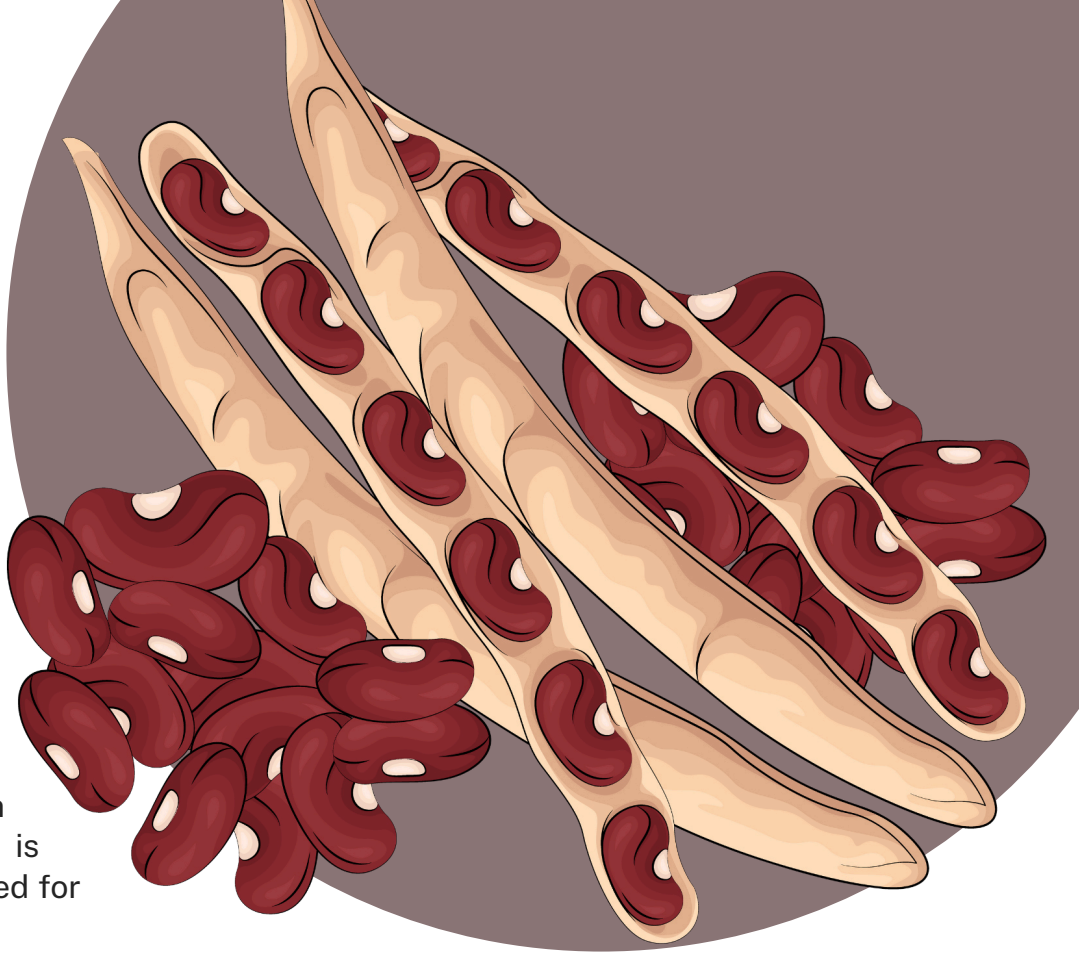


Academics from the participating universities provided insight and expertise from a wide range of disciplines, encompassing macroeconomics factors driving food prices, trends, and expectations for the agri-food industry in the coming year. Taking an interdisciplinary approach, climate variables, domain expertise, and economic variables among other factors are considered.

Building on the Vector Autoregressive Model, traditional statistical models like ARIMA, and modern machine learning approaches used in recent editions of the report, this year's methodology introduces Transformer-based foundation models to further enhance our forecasting capabilities. These new additions include innovative ways to use Large Language Models to make predictions in natural language and specialized time-series foundation models such as TimeGPT and Chronos. Together, these methods provide the forecast for 2025.

ARIMA Model

The autoregressive integrated moving average (ARIMA) model is a statistical model for time series that accounts for the autoregressive and moving average of the data. This model also addresses through differencing. The best parameters were then determined. This model is flexible and well-established for time series predictions.



Vector Auto Regression Model

Vector Auto Regression (VAR) models can capture the dynamic interdependencies among multiple time series variables. This model uses endogenous variables such as the CPI food categories, U.S. food CPI, and hourly wages. This helps account for the influence of U.S. food prices on Canadian markets and how hourly wages can impact consumer spending and inflation. Exogenous variables are also included. These include the CAD/USD exchange rate, overall inflation in Canada, the global energy price index, and lag of the CAD/USD exchange rate. The exchange rate affects the prices of imported goods, which can influence prices of food, and similarly the global price index can impact food production and transportation costs.

Large Language Models

Recent research has demonstrated the ability of Large Language Models (LLM) to complete tasks beyond generating text. LLMs are trained on huge amounts of online information, some of which may be helpful in predicting and understanding food price dynamics. This exposure allows LLMs to build some prior knowledge about the world and relationships between different exogenous variables. In this year's report, LLMs were used in two ways: (1) as forecasting models, and (2) as data feature selectors (picking the most important influencing factors from available data) for LLM-based and other forecasting models.

Time-Series Foundation Models - Time-GPT Chronos

Time-GPT is a foundation model for forecasting time series data. This is neural network model is trained on a wide range of data and can predict patterns. In this model, there is greater consideration of more recent observations. To predict food prices, it received CPI data, cargo rates, interest rates, and other inputs to create a prediction. Similarly, Chronos, another foundation model for time-series forecasting, was used to provide exogenous variables such as climate data (e.g., drought measures and El Niño strength), as well as economic and geopolitical factors.

2025 MACROECONOMIC FACTORS AND DRIVERS

Table 3 summarizes a range of macroeconomic drivers for Canada's food prices as they have a substantial influence in a global context, the food and agriculture sector, and the broader Canadian economy. These variables encompass climate change, geopolitical conflicts, input and energy costs, inflation, currencies and the trade environment, food and retail distribution, food processing, policies and regulations, consumer awareness and trends, and consumer debt and disposable income. These variables play a pivotal role in shaping the projected food prices for Canada in 2025.

Table 3: Macroeconomic Drivers for Canada's Food Prices in 2025

Variables	Categories	Impact	Price Effects	Likelihood
Macro-Level	Climate Change	Very Significant	Variable	Very Likely
	Geopolitical Risks	Very Significant	Variable	Likely
	Input Costs	Moderate	Decrease	Likely
	Energy Costs	Moderate	Decrease	Very Likely
	Inflation	Significant	Variable	Likely
	Currencies & Trade Environment	Very Significant	Increase	Likely
Sectoral-Level	Food Retail & Distribution	Moderate	Variable	Likely
	Food Processing	Moderate	Increase	Very Likely
	Policies & Regulations	Very Significant	Variable	Very Likely
	Consumer Awareness & Trends	Very Significant	Decrease	Likely
Domestic-Level	Consumer Indebtedness	Very Significant	Decrease	Very Likely
	Consumer Disposable Income	Very Significant	Decrease	Very Likely

"Climate change and geopolitical factors are likely to continue driving increased uncertainty in food distribution and prices in Canada throughout 2025."

FOOD PRICES BY PROVINCE

For the year 2025, Canada is expected to see food inflation at a moderate rate, as outlined in Table 4. This anticipated rise in food prices can be attributed to climate challenges, supply chain issues such as disrupted shipping due to labour disputes and a shortage of 20,000 drivers as of last year, as well as increased commodity prices.[7] It is predicted that all provinces may experience price increases of up to 5% in the coming year.

Table 4: 2025 Provincial Breakdown of Food Prices

Province	2024 Change [8]	2025 Forecast
Alberta	3.2%	Below National Average
British Columbia	2.8%	Below National Average
Manitoba	3.3%	Below National Average
New Brunswick	3.1%	Above National Average
Newfoundland and Labrador	3.8%	Above National Average
Nova Scotia	2.7%	Above National Average
Ontario	3.1%	Below National Average
Prince Edward Island	3.1%	Average
Saskatchewan	2.8%	Below National Average
Quebec	1.8%	Above National Average

[7] Ore, J. (April 25, 2024). New truckers in Canada aren't being trained well enough. How do we fix that? Retrieved from https://www.cbc.ca/radio/thecurrent/truck-driver-training-insurance-bureau-canada-1.7183448#:~:text=Trucker%20shortage%20in%20Canada&text=The%20country%20had%20over%2020%2C000,to%20rise%20to%2030%2C000%20vacancies.

[8] Statistics Canada. (October 30, 2024). Consumer Price Index, monthly percentage change, seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife–Food. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000403

THE 2025 WATCH-LIST ITEMS

In summary, food prices could rise by as much as 5% in 2025, with the most significant increases ranging from 4% to 6% in the meat category, as illustrated in Table 5.

Table 5: 2025 Food Price Forecasts

Food Categories	Anticipated Changes %
Bakery	2% to 4%
Dairy	2% to 4%
Fruit	1% to 3%
Meat	4% to 6%
Other	2% to 4%
Restaurants	3% to 5%
Seafood	1% to 3%
Vegetables	3% to 5%
Total Increase in Food Prices	**3% to 5%**

In Canada's Food Price Report 2025, we have continued to use an approach that takes into account the diverse household compositions found across the country. Annual food expenditures are predicted by considering the age and gender of individual consumers, shown in Table 6. This methodology enables Canadians to make annual expenditure predictions that reflect the composition of their households, whether they consist of an individual living alone, a single-parent-led family, or a multi-generational family, among other scenarios.

Table 6: Predicted Food Expenditures for Individual Consumers 2025

Demographics		Predicted Cost
Child	6-11 Months	$3,189.01
	1-3 Years	$2,440.66
Boy/Man	4-8 Years	$3,184.18
	9-13 Years	$4,099.56
	14-18 Years	$4,809.98
	19-30 Years	$4,526.82
	31-50 Years	$4,308.35
	51-70 Years	$4,184.82
	70+ Years	$4,022.23
Girl/Woman	4-8 Years	$3,049.64
	9-13 Years	$3,849.74
	14-18 Years	$3,997.09
	19-30 Years	$3,941.56
	31-50 Years	$3,865.60
	51-70 Years	$3,784.96
	70+ Years	$3,620.36
Pregnant Woman	< 18 Years	$4,617.05
	19-30 Years	$4,493.36
	31-50 Years	$4,445.78
Nursing Woman	<18 Years	$4,511.97
	19-30 Years	$4,493.36
	31-50 Years	$4,455.68

Table 7 presents various household compositions and their anticipated annual food expenditures for the year 2025. For instance, if we consider a family comprising an adult man (31-50 years old), an adult woman (31-50 years old), a teenage boy (14-18 years old), and a girl (9-13 years old), the annual food expenditure is projected to be up to $16,833.67 in 2025. **This reflects an increase of up to $801.56 compared to the observed annual expenditure for a family with the same demographic composition in 2024.**

"We expect food prices in 2025 to increase at a slightly higher pace than in 2024."

Table 7:
Examples of Canadian Households and Predicted Annual Food Expenditure 2025

Household Demographics	Total Predicted Food Expenditure 2025
Four People: Man (31-50), Woman (31-50), Boy (14-18), Girl (9-13)	$16,833.67
Three People: Woman (19-30); Boy (4-8), Child (1-3)	$9,566.40
Four People: Two Women (31-50), Girl (14-18), Boy (9-13)	$15,827.86
Two People: Man (51-70), Woman (51-70)	$7,969.78
Six People: Woman (70+Years), Man (31-50), Woman (31-50), Girl (9-13), Boy (4-8), Child (6-11 Months)	$22,017.24
Two People: Man (19-30), Pregnant Woman (19-30)	$9,020.18

While Tables 6 and 7 provide a helpful estimation of costs for households in the coming year, it is important to note that the data presented has its limitations. First, while it is based on a conservative 5% assumed food waste, this number may be higher. Secondly, the calculated expenditures do not account for food service expenses such as delivery fees, service charges for online grocery orders or pickup, or additional costs associated with specialized diets. These calculations assume that Canadians are exclusively preparing and consuming meals at home.

WHAT TO EXPECT IN 2025

Exchange Rates & Commodity Prices

Canada imports high volumes of food – especially during the winter.[9] When importing large amounts of food, exchange rates play a role in the prices seen in store. When the value of the Canadian dollar is lower than the U.S. dollar, it means that more Canadian dollars are needed to purchase food from U.S. farmers or manufacturers, increasing the price Canadians pay at the grocery store. The value of the Canadian dollar is likely to remain low against the U.S.; the current rate is 1.3866 CAD to USD.[10] This, coupled with increased commodity prices, will impact the price of food for Canadians. Globally, wheat production was impacted by droughts in North America, wet conditions in Europe, and the ongoing illegal invasion of Ukraine, causing a 1.68% increase in trade price from 2023. Other commodities such as coffee, cocoa, and citrus have seen significant price increases in the past year. Cocoa prices reached a 45-year high in 2023 and continue with a 111.20% increase in trade price. As well, coffee experienced a 60.56% increase in trade price.[11]

"The weakening of the Canadian dollar against the American dollar will likely reduce the buying power of Canadian importers in 2025."

[9] Bank of Canada. (July 2024). What drives up the price of groceries. Retrieved from https://www.bankofcanada.ca/2024/07/what-drives-up-the-price-of-groceries/
[10] Bank of Canada. (November 12, 2024). Currency Converter. Retrieved from https://www.bankofcanada.ca/rates/exchange/currency-converter/
[11] Trading Economics (2024). Commodities. Retrieved from https://tradingeconomics.com/commodities

Cost of Living in Canada

In August, Statistics Canada reported that 45% of Canadians say that rising prices are greatly impacting their ability to meet daily expenses – a 12% increase from two years ago.[12] As many as 51% of Canadians have changed their spending habits to save money and make ends meet. To combat the strain of inflation, Canadians have turned to practices like carpooling, buying in bulk, and sharing subscriptions. Further, studies have found that 28% of Canadians have resorted to eating less to save money. [13]

The single largest expense faced by Canadians is the cost of housing. For homeowners, fixed-year mortgage rates are typically tied to the bond yield, and variable rates are tied to Bank of Canada rates. The discounted 5-year fixed rate was 2.37% in September 1, 2019, and as of September 1, 2024, stands at 3.94%.[14] Although the Bank of Canada announced a decrease of 50 basis points in October to keep inflation between 1% and 3%,[15] Canadians with fixed-rate mortgages will likely have less money even with rate cuts impacting household budgets.

"Lower interest rates will certainly help Canadian families as households in our country are more in debt than those in the United States."

[12] Statistics Canada. (August 15, 2024). Nearly half of Canadians report that rising prices are greatly impacting their ability to meet day-to-day expenses. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/240815/dq240815b-eng.htm
[13] Paglinawan, D. (October 16, 2024). 'Harsh reality': Many Canadians are eating less, sharing expenses due to rising cost of living. Retrieved from https://financialpost.com/news/economy/canadians-eating-less-sharing-expenses-rising-cost-living
[14] David, J. (March 14, 2024). 5-year fixed mortgage rate history. Retrieved from https://www.ratehub.ca/5-year-fixed-mortgage-rate-history
[15] Bank of Canada. (October 23, 2024). Bank of Canada reduces policy rate by 50 basis points to 33/4%. Retrieved from https://www.bankofcanada.ca/2024/10/fad-press-release-2024-10-23/.

Weather Events and Climate

Extreme weather events continue to prove challenging for food producers facing an unpredictable climate for growing crops and raising livestock. Not only does the weather impact production of food including the volume produced, but it also impacts the occurrence of pests and disease. In this past year, cocoa prices increased due to high temperatures and weather conditions in West Africa, while orange juice prices spiked this spring as floods and drought damaged harvests in Brazil. Weather events also affect food prices by impacting the supply chain. For example, earlier this year wildfires in Western Canada blocked rail lines, and while trucking can be used as an alternative method of transportation, its lower capacity resulted in delays and price increases.[16]

"La Niña will develop and persist through the season, bringing below-normal temperatures to approximately two-thirds of the country, while Eastern Canada can expect above-normal precipitation."

This year, it is expected that a weak La Niña will develop and continue through the season. With this weather effect, approximately two-thirds of the country will experience below-normal temperatures and Eastern Canada can expect above-normal precipitation.[17]

[16] The Canadian Press. (August 12. 2024). How extreme weather affects food prices in Canada. Retrieved from https://www.cbc.ca/news/canada/british-columbia/how-extreme-weather-affects-food-prices-1.7292120#:~:text=Extreme%20weather%20events%20like%20fires,grocery%20store%20shelf%2C%20say%20experts.

[17] Farmers' Almanac. (2024). Farmers' Almanac Winter 2025 Extended Forecast for Canada. Retrieved from https://www.farmersalmanac.com/canadian-extended-forecast

Trump's Re-election

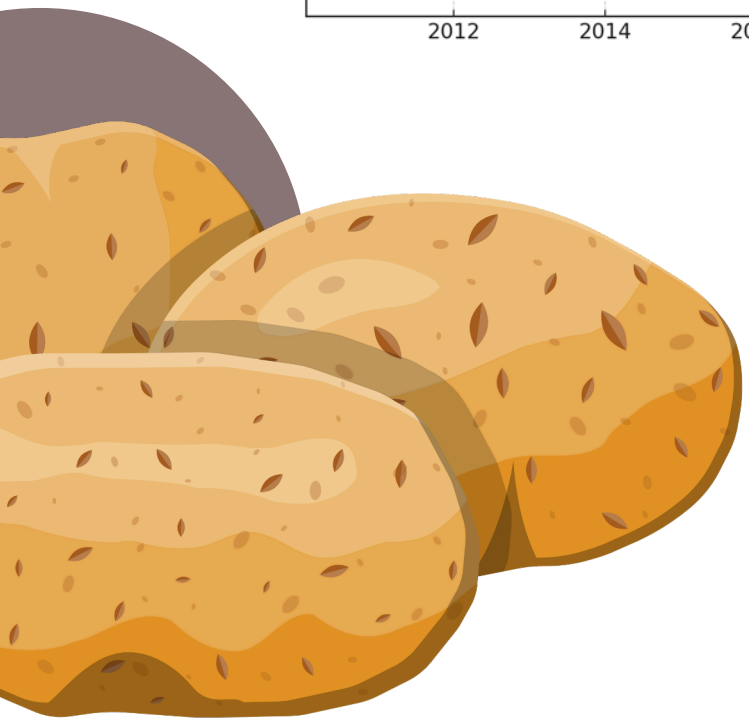
The United States election has been followed by many and stands to play a role in the stability of the agri-food sector in Canada. While Canada performed reasonably well from an economic perspective during Trump's first administration with our GDP per capita growing by 6.3%, and trade growth between Canada and the U.S. by nearly 20%, the second Trump administration may be more challenging. In his most recent campaign, Trump pledged to reduce costs to American farmers, thus boosting competitiveness, while Canada has seen steady agricultural cost increases. Since 2019, wholesale food prices in Canada have increased nearly 40% more than in the U.S., placing Canadian producers at a disadvantage and making their ability to compete more complicated.[18] This gap could widen in a second Trump administration. Another important factor is environmental policies. More than 100 environmental regulations were rolled back during the first Trump administration and Canada's carbon tax may strain cross-border trade as American farmers may have another cost advantage with Trump's less restrictive environmental stance.[19] President-elect Trump has stated the United States will leave the Paris Agreement on climate change.

"In the last five years, Canada's agri-food sector has become less competitive. A new Trump administration could widen the competitiveness gap between our two countries, potentially prompting Canadian grocers to stock more foreign goods."

[18] Farmers' Almanac. (2024).
[19] Charlebois, S. (November 6, 2024). What a Trump 2.0 presidency could mean for Canada's agri-food sector. Retrieved from https://canadiangrocer.com/what-trump-20-presidency-could-mean-canadas-agri-food-sector.

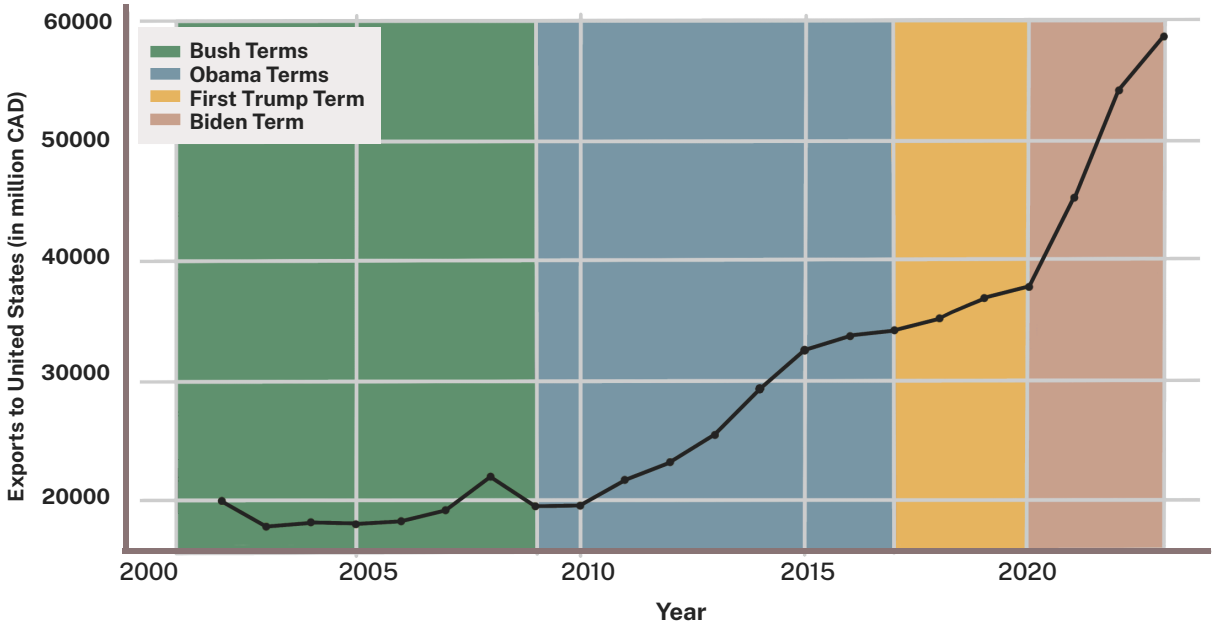
Food inflation in Canada during Trump's first mandate was a non-issue. Figure 2 demonstrates the trend of food inflation in Canada during Trump's first term between 2017 and 2021. This period shows variability in food inflation, with a steep increase from 2017 to 2018. It increased again between 2019 and 2020, though this is coupled with the effects of the COVID-19 pandemic.

Figure 2: Food Inflation in Canada, From 2010 to Now



Although food inflation rose during Trump's first administration, Figure 3 illustrates that Americans purchased more Canadian food during this period. With the ratification of the USMCA in 2020, Canadian exports reached record highs. Currently, nearly 60% of our agri-food exports are directed to the United States, up from 48% under President Obama. This shift has deepened our reliance on the U.S. to sustain our growth and maintain domestic food autonomy.

Figure 3: Canadian Agri-food Exports to the United States (2002-2023)



Beef Prices

Between September 2023 and September 2024, beef prices increased by 9.2% and are expected to remain high until mid-to late-2025, or longer. As of July 1, 2024, Canada's cattle herd was the smallest since 1987, and the decline in the United States is even more pronounced with the smallest cattle inventory since 1951. Droughts, higher feed costs, elevated interest rates, and the noted downsizing of herds have contributed to the record prices. As more producers exit the industry, the issue of supply only adds to the combination of price factors. In the coming year, consumers may look to other protein sources that have experienced a less severe increase in price over the last year like fish (-0.3%) or pork (3.7%).[20]

"Many commodities are cheaper than last year, but exceptions include coffee, cocoa, and beef. Beef is likely the one most consumers will notice, and we expect retail prices to remain high for most of 2025, if not beyond."

[20] Statistics Canada. (October 30, 2024). Consumer Price Index, monthly percentage change, seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife–Food. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000403

OVERVIEW OF 2024: HOW WE DID

Food inflation refers to the progressive increase in the value of all food goods. Food price increase refers to the increase in price of a product at the retail level. While Statistics Canada measures inflation, **Canada's Food Price Report** specifically examines relative price increases seen at the retail level. However, for our forecasting purposes, we can only rely on food inflation data.

"Our projections for 2024 food price increases were within the expected range or showed a lower-than-anticipated rise."

In the 2024 forecasts presented in Table 8, the projections for food price increases fell within the expected range or experienced a lower-than-predicted increase. No categories exceeded what was predicted for the year. In some instances, there was an observed decrease in CPI, which was true for the bakery and seafood categories.

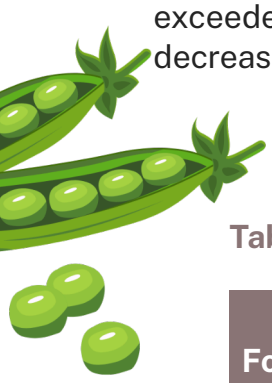


Table 8: 2024 Food Price Results: 2024 Forecast vs Observed[21]

Food Categories	2024 Canada's Food Price Report Forecast	2024 Actual Change (CPI, Sept. '23 to Sept. '24)
Bakery	5% to 7%	-0.1%
Dairy	1% to 3%	2.7%
Fruits	1% to 3%	1.6%
Meat	5% to 7%	3.1%
Other	2% to 4%	3.1%
Restaurants	3% to 5%	3.5%
Seafood	3% to 5%	-1.6%
Vegetables	5% to 7%	4.4%
Total Food Categories Forecast	**2.5% to 4.5%**	**2.8%**

When looking at what impacts price increases, there is a wide range of factors that play a role including increased production costs, geopolitics, climate change, supply chain disruptions that can negatively impact harvests, and transportation costs. While this is not an exhaustive list, these are a few of the key factors included in price predictions.

[21] Statistics Canada. (October 30, 2024). Consumer Price Index, monthly percentage change, seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife–Food. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000403

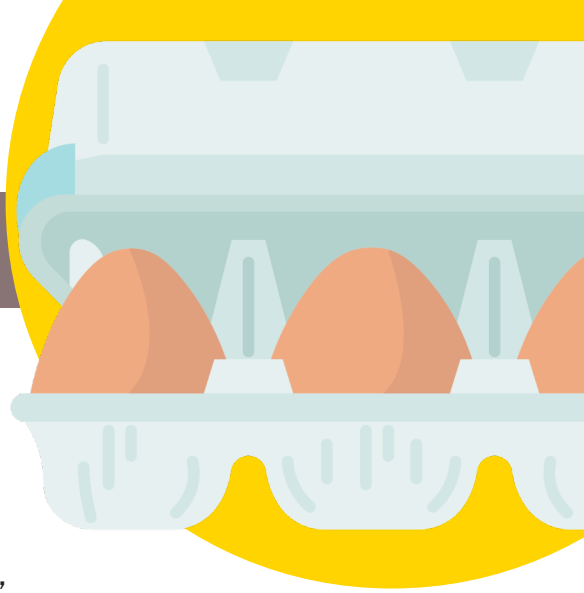
Annual Food Expenditures for Families and Individuals

The predicted annual expenditure for Canadian consumers based on age were overall higher than the observed costs for 2024. Predicted costs were calculated based on a 4.5% increase, the higher end of the overall predicted price increase, and the observed costs reflect a 2.8% increase. As shown in Table 9, the category with the largest difference between what was predicted and observed was for a boy/man 14-18 years at $75.75 for the entire year.

Table 9: 2024 Annual Food Expenditure by Age & Gender – Predicted vs. Observed

Demographics		Predicted Cost 2024	Observed Cost 2024	Difference
Child	6-11 Months	$ 3,087.38	$3,037.15	-$50.23
	1-3 Years	$ 2,362.88	$2,324.44	-$38.44
Boy/Man	4-8 Years	$ 3,082.70	$3,032.55	-$50.15
	9-13 Years	$ 3,968.91	$3,904.34	-$64.57
	14-18 Years	$ 4,656.69	$4,580.93	-$75.75
	19-30 Years	$ 4,382.55	$4,311.26	-$71.29
	31-50 Years	$ 4,171.04	$4,103.19	-$67.86
	51-70 Years	$ 4,051.45	$3,985.55	-$65.90
	70+ Years	$ 3,894.05	$3,830.70	-$63.35
Girl/Woman	4-8 Years	$ 2,952.46	$2,904.43	-$48.03
	9-13 Years	$ 3,727.06	$3,666.42	-$60.64
	14-18 Years	$ 3,869.71	$3,806.76	-$62.95
	19-30 Years	$ 3,815.94	$3,753.87	-$62.08
	31-50 Years	$ 3,742.41	$3,681.53	-$60.88
	51-70 Years	$ 3,664.33	$3,604.72	-$59.61
	70+ Years	$ 3,504.98	$3,447.96	-$57.03
Pregnant Woman	< 18 Years	$ 4,469.90	$4,397.19	-$72.71
	19-30 Years	$ 4,350.15	$4,279.39	-$70.75
	31-50 Years	$ 4,304.09	$4,234.08	-$70.03
Nursing Woman	< 18 Years	$ 4,368.17	$4,297.11	-$71.06
	19-30 Years	$ 4,350.16	$4,279.39	-$70.76
	31-50 Years	$ 4,313.68	$4,243.50	-$70.18

2024 HIGHLIGHTS



Consumer Behaviour and Experience

Canadians are shifting the way they shop for food due to ever-increasing food prices. Some of these strategies include searching for better prices among stores, couponing, and using loyalty or points systems to reduce food costs.[22] While consumers' purchasing habits is one area to consider, the values and trust of those consumers is another important factor. The Canadian Food Sentiment Index found that for 47.3% of respondents, affordability is the most significant factor they consider when purchasing food, followed by nutrition at 24.9%.[23] This survey is released twice a year, and the most recent one included responses from over 3,000 Canadians.

"Nearly half of Canadians now consider affordability as the primary factor when choosing food."

More Canadians are living in food-insecure households. Across the ten provinces, 8.7 million individuals report living in food-insecure households.[24] The highest rates of food insecurity were found in Nova Scotia (28.9%), followed by Prince Edward Island (28.6%), according to data released by Statistics Canada from the Canadian Income Survey in 2023.[25] Food insecurity can have far-reaching implications for the overall health of individuals. Those living in food-insecure households are more likely to experience infectious disease, poor oral health, chronic conditions, and heart disease, among other critical health conditions.[26] For those not experiencing food insecurity but being forced to make changes to their diet based on prices, it may not have such extensive implications but is still a consideration for many.

[22] Statistics Canada. (2023). Switching stores to cope with high inflation: Food sales at food and beverage stores and general merchandise stores. Retrieved from https://www150.statcan.gc.ca/n1/pub/36-28-0001/2023007/article/00005-eng.htm
[23] Agri-Food Analytics Lab. (October 10, 2024). Canadian Food Sentiment Index. Retrieved from https://www.dal.ca/sites/agri-food/research/canadian-food-sentiment-index.html
[24] PROOF. (2024). How many Canadians are affected by household food insecurity? Retrieved from https://proof.utoronto.ca/food-insecurity/how-many-canadians-are-affected-by-household-food-insecurity/
[25] PROOF. (2024). New data on household insecurity in 2023. Retrieved from https://proof.utoronto.ca/2024/new-data-on-household-food-insecurity-in-2023/
[26] PROOF. (2024). What are the implications of food insecurity for health and health care? Retrieved from https://proof.utoronto.ca/food-insecurity/what-are-the-implications-of-food-insecurity-for-health-and-health-care/

The Effect of Consumer Movements

In May 2024, a movement was started to boycott Loblaws to penalize the grocer for perceived profiteering and ongoing price increases, underscoring the persistent frustration with and distrust of large grocers among consumers. However, the boycott simply did not work, as Loblaws' revenues, despite being the primary target, increased during 2024. The bread price-fixing scandal gave the industry a black eye, further eroding consumer trust. While Loblaws' net income fell 10% in the second quarter compared to the same period last year, this decline partly reflected the $500 million settlement payment for the company's involvement in the alleged bread price-fixing scandal, as well as reduced demand for household items and non-essential products, such as clothing, also sold in stores.[27] The boycott may not have resulted in its goal of having the grocer reduce prices, but it demonstrates to the large grocers in Canada that consumers are in fact paying attention to the prices and are actively seeking measures to reduce their costs.

"Despite its failure, the so-called boycott movement against grocers highlights the collective frustration consumers are experiencing while shopping at grocery stores."

[27] Benchetrit, J. (July 25, 2024). Without mentioning boycott, Loblaw execs suggest it was a factor in weaker food sales. Retrieved from https://www.cbc.ca/news/business/loblaw-q2-earnings-1.7274846

Canada's Forgotten North

Canada's Food Price Report does not include projections for the Northwest Territories, Yukon, or Nunavut, despite these regions of the country facing some of the most severe food affordability challenges. Food prices in the North consistently exceed national averages, driven by a combination of high transportation costs, extreme weather conditions, logistical complexities, and a limited retail market structure. These issues have intensified since the onset of the COVID-19 pandemic, exacerbated by global inflationary pressures and ongoing disruptions in supply chains.[28]

"More efforts are needed to enhance food security in Northern communities."

One critical barrier to effectively addressing food affordability in the North is the lack of detailed, region-specific data on food prices, household expenditures, and consumption patterns. National surveys like the Canadian Income Survey often exclude remote areas with low population density, leaving substantial gaps in our understanding of food insecurity in these communities. Improved data collection and tailored metrics are urgently needed to reflect the unique circumstances of Northern regions, where traditional food systems and market-based food supplies intersect in complex ways.

[28] D'Souza, S., Guerriero, G., Ellenwood, L., & Angelovski, I. (February 23, 2024). What's behind rising food costs in Canada's North? Questions emerge over how retailers set prices. Retrieved from https://www.cbc.ca/news/canada/rising-food-prices-canada-north-1.7122481

The Nutrition North Canada (NNC) program, introduced in 2011, aims to offset the high cost of nutritious foods in Northern communities by subsidizing transportation costs. Over time, the program has expanded to include a broader range of products and support for local food harvesting.[29] Yet, despite these efforts, food prices remain significantly elevated—often double or triple those in southern Canada.[30] Persistently high food costs and alarming rates of food insecurity indicate that market-based subsidies alone are insufficient. A more holistic approach is needed, one that not only improves the affordability of store-bought foods but also strengthens traditional Indigenous food systems, which play a vital role in ensuring access to sufficient and nutritious food.[31] Figure 4 shows the trends in median (orange) and mean (blue) daily grocery spending in Nunavik retailers from 2017 to 2023. Although the data indicates a decline in recent spending, this shift likely reflects multiple contributing factors. Enhanced funding from Nutrition North Canada may have provided some relief; however, persistently high food costs and broader economic pressures have forced households to adjust their spending. Additionally, increased reliance on traditional food practices, such as hunting, gathering, and communal sharing, may also account for the observed decline, highlighting the critical role of local food systems in supplementing market purchases.

Figure 4: Mean (blue) and Median (orange) Daily Grocery Spending Across Multiple Nunavik Communities (Single Retailer), 2017–2023. Data Standardized to Ensure Confidentiality

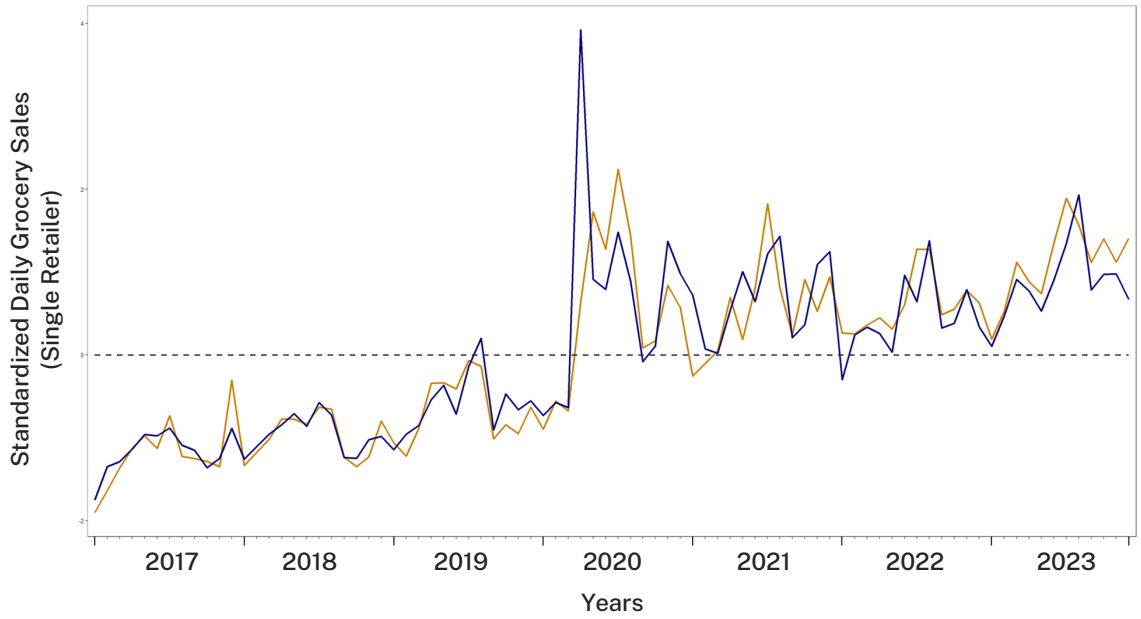
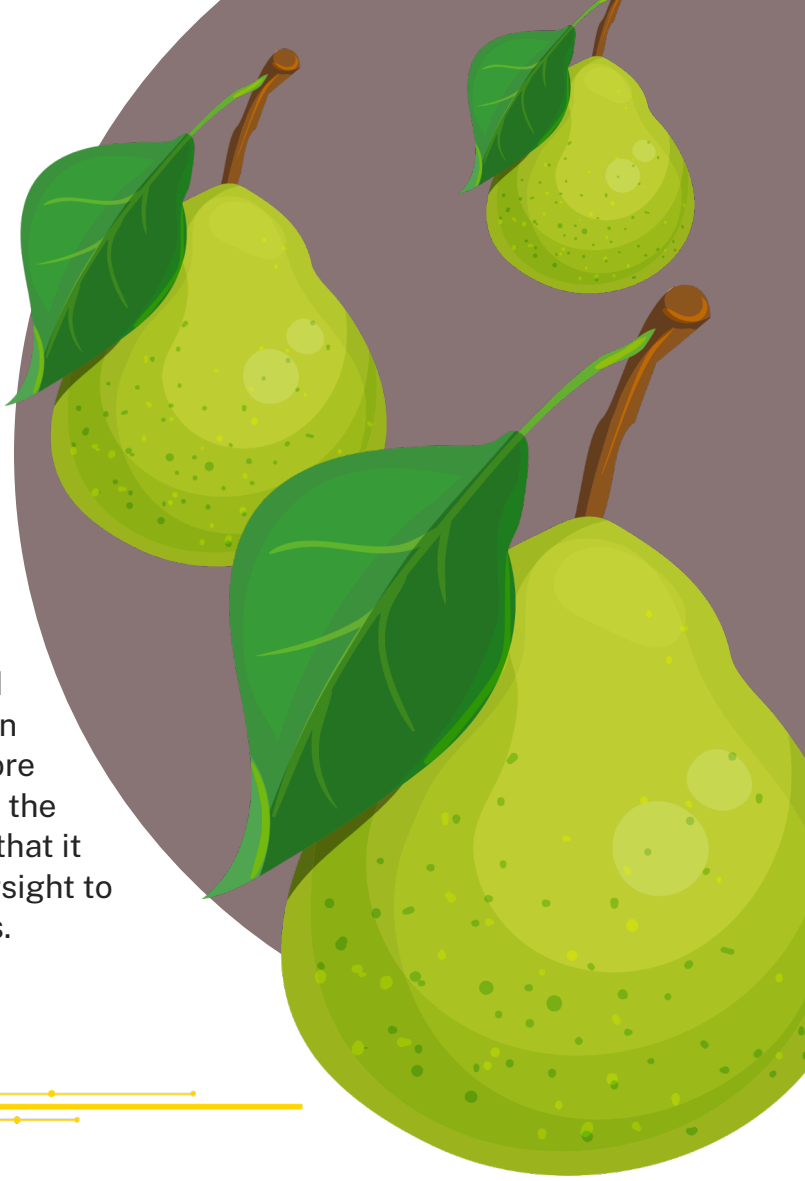


Figure Credit: Warltier, D., Levesque, S., Duhaime, G., Little, M., Kenny, T.A. Data from the Research program to evaluate the cost-of-living reduction measures in Nunavik. https://www.chairelouisedmondhamelin.fss.ulaval.ca/sites/chairelouisedmondhamelin.fss.ulaval.ca/files/uploads/publications/28cd7083.pdf

[29] Government of Canada. (November 24, 2022). How Nutrition North Canada works. Retrieved from https://www.nutritionnorthcanada.gc.ca/eng/1415538638170/1415538670874#tpc1
[30] Kenny, T.A., Fillion, M., MacLean, J., Wesche, S.D., and Chan, H. M. (2018). Calories are cheap, nutrients are expensive–the challenge of healthy living in Arctic communities. Retrieved from https://www.sciencedirect.com/science/article/abs/pii/S0306919217304712
[31] Inuit Tapiriit Kanatami. (2024). Inuit Nunangat Food Security Strategy. Retrieved from https://www.itk.ca/projects/inuit-nunangat-food-security-strategy/

Grocery Code of Conduct



In last year's report, the Grocery Code of Conduct ("Code") was noted as an area of interest for 2024. Now, with the Code written and large American retailers joining the Code alongside major Canadian retailers including Loblaws, Sobeys, and Metro, we are witnessing the evolution of the grocery sector in Canada.[32] At its core, the Code is meant to increase competition in the Canadian market, meaning that food manufacturers and smaller grocers will gain more of a voice and will be able to provide more products for consumers to choose from. While the Code holds promise for Canadian consumers that it will provide a more stable grocery sector, oversight to enforce the Code will be critical to its success.

"Canadians should be hopeful about the Grocery Code of Conduct, due to be implemented in mid-2025. However, compliance will be essential for its success."

[32] Charlebois, S. (n.d.). Fair Play on Aisle Five: New Grocer Code Rewrites Rules in Canadian Market. Retrieved from https://www.visionmagazineus.com/grocer-code-rewrites-rules-in-canadian-market/

Workforce and Supply Chain

Canada's food supply chain has faced significant disruptions due to multiple labour disputes, including strikes and shutdowns involving major transportation networks like CN and CPKC railways, as well as key ports in British Columbia and Montreal. Approximately 20% of U.S. trade arrives through the Vancouver and Prince Rupert ports, so a port shutdown could severely impact Canada's food prices and economy by stalling nearly $800 million in daily trade.[33] These labour actions have interrupted the steady flow of goods, creating delays that ripple through the entire supply chain.

Given Canada's reliance on its rail and port systems to transport food and agricultural products across vast distances, these stoppages have not only slowed down domestic shipments but have also strained Canada's export commitments, affecting its reputation as a reliable trading partner abroad. For the food industry, the impact has been particularly acute, with perishable goods at risk of spoilage and increased transportation costs passed along to consumers. These disruptions highlight the critical need for robust contingency planning in Canada's supply chain infrastructure to better withstand labour-related shocks, maintain food security, and preserve Canada's standing in global trade.

[33] LaRocco, L. (November 4. 2024). Labor strikes shut down Canada's container ports from East to West Coast, with U.S. trade left in limbo. Retrieved from https://www.cnbc.com/2024/11/04/strikes-shut-operations-at-canadas-largest-ports-us-trade-in-limbo.html

Labour availability is another factor to be considered. Canada's food and beverage sector is the largest manufacturing employer with nearly 300,000 workers. Driven by an aging and retiring workforce, a shortage of skilled trades people, and workforce changes following COVID-19, there has been an inability to secure a strong, stable workforce.[34] With a shortage across the agriculture industry, this could impact prices going forward, with lower harvests of crops and less poultry and meat being processed. Placing a cap on temporary foreign workers could further impact these shortages. By 2030, 100,000 jobs are predicted to be vacant, of which 71,000 could be filled by foreign workers. Research conducted by the Canadian Agricultural Human Resources Council has found that newcomers are most open to pursuing a career path in agriculture.[35] Reducing the number of foreign workers could leave the labour gap wider, and in turn contribute to food prices increasing.

"In 2024, it felt as though nearly every day brought a new labour disruption affecting Canada's food supply chain, underscoring the ongoing challenges facing the industry."

[34] Food and Beverage Canada (2024). Food and Beverage Manufacturing Emergency Foreign Worker Program. Retrieved from https://fbc-abc.com/food-and-beverage-manufacturing-emergency-foreign-worker-program/
[35] Wright, J. (March 6, 2024). Canadian agriculture faces a worker shortage and food security crisis. Retrieved from https://policyoptions.irpp.org/magazines/march-2024/ag-worker-shortage/

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