16TH EDITION

2026

CANADA'S FOOD PRICE REPORT

FROM TARIFFS TO TABLES:
TRACKING THE FORCES BEHIND CANADA'S 2026 FOOD PRICES

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

The 2026 Canada's Food Price Report marks the 16th edition of this annual publication. This report is produced by Dalhousie University in collaboration with other universities across Canada, enriching the report's scope and regional expertise.

Last year's report predicted there would be an overall price increase of 3% to 5% in 2025. The current rate for food price increases is within the predicted range at 4% (in store) according to the latest available CPI data.[1] By category, price increases for dairy, restaurants and seafood also fell within the forecasted ranges. However, meat and other food products increased at a higher rate than forecasted. This was balanced by lower-than-expected rates in the bakery category and price decreases for both fruits and vegetables.

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 consumption of their household.

Based on the predictions for 2025, the maximum 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 up to $16,833.67. Based on the observed changes in 2025, a family with the same demographic makeup spent $16,577.16, a difference of $256.51.

In contrast with previous years, this edition of the report used one, systemized approach to forecast the 2026 food price increases. Forecasters employed a broad suite of predictive analysis models and factored in several key regressors that have significant potential to impact the Canadian food price pipelines, such as climate variables, economic factors, food manufacturing, and geopolitical information. The final forecasts for each food category were produced by averaging the median values from each model. Standard deviations were calculated to obtain confidence intervals, which reflect the best-case and worst-case scenarios for each food category.

For 2026, the report uses the same food categories as previous years and makes the predictions show in Table 1:

TABLE 1: 2026 FOOD PRICE FORECASTS

CATEGORIES	Anticipated Change %	Uncertainty Range*
Bakery	2% - 4%	+/- 0.65
Dairy & Eggs	2% - 4%	+/- 0.40
Fruit	1% - 3%	+/- 0.40
Meat	5% - 7%	+/- 1.12
Other	4% - 6%	+/- 0.87
Restaurants	4% - 6%	+/- 0.67
Seafood	1% - 2%	+/- 0.49
Vegetables	3% - 5%	+/- 0.85
Total Increase in Food Prices	4% - 6%	+/- 0.70

The uncertainty range tells you how much the actual price change could reasonably vary above or below the forecast, based on historical volatility and model error (±1 standard deviation).

SAMPLE HOUSEHOLD ANNUAL FOOD COST FOR 2026

$17,571.79

$994.63 INCREASE FROM 2025

COMPARED TO FIVE YEARS AGO, FOOD PRICES ARE

27% HIGHER

Over the last 16 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 2026 report forecasts that overall food prices will increase by 4% to 6%.** 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.

To forecast the maximum cost for families in 2026, we determine the anticipated change, use the highest end of the predicted scale (for this year, 6%), and multiply the observed costs in 2025 by this figure. Looking ahead to 2026, we are expecting a family of four with the same demographic makeup to spend up to $17,571.79, an increase of up to $994.63 from last year.

This year's report considers the following factors as potential contributors to price increases: trade disputes with the United States, shifts in the food manufacturing and retail landscape, labour markets, policy changes, the Canadian dollar outlook, and more.

Food affordability remains a top concern for Canadian consumers. A quarter of Canadian households are considered food insecure and nearly 2.2 million people visited food banks in Canada on a monthly basis this year.[2] Although inflation was relatively steady in 2025, food prices are still 27% higher than they were five years ago, and consumers are feeling the strain of these higher prices at the grocery store.[3] Nearly 85% of Canadians reported that their household food expenses have increased in the past 12 months.[4] Moving into 2026, this is unlikely to change.

This year, all eyes were on the ongoing trade dispute with the United States. The inflationary impacts of tariffs and counter-tariffs will continue to be felt next year as trade tensions reshape the economic landscape. The dispute has created uncertainty in the market, as well as supply chain disruptions and declining demand for Canadian exports. With that said, Canada is actively strengthening relationships with other international trading parters to build resilience and global competitiveness. Canada's removal of almost all counter-tariffs on U.S. imports should also help ease upward inflationary pressures on goods.

Table 2 presents a provincial breakdown of food price dynamics in Canada, comparing the relative change in 2025 with directional forecasts for 2026. It evaluates whether each province experienced food price movements below, at, or above the national average in 2025, offering a clear view of regional disparities. Several provinces—such as British Columbia, New Brunswick, Nova Scotia, Prince Edward Island, and Saskatchewan—saw food price increases above the national average in 2025, while Alberta, Newfoundland and Labrador, and Quebec experienced increases below the national average. Manitoba and Ontario remained close to the national benchmark, showing "average" changes for the year.

Looking ahead to 2026, the table provides provincial forecasts indicating whether food prices are expected to rise faster, slower, or in line with the national average. Some provinces are projected to shift direction compared to 2025—for example, British Columbia and Manitoba are expected to fall below the national average in 2026 after performing above or at average levels in 2025. In contrast, Ontario and Quebec are forecasted to see above-average food price increases next year. The estimates offer important guidance for policymakers and consumers by highlighting emerging regional pressures and potential affordability challenges across the country.

TABLE 2: 2026 PROVINCIAL BREAKDOWN OF FOOD PRICES

PROVINCE	2025 CHANGE[1]	2026 FORECAST*
Alberta	Below National Average	Above National Average
British Columbia	Above National Average	Below National Average
Manitoba	Average	Below National Average
New Brunswick	Above National Average	Above National Average
Newfoundland and Labrador	Below National Average	Average
Nova Scotia	Above National Average	Above National Average
Ontario	Average	Above National Average
Prince Edward Island	Above National Average	Average
Quebec	Below National Average	Above National Average
Saskatchewan	Above National Average	Average

**Provincial estimates provide directional guidance based on regional knowledge rather than precise forecasting.*

1. *Statistics Canada. (October 29, 2025). 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*
2. *Food Banks Canada. (n.d.). Hunger in Canada. Retrieved from https://foodbankscanada.ca/hunger-in-canada/*
3. *Statistics Canada. (August 19, 2025). Consumer Price Index, July 2025. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/250819/dq250819a-eng.htm.*
4. *Agri-Food Analytics Lab. (May 6, 2025). Canadian Food Sentiment Index Spring 2025. Retrieved from https://www.dal.ca/sites/agri-food/research/the-canadian-food-sentiment-index-spring-2025.html.*

LOOKING BACK AT 2025: HOW DID WE DO?

"We predicted last year that beef would be a big story in 2025 – and it certainly was. We don't see how beef prices could normalize before mid-2027."

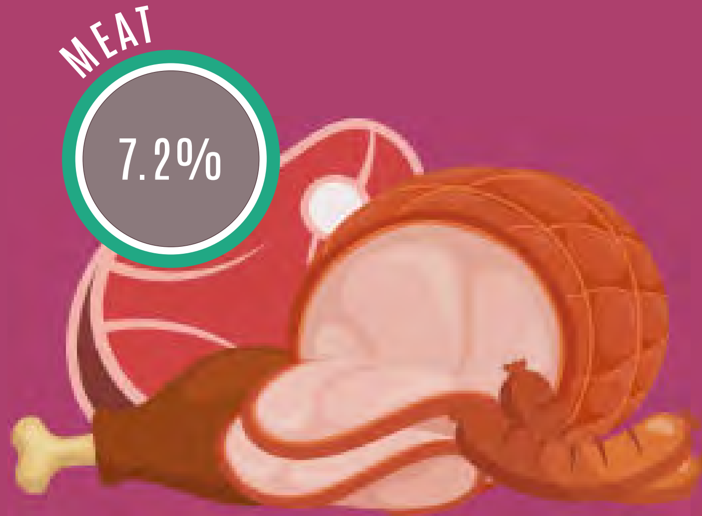
In the 2025 forecasts, the projections for food price increases demonstrated some variability (Table 3). The overall total increase in food prices fell precisely within the forecasted range, as did the observed price increases in dairy, restaurants and seafood. On the other hand, CPI for categories like meat and other (which encompasses products that do not fall into the listed categories, such as non-alcoholic beverages) increased at a higher rate than forecasted. This was balanced by lower-than-expected rates in the bakery category as well as observed decreases in CPI for fruits and vegetables.

TABLE 3: 2025 FOOD PRICE RESULTS FORECAST VS. OBSERVED

CATEGORIES	2025 CANADA'S FOOD PRICE REPORT FORECAST	2025 ACTUAL CHANGE (LATEST CONSUMER PRICE INDEX REPORTING)
Bakery*	2% - 4%	0.6%
Dairy & Eggs	2% - 4%	1.9%
Fruit	1% - 3%	-1.1%
Meat	4% - 6%	7.2%
Other	2% - 4%	5.5%
Restaurants	3% - 5%	3.3%
Seafood	1% - 3%	2.7%
Vegetables	3% - 5%	-0.9%
Total Increase in Food Prices	3% - 5%	3.4%

**Green indicates where the actual food price changes fell within the forecasted range; yellow indicates where the actual changes were near the forecasted range; and red indicates where the actual changes fell outside the forecasted range.*

Food price increases are impacted by a wide range of factors including geopolitics, global weather events, policy enactment, consumer behaviours and changes in retail business models. Most notably in 2025, the trade dispute between Canada and the United States and subsequent policy changes as well as consumer-led movements altered the economic retail landscape, therefore impacting food price inflation.



2025 HIGHLIGHTS

GST/HST HOLIDAY

From mid-December 2024 to mid-February 2025, the government implemented the Tax Break for All Canadians Act (Bill C-78), during which customers were not charged any Goods and Service Tax (GST) or Harmonized Sales Tax (HST) when they purchased specified items. This included most food and beverages at grocery stores and restaurants. The tax break was intended to leave more money in Canadians' pockets for everyday items and holiday non-essentials.

The effect on food inflation was staggering. It dropped to -0.6% in January, marking the first time food inflation has been in the negatives since May 2017.[5] This figure was largely propped up by the restaurant industry which recorded an inflation rate of -5.1% compared with 1.9% for food purchased in stores.5 Regardless, the impact was clear: Canadians spent less on food over the two-month period, offering some economic relief for them during a time of year when upward pressure on the price of goods is typically at its peak.

Understandably, provinces with the highest tax rates—Nova Scotia*, Newfoundland and Labrador and Prince Edward Island at 15%—experienced the steepest decline in food inflation during the GST/HST holiday. On the other hand, provinces with tax rates that are already relatively low—Alberta and Saskatchewan at 5%—did not feel quite as much of an impact.

It is important to note that Statistics Canada's Consumer Price Index reflects the final prices that consumers pay at the till; therefore, tax is included in food inflation measurements.

*HST was still 15% in Nova Scotia at the time of the tax holiday. The provincial tax rate was lowered to 14% on April 1, 2025.

"The GST holiday provided short-term relief for consumers, but it failed to address the underlying drivers of food inflation. Once it ended, prices reset, and the affordability problem remained unchanged."

5. *Statistics Canada. (October 29, 2025). 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.*

TRADE DISPUTES WITH THE UNITED STATES

"Tariffs' inflationary pressures are real – and they'll continue well into the new year, keeping costs high across global supply chains, including here in Canada."

At the start of 2025, the new American administration announced historic, sweeping tariffs on most Canadian imported goods and energy; in response, the Canadian government retaliated with substantial counter-tariffs. The tariffs officially came into effect at the beginning of March 2025, and they have since overhauled the Canadian economic landscape and reshaped its longstanding trade partnerships with the United States. The United States proceeded to impose tariffs against 24 other countries in April, further disrupting the global economy. On September 1st, Canada lifted almost all its counter-tariffs on U.S. goods.

Trade between Canada and the United States is highly enmeshed: geographical proximity has enabled integrated supply chains, profitable trade, and the employment of 2.6 million Canadians.[6] Billions of dollars in goods pass between the two countries daily: in 2024, bilateral trade was worth over $1 trillion.[7] New trade barriers weaken the economy by creating uncertainty in the market, softening employment, decreasing demand for Canadian goods, and creating inflationary pressures.

Canadian export volume declined by 7.5% in the second quarter of the year as U.S. imports sharply declined, therefore causing demand for Canadian exports to plummet.[6] This was the largest quarterly drop since the 2008 recession.[6] Manufacturing activity was also down 3.2% mid-year and over half of manufacturers reported that the tariffs were impacting their businesses.[6]

For the food industry, tariffs have meant increased costs and price volatility for businesses[8], which ultimately get passed down to Canadian consumers at the store. While the isolated impact of the tariffs on food prices is difficult to gauge, the tariffs and counter-tariffs have increased grocery costs.

As noted by RBC and the Arrell Food Institute, tariffs have also affected employment rates in Canada, with the manufacturing sector observing significant layoffs since the tariffs were announced in January.[9] This puts pressure on local economies as there is less household income available for consumers to spend on retail and services. When job security wavers and affordability becomes strained, concerns around food security also increase.[9]

To maintain their presence in U.S. markets, some businesses are weathering the storm by selling their products at a negative margin.[8] However, the industry has also seen collaboration along the supply chain and investment in modernization—such as AI and automation—to bring down operating costs, improve efficiency, and build resilience.[8] Businesses are also adjusting their supply chains by branching out into new markets to conduct trade.

Despite the removal of counter-tariffs by the Canadian government in September, it may still take some time for the policy change to be reflected in the prices of U.S.-imported food, if at all. Commodities with short shelf lives that move through the supply chain quickly will show more immediate decreases, whereas previously tariffed items with long shelf lives like coffee will take more time.[10] Coupled with the fact that many producers, manufacturers and suppliers are exploring international trade markets outside the U.S., it is unlikely that food prices will see a notable decrease soon.

6. *Statistics Canada. (October 22, 2025). Recent developments in the Canadian economy: Fall 2025. Retrieved from https://www150.statcan.gc.ca/n1/pub/36-28-0001/2025010/article/00004-eng.htm.*
7. *Statistics Canada. (September 18, 2025). Impact of tariffs on businesses in Canada: Expectations and strategic responses, third quarter of 2025. Retrieved from https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2025012-eng.htm.*
8. *MNP. (September 2, 2025). How are Canadian food and beverage businesses navigating the impact of US tariffs? Retrieved from https://www.mnp.ca/en/insights/directory/canadian-food-beverage-businesses-navigating-impact-us-tariffs.*
9. *RBC. (June 18, 2025). Feeding the crisis: The tariff toll on food insecurity. Retrieved from: https://www.rbc.com/en/thought-leadership/the-trade-hub/feeding-the-crisis-the-tariff-toll-on-food-in*
10. *Canadian Grocer. (September 23, 2025). Food inflation up in September despite end to counter-tariffs. Retrieved from https://canadiangrocer.com/food-inflation-september-despite-end-counter-tariffs.*

"BUY CANADIAN" MOVEMENT

The start of this year saw the rise of the "Buy Canadian" movement, led by consumers in response to the American administration's tariffs on imported goods from Canada as well as other political frictions between the two countries. In a show of national patriotism, Canadians across the country pledged to keep their dollars in Canada by purchasing products that are grown and produced domestically, while avoiding imports, particularly from the United States. Some banking experts estimated at the time that this increase in consumer appetite for domestic goods could have significant impacts for the Canadian economy, potentially adding about $10 billion annually.[11]

While this movement extended to all sectors, groceries are one of the easiest and most cost-effective areas for consumers to prioritize domestic products over imported goods. By June of this year, sales of U.S.-made food products were down 6.9% in Canada while Canadians spent more on items sourced domestically.[12] This drop in U.S. sales after just a few months represented a massive shift for the food retail sector, one that is often only seen in times of national crisis.

With that said, a recent survey showed that consumers are still taking a "Price First" approach to purchasing. While "Buy Canadian" remains an attractive ideal, value and affordability are driving decision making at the grocery store, particularly for younger generations. Of the respondents, 58% of Gen Z maintained that the price of a product is more important to them than its country of origin.[13]

Furthermore, retailers have taken the opportunity to highlight Canadian goods on the shelves, displaying maple leaves and Canadian flags next to products to inform customers who are looking to purchase domestically. However, this has led to increased cases of "maple washing," where retailers will use Canadian branding to promote imported goods. The CFIA found many incidences of maple washing this year, with most of the violations happening at national grocery chains.[14] Misleading marketing such as this risks eroding the public's trust and could reduce consumers' willingness to pay for Canadian goods.

"The 'Buy Canadian' movement showed how patriotism can shape consumer behaviour – but for many Canadians, ideals met reality at the checkout."

11. *BMO Economics (April 8, 2025). Special Report: Buy Canadian Measuring the Benefits and Costs. Retrieved from https://economics.bmo.com/en/publications/detail/bf98da44-f0ad-405b-9114-4bb1100b5dd8/*
12. *Neilson IQ (June 9, 2025). Made in Canada: The Retail Ripple of Patriotic Sentiment. Retrieved from https://nielseniq.com/global/en/insights/report/2025/tariffs-tensions-and-the-rise-of-the-buy-canadian-consumer/*
13. *Ipsos (September 4, 2025). Balance Price and Patriotism. Retrieved from https://www.ipsos.com/en-ca/balancing-price-and-patriotism*
14. *CBC News (September 1, 2025). No fines for big grocers that promoted imported food as Canadian, Retrieved from https://www.cbc.ca/news/business/buy-canadian-label-maple-washing-1.7621843*

INTEREST RATE CUTS

This year, interest rates in Canada have undergone an easing cycle. The Bank of Canada has periodically lowered its key interest rates throughout the course of the year, with the latest cut at the end of October bringing the rate down to 2.25%. This represents a 75-point reduction since the start of the year. With inflation rates expected to remain around 2%, the Bank of Canada determined that interest rate cuts were important to boost economic activity.[15]

Interest rates are a balancing act. After they peaked at 5% to control inflation in April of 2024, economic growth slowed and upward inflationary pressures eased enough at the start of the year for the Bank to recommend rate reductions. Since then, the trade dispute with the United States, decreased demand for Canadian exports and a soft labour market have contributed to further economic contraction.[15] Theoretically, lower interest rates mean more money in the pockets of Canadian consumers to spend on goods and services, subsequently stimulating the economy while balancing inflation. On the other hand, low rates can also weaken currency over time, making imported goods more expensive.[16]

Food businesses can leverage these low rates by taking out more affordable loans to put towards expansion, modernization or acquisition, especially for resilient commodities like health and wellness products, prepared snacks and alternative proteins.[17]

For consumers, they will have more disposable income to spend on groceries, but it is unlikely that the interest rate reduction will have any effect on food prices at the store.[18]

"Higher living costs have prevented households from spending more at the grocery store, though lower interest rates have provided some relief for many middle-class families."

15. Bank of Canada. (October 29, 2025). Bank of Canada lowers policy rate to 2¼%. Retrieved from https://www.bankofcanada.ca/2025/10/fad-press-release-2025-10-29/
16. Bank of Canada. (April 5, 2021). Understanding how monetary policy works. Retrieved from https://www.bankofcanada.ca/2021/04/understanding-how-monetary-policy-works/
17. MNP. (October 21, 2025). Tariffs and interest rates: What food and beverage businesses need to know. Retrieved from https://www.mnp.ca/en/insights/directory/tariffs-interest-rates-what-food-beverage-businesses-need-know
18. Global News. (October 28, 2025). The Bank of Canada could cut rates again. It likely won't help food prices. Retrieved from https://globalnews.ca/news/11498632/food-inflation-bank-of-canada/

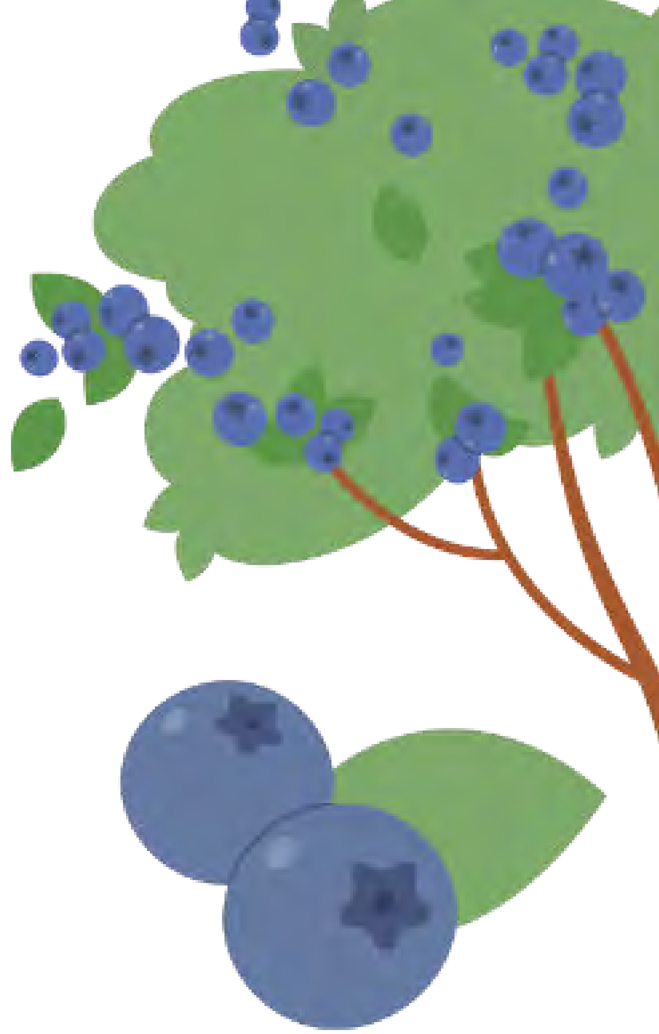
TEMPORARY FOREIGN WORKER PROGRAM

Canada's Temporary Foreign Worker Program (TFWP) allows businesses to hire temporary workers from participating countries for short-term jobs that cannot be filled by qualified Canadians. It is widely utilized along the food supply chain. In 2024, the program brought over 78,000 workers into the agricultural industry alone.[19]

Last September, the Canadian government announced a 10% cap on the number of workers in low-wage positions at a single work location. Reforms are meant to tighten eligibility as well as strengthen oversight towards non-compliance. Agriculture is exempt from the cap to ensure that producers and manufacturers have access to sufficient, seasonal labour while still being held to the same compliance standards and penalties as other industries.

As Canada revisits its immigration policy, the government also announced plans to reduce the share of temporary residents in Canada to less than 5% of the population—currently at 7%—by 2027[20] to encourage more domestic labour and improve youth employment rates. There are concerns that this shift from temporary work could lead to a major labour shortage in agriculture, thereby disrupting the supply chain and costing businesses that already operate on tight margins. Consequently, these extra costs would be passed down to consumers. However, some of these inflationary shocks could be mitigated by the gradual approach over the next couple years.

Research supports these concerns. Reforming the TFWP is a double-edged sword: previous reforms to the program showed that fewer foreign temporary workers meant higher wages for domestic workers, but it also led to labour shortages and policy substitutions.[21]



"Any changes to the Temporary Foreign Worker Program will have a significant impact on the Canadian food industry."

19. *Statistics Canada. (May 9, 2025). Temporary foreign workers in the agriculture and agri-food sectors, by industry. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210021801.*

20. *Government of Canada. (October 10, 2024). 2025–2027 Immigration Levels Plan. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/10/20252027-immigration-levels-plan.html*

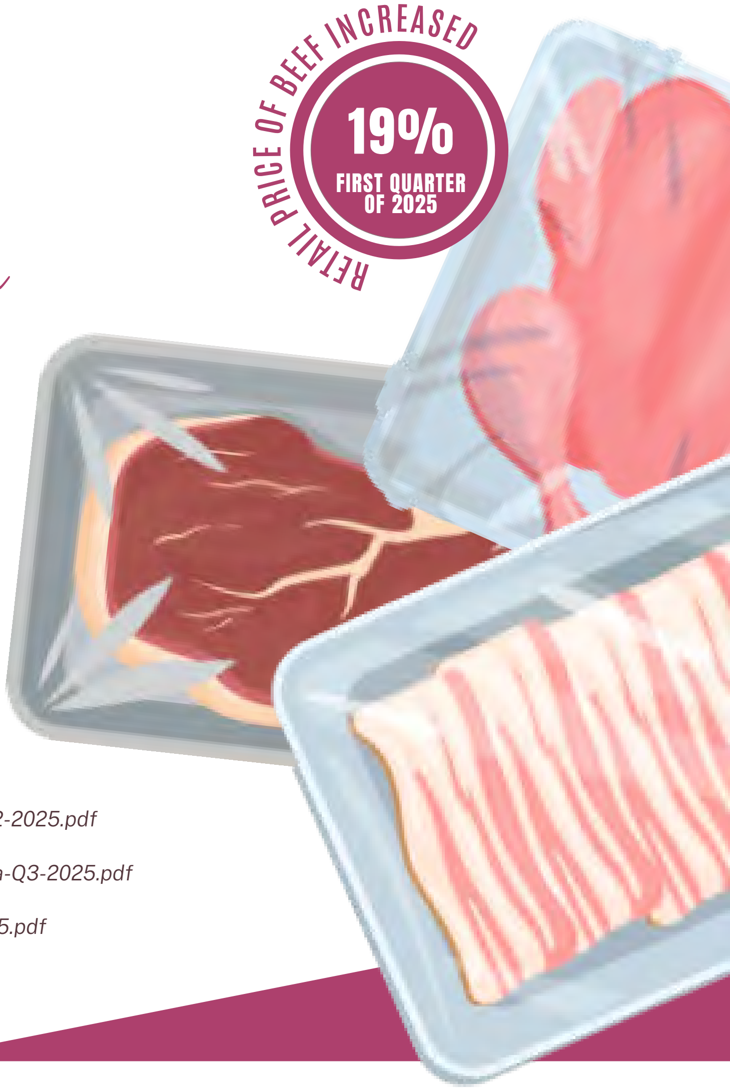
21. *Chen, W.H., & Fang, T. (2025). Restricting temporary foreign labour: evidence on wage effect from Canada's 2014 policy reform. Journal of Ethnic and Migration Studies, 1-29. https://doi.org/10.1080/1369183X.2025.2577780.*

BEEF, BEEF, BEEF

Meat showed the highest inflation rate of any food category in Canada this year with a price hike of 7.2%. This was largely driven by the soaring retail price of beef, which showed a 16% increase in the first quarter of 2025 alone.[22] While the spring and summer seasons showed more stability, beef prices were still up 9% from last year and up 23% from the five-year average.[23]

As of January 2025, cattle herds reached their lowest numbers since 1988; beef cow inventories were down across the country, and there were not enough breeding heifers to sustain herd sizes.[24] Challenges persisted for producers throughout the year as Western Canada experienced a drought over the summer and input costs, such as feed, rose sharply. In June, production costs for livestock and animal products were up by 11.3% year-over-year; in August, the sector's processing and packaging costs were up by 10.7%.[25] As expected, these extra costs were passed down to consumers at the grocery store. Some producers are choosing to downsize their farms to improve returns or leaving the beef sector altogether. Industry trends show that this sector squeeze is expected to continue until at least 2027.[23]

Nonetheless, Canadians are keeping beef on their plates. Canada has turned to other countries to keep up with the unwavering consumer demand for beef products. From January to April this year, import volume was 22% higher than 2024 to compensate for the record-low herd numbers.[22] In particular, the country has strengthened its import partnerships with Mexico, due to a favourably integrated supply chain, as well as Australia, whose exporters are looking to break into the North American market. Increased beef imports into Canada should help to stabilize retail prices by easing pressures on supply, offering some relief for consumers.[23]



"Very rarely have we seen all three main components of the meat trifecta – beef, chicken, and pork – become more expensive at the same time in a single year."

22. Canada Beef (n.d.). Domestic Market Report | Q2 2025. Retrieved from https://cdnbeefperforms.ca/wp-content/uploads/2025/06/DMIR-Canada-Q2-2025.pdf
23. Canada Beef (n.d.). Domestic Market Report | Q3 2025. Retrieved from https://cdnbeefperforms.ca/wp-content/uploads/2025/09/CB-DMIR-Canada-Q3-2025.pdf
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FOOD MANUFACTURING UNDER THREAT

Adding value to food has been a national priority for years. In a 2019 report on strengthening the value-added food sector, the Senate of Canada discussed improving regulations to grow international trade partnerships, investing in sector innovation, and reducing barriers to domestic trade.[26] However, recent trends in the manufacturing sector seem to be straying from this objective.

The food manufacturing sector has had a year of restructuring: large corporations like Kraft-Heinz and Dr. Pepper Kellogg are splitting up and Nestle recently announced that it will be cutting 16,000 jobs globally due to rising production costs.[27] This type of downsizing is happening across the country as businesses start to feel the impacts of an increasingly complex trading environment and sluggish sales growth.[28] Despite price increases, the volume of food being sold in Canada has reduced considerably, leading to a 1.9% decrease in food manufacturing growth month-over-month in August.[29]

Food manufacturing is the largest manufacturing sector in Canada in terms of employment, boasting over 300,000 employees in 2024.[30] If multinational food corporations downsize their processing plants in Canada, the strain will be felt along supply chain. These disruptions can lead to uncertainty in supply and demand; poorer product quality; and, consequently, greater food price fluctuations as extra costs are passed down to consumers.[31]

"Food manufacturing in Canada – and around the world – is clearly facing major headwinds."

26. Senate of Canada. (July 19, 2025). Made in Canada: Growing Canada's Value-Added Food Sector. Retrieved from https://sencanada.ca/en/info-page/parl-42-1/agfo-made-in-canada/
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28. Farm Credit Canada (October 7, 2025). Trade disruptions stifle growth for Canadian food and beverage manufacturers: FCC reports. Retrieved from: https://www.fcc-fac.ca/en/about-fcc/media-centre/news-releases/2025/trade-stifles-food-manufacturers.
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31. Rogas-Reyes, J.J., Rivera-Cadavid, L., & Peña-Orozco, D.L. (2024). Disruptions in the food supply chain: A literature review. Heliyon, 10(14):e34730. https://doi.org/10.1016/j.heliyon.2024.e34730.

RETAIL MARKET CONSOLIDATION & GROCERY CODE OF CONDUCT

An ongoing challenge facing the retail landscape is the level of market concentration in Canada: the top four largest grocery chains control at least 72% of the national market share.[32] Not only does this limit competition and choice for consumers, it can also compromise negotiating power for producers and others along the supply chain, dampen innovation, and make it more difficult for smaller companies to scale up their operations or enter the market at all.[33]

Consumers feel the effects of consolidation in the form of food price volatility, as inflation rates are directly linked to the annual corporate cycle of negotiations. Food price bumps are observed in October and February every year, before and after supplier-retailer negotiations enter their blackout period, respectively. The high degree of consolidation means that any disputes or standoffs in price negotiations will result in higher-than-expected food inflation rates due to the lack of competition in the market; in other words, the decisions of only a few corporations can dictate what happens to the retail landscape. In fact, research shows that local markets, such as farmers' markets, raise their prices at a smaller rate than conventional grocery stores despite similar input costs[34], pointing to structural inefficiencies in the traditional grocery model.

However, the Grocery Code of Conduct started its transition period in June of this year and will become fully operational in January 2026. The Code was created to promote fairness in the market, in theory giving food manufacturers and smaller grocers more sway and therefore increasing choice for consumers at the grocery store. The Code is intended to stabilize the peaks and valleys of food price inflation to make Canadians' grocery bills more predictable, but oversight and enforcement of the Code are essential if any of these changes are going to become a reality.

"When four grocers control nearly three-quarters of Canada's food market, competition becomes an illusion. The Grocery Code of Conduct is designed to create a levelled playing field, if it works."

32. Government of Canada. (December 16, 2022). Response from the Retail Council of Canada to the consultation on the Market study of retail grocery. Retrieved from https://competition-bureau.canada.ca/en/how-we-foster-competition/consultations/response-retail-council-canada-consultation-market-study-retail-grocery#toc3
33. MNP. (n.d.). Global Agri-Food: Most Influential Nations Rankings Second Edition. Retrieved from https://www.mnp.ca/-/media/files/mnp/pdf/niche/food--beverage/525426ntl-fb-global-agrifood-reportyear-2--full-mnp-report-remediated.pdf.
34. Stephens, P., Madziak, V., Gerhardt, A., & Cantafio, J. (2025). Exploring price changes in local food systems compared to mainstream grocery retail in Canada during an era of 'greedflation'. Food Policy, 130:102773. https://doi.org/10.1016/j.foodpol.2024.102773.

RETAIL SHIFTS

Consumer shopping behaviour is evolving, and the food retail landscape is shifting with it. Earlier this year, 35% of Canadians said they found the best value for their dollars at discount retailers and reported shopping for food at these stores more frequently.[35] As such, Canada has seen a rise in discount stores opening their doors across the country with large grocery corporations adapting their strategies to prioritize discount banners and provide value for consumers.

For example, Loblaw began piloting its new, ultra-discount store called No Name in Ontario this year and has further stated its plans to open 50 more No Frills, with smaller format stores available in downtown hubs like Toronto.[36] Metro opened an additional seven Food Basics locations and five Super C stores. Dollar stores like Dollarama are expanding their non-perishable food line.[37]

Globally, the discount grocery market is forecasted to increase at compounded annual growth rate of 5.2% into 2029.[38] The discount market is anticipated to make up over 15% of the Canadian grocery sales by this time, the highest share of any area outside of Europe.[38]

The rapid shift towards discount grocery channels in 2025 means there are more affordable options for consumers to choose from on the shelves. Canadians may be able to shop more within their budget as stores prioritize stocking high-volume, cost-effective goods, easing some of the budgetary constraints that customers are facing today. However, most of the discount stores still fall under the banners of major grocery chains, leading to ongoing concerns of a lack of competition in the retail market as control over pricing negotiations is still mainly in the hands of only a few companies.

Along with discounted retailers, food rescue apps are offering Canadians another way to save on groceries. While there is not yet concrete data on their prevalence in the retail marketplace, platforms like Second Harvest, Food Hero and Too Good to Go are increasing in popularity. Canada's Food Price Report will continue monitoring the ongoing integration of food rescue apps in the retail landscape.

"As Canadians chase deals, the grocery landscape is following suit – discount stores are multiplying, almost at a record pace."

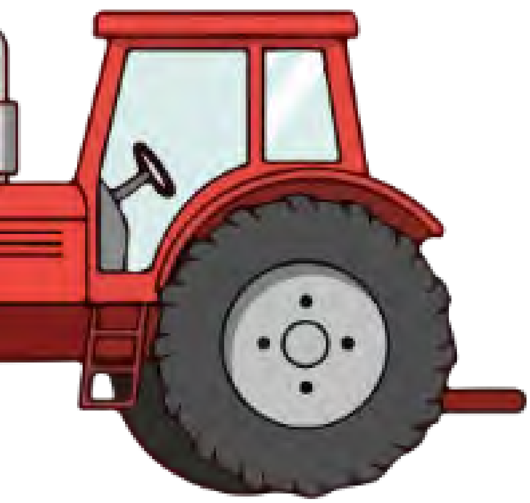
35. *Caddle. (March 6, 2025). Value Shopping in Canada: Trends Shaping Consumer Habits in 2025. Retrieved from https://askcaddle.com/wp-content/uploads/2025/03/Caddle_Value-Shopping-Webinar_Feb-28_v3.pdf.*
36. *Grocery Business (July 9, 2025). Budget-conscious shoppers drive increased growth in discount grocery channel. Retrieved from https://www.grocerybusiness.ca/budget-conscious-shoppers-drive-increased-growth-in-discount-grocery-channel/.*
37. *Canadian Grocer. (December 12, 2024). Retailers are betting on discount. Will the momentum last? Retrieved from https://canadiangrocer.com/retailers-are-betting-discount-will-momentum-last.*
38. *IGD. (May 21, 2025). Discounts to increase pressure on large grocers. Retrieved from https://www.igd.com/articles/discounts-to-increase-pressure-on-large-grocers/71249.*

ENERGY PRICES

Gas and food prices are highly interconnected: any significant shocks to the price of gas will be directly felt by the food industry. Higher energy costs increase the price of inputs like fertilizers and fuel for farm equipment, and they make transporting food along the supply chain, from the farm to the shelf, more expensive.[39] Food companies and consumers quickly bear the impacts of these extra costs.

Energy prices—particularly gasoline—decreased this year due to a combination of lower global crude oil prices, an increased fuel supply from OPEC and its partners, and the end of the national consumer carbon tax policy in April.[40] These changes come after several years of volatility. Reports showed consistent year-over-year declines for most of 2025, peaking in July with a 16.1% decrease.[40] However, more recent trends indicate that the rate of decline is slowing down as gasoline prices start to show modest monthly increases once again.[41]

Despite these recent declines, Canadians are still feeling the impacts of the last few years of high energy spikes in their grocery bills. While food inflation is quick to jump in response to higher energy costs or tightened availability, it is much slower to stabilize, meaning that it can take some time for falling energy prices to be reflected on price stickers at the store.



"Energy has been a non-factor in recent months, but that could change quickly."

39. Diab, S., & Karaki, M.B. (2023). Do increases in gasoline prices cause higher food prices? Energy Economics, 127:107066. https://doi.org/10.1016/j.eneco.2023.107066.
40. Statistics Canada (August 19, 2025). Consumer Price Index, July 2025. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/250819/dq250819a-eng.htm.
41. Statistics Canada (October 21, 2025). Consumer Price Index, September 2025. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/251021/dq251021a-eng.htm?utm_source=stcplus&utm_medium=web&utm_campaign=statcan-statcan-stcplus-weekreview-24-25&utm_content=25-10-24.

CLIMATE CHANGE & WEATHER EVENTS

Climate change and weather events have become a growing concern for agricultural producers as they face more extreme and unpredictable conditions year after year. Since the supply chain starts with producers, the entire chain is highly sensitive to climate-related disruptions that impact agri-food output. Hot temperatures, droughts and wildfires damage crops and threaten agricultural land, and warmer winters can make crops and livestock more susceptible to pests and disease. When supply cannot meet demand, businesses need to pivot quickly or take the losses, neither of which is economically viable. These extra costs will show up in food prices on the shelves.

In June 2025, 66% of agricultural land in Canada was experiencing moderate to extreme drought, most notably in Saskatchewan and Alberta.[42] By September, over 8.3 million hectares of land burned from wildfire activity.[43] Rainfall activity was well below normal levels as well, particularly in Ontario, Quebec and Nova Scotia, impacting fruit and vegetable production.[44]

Canada is also indirectly impacted by global weather events. Prices for certain imports such as coffee and tea, cocoa, strawberries, oranges, squash, carrots, cabbage and potatoes increased significantly in Canada due to weather-related challenges in other countries.[45]

For 2026, it is forecasted that Canadians can expect traditional winter weather conditions, deep freezes and frequent snowfall[46], as well as higher-than-normal temperatures and humidity in the summer months, particularly on the coasts.[47]

"Increasingly severe and unpredictable weather events are disrupting agricultural production, creating supply challenges that continue to influence food prices across Canada."

42. *Agriculture and Agri-Food Canada. (n.d.). Canadian Drought Monitor: Conditions as of June 30, 2025. Retrieved from https://publications.gc.ca/collections/collection_2025/aac-aafc/A27-39-2025-6-eng.pdf.*
43. *Government of Canada. (October 22, 2025). National Agroclimate Risk Report. Retrieved from https://agriculture.canada.ca/en/agricultural-production/weather/national-agroclimate-risk-report.*
44. *Government of Canada. (October 10, 2025). Current drought conditions. Retrieved from https://agriculture.canada.ca/en/agricultural-production/weather/canadian-drought-monitor/current-drought-conditions.*
45. *Government of Canada. (October 3, 2025). Canada: Outlook for Principal Field Crops, 2025-09-26. Retrieved from https://agriculture.canada.ca/en/sector/crops/reports-statistics/canada-outlook-principal-field-crops-2025-09-26.*
46. *Farmers' Almanac (n.d.). Farmers' Almanac Winter 2025-2026 Extended Weather Forecast (Canada). Retrieved from https://www.farmersalmanac.com/canadian-extended-forecast.*
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NUTRITIONAL COMPROMISES

In response to rising food prices over the last few years, Canadians have been evaluating their priorities when it comes to shopping for food. People are rethinking how often they purchase fresh foods like meat, fruits and vegetables, which are perishable and tend to cost more[48] but are also some of the most nutrient dense options available. Research shows that adherence to Canada's Food Guide comes with higher daily expenses[49] and packaged foods with high "nutrients of concern"—sugars and sodium—typically cost less than foods without.[50] Therefore, consumers may be compromising healthy food choices in favour of more cost-effective yet less nutritious options. Nearly one-quarter of Canadians reported that they would eat healthier, and one-fifth would buy higher-quality food, if they had greater food budgets, underscoring that price is a behavioural as well as an economic barrier to dietary quality.[51] Furthermore, 25% of Canadians are purchasing more frozen food due to the lower price point and longer shelf life.[48]

Notably, 86% of consumers reported that they are eating less meat due to its high price point.[52] However, only 17% reported an increase in consumption plant-based protein.[52] Plant-based alternatives like tofu, beans, lentils and chickpeas could provide an affordable and comparatively price-stable way for Canadians to meet their protein needs amid the rising cost of meat, at a time when nearly 10 million people in Canada are considered food insecure.[53]

Household food insecurity has been linked to elevated risks of adverse health outcomes, including infections, injuries, heart disease, chronic illness and mental health conditions.[54] As it becomes more difficult for Canadians to afford a healthy diet, there could be a rise in health-related challenges and a corresponding decline in overall public health.

"In trading-down markets, consumers will make nutritional compromises, eventually."

48. Government of Canada. (July 23, 2025). Industry implications of evolving consumer behaviour – Deep dive 2: trading down. Retrieved from https://agriculture.canada.ca/en/sector/consumer-trends-and-behaviours/deep-dive-2-trading-down
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50. Petitclerc, I., Pomerleau, S., Saulais, L., Mercille, G., Labonté, M.E., & Provencher, V. (2025). Association between the nutritional quality of Canadian packaged foods and their prices: an analysis across five food categories. Public Health Nutrition, 28(1):e135. doi: 10.1017/S1368980025100797.
51. Mollaei, S., Dias, G.M., & Lynes, J.K. (2025). Developing consumer segments in Canada for a shift towards sustainable diets. Journal of Consumer Marketing. doi:10.1108/JCM-03-2025-7682.
52. Government of Canada. (July 23, 2025). Industry implications of evolving consumer behaviour – Deep dive 3: Animal and plant-based proteins. Retrieved from https://agriculture.canada.ca/en/sector/consumer-trends-and-behaviours/deep-dive-3-animal-and-plant-based-proteins.
53. Statistics Canada. (May 1, 2025). Canadian Income Survey, 2023. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/250501/dq250501b-eng.htm.
54. PROOF. (n.d.). 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 NORTH

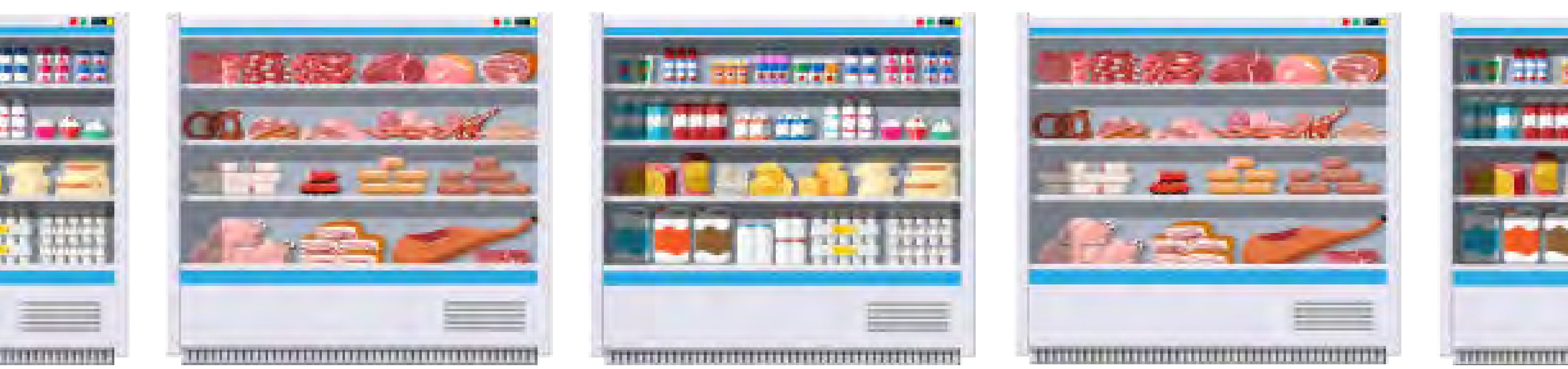
Canada's Food Price Report does not include projections for the Northwest Territories, Yukon or Nunavut due to the lack of food price data for these areas. Statistics Canada only collects and reports information for Whitehorse and Yellowknife, omitting Nunavut and any other territorial communities and therefore leaving much of Northern Canada underrepresented in forecasting. "The North" represents an incredible amount of regional diversity from east to west, and it does not cleanly start at the territorial boundaries—there is a lack of attention on communities in northern regions of the provinces as well, where food insecurity resulting in malnutrition remains a prominent concern. Northern Saskatchewan recently reported 27 cases of scurvy, which is just one example of the implications of nutrient deficiencies in these northern regions.[55] As such, food price data for Whitehorse and Yellowknife alone is not sufficient to speak to the food economic landscape in the North as a whole.

Food prices in the Northern territories are two to four times higher than in urban cities[56], and these disparities have only increased in the past five years.[57] Lack of infrastructure, long hauls, and transportation costs required to deliver food supplies all cause significant logistical issues, including high incidences of weather-related delays. Because of this, access to fresh foods, like fruit, vegetables and meat, is particularly challenging. Food insecurity in these regions is about double than the national average, with Nunavut experiencing the highest prevalence at 57% of the population.[58]

"The absence of reliable food price data across much of Northern Canada limits our understanding of regional disparities and makes it difficult to design effective policies to improve food affordability and security."

There are multiple federal subsidy and incentive programs to address the issue of food security in Northern Canada. The North Nutrition Canada (NNC) program was introduced in 2011 to help make food and other essentials more affordable for people living in isolated communities. The government subsidizes eligible food products sold by approved retailers, suppliers, processors and local vendors as well as food banks and charitable organizations. Since it began, the number of served communities has risen from 79 to 124, and in 2025, carried a budget of nearly $145 million for retail subsidies.[59] However, only communities that are inaccessible by road can access these subsidies. A recent study showed that food prices in a community that had lost its NNC eligibility due to new road infrastructure were 20% higher than the control group.[60] Evidently, road access alone is not enough to determine the need for food subsidies; infrastructure must be coupled with adequate monitoring, food security strategies and policy reform to improve affordability in these regions.[60]

Another aspect of food prices and accessibility that is under-researched is the role of retail governance in the North. Due to the small size of these communities, there is often only one retailer in the area. The lack of competition gives the retailer a high degree of control over food prices and accessibility.[56] For example, the ordering practices of one store manager can have a deliberate impact on food availability for the whole community. Nationally, there has been a rise in the number of Indigenous-owned grocery stores and cooperatives, which have been shown to positively impact their economies and improve the quality of life for members.[56] This model could be leveraged in remote, northern regions with profits cycled back into the local community.



55. *Global News. (November 15, 2024). La Ronge, Sask. doctors diagnose 27 cases of scurvy, highlighting food insecurity. Retrieved from https://globalnews.ca/news/10872233/la-ronge-doctors-scurvy-diagnoses-food-insecurity/.*
56. *Donnelly, T., Slack, C., Wesche, S.D., Peredo, A.M., & Kenny, T.A. (2025). Retail store governance models in remote Indigenous communities across Canada: a media analysis. Agriculture & Food Security, 14:23. https://doi.org/10.1186/s40066-025-00546-z.*
57. *Food Banks Canada. (September 26, 2024). Addressing the continued need for food security in the North. Retrieved from https://foodbankscanada.ca/blog-addressing-the-continued-need-for-food-security-in-the-north/.*
58. *Food Banks Canada. (n.d.). Northern food insecurity. Retrieved from https://foodbankscanada.ca/northern-food-insecurity/.*
59. *Government of Canada (October 16, 2025). How North Nutrition Canada works. Retrieved from https://www.nutritionnorthcanada.gc.ca/eng/1415538638170/1415538670874.*
60. *Kenny, T.A., Li, N., Mathieu, K., Teddy, C., Wesche, S., MacLean, J., & Wolki, C. (2025). Unintended consequences: food prices increase in an Arctic indigenous community amidst road infrastructure development and loss of federal freight subsidy. Frontiers in Nutrition, 12. https://doi.org/10.3389/fnut.2025.1521800.*

WHAT TO EXPECT IN 2026

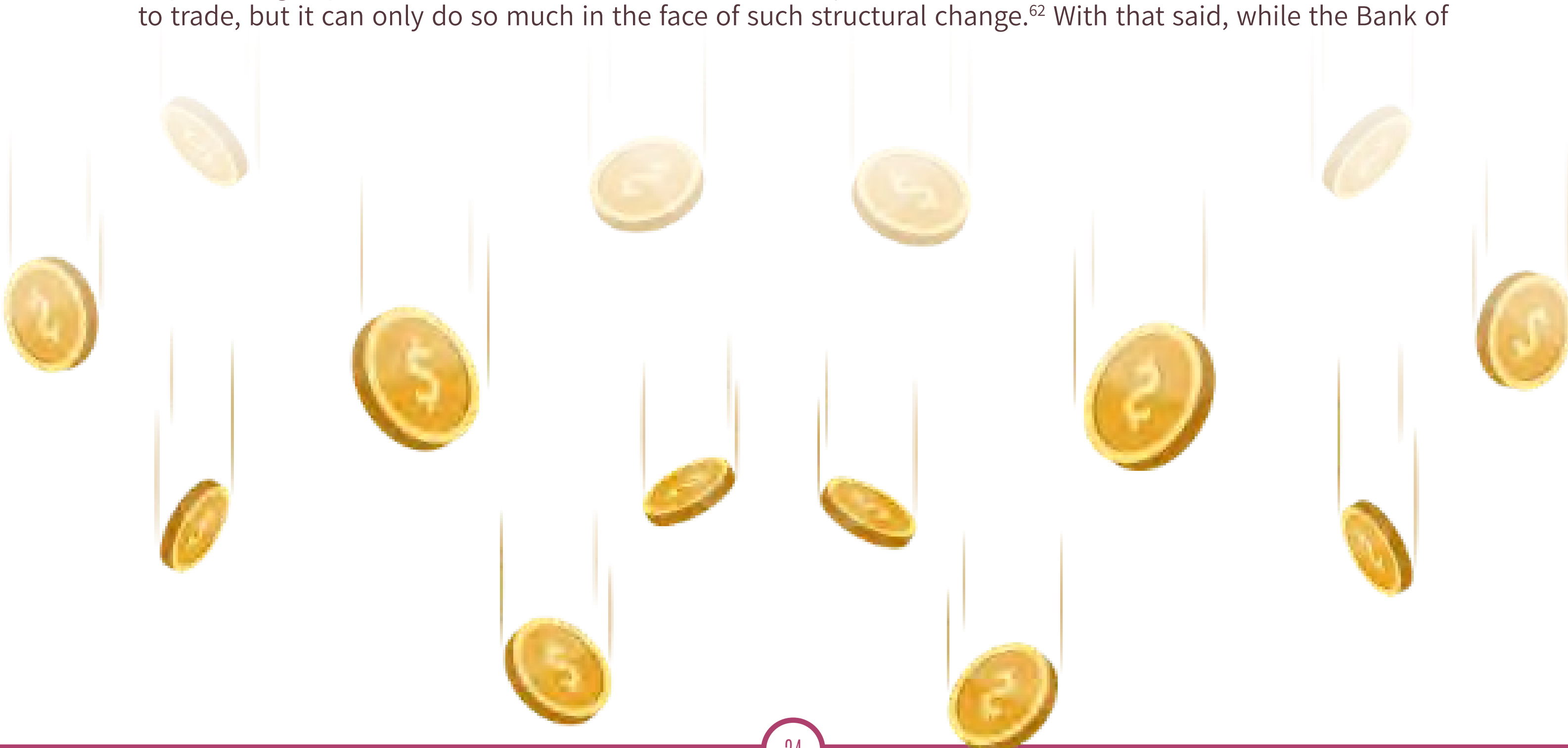
CANADIAN DOLLAR OUTLOOK

Going into 2026, uncertainty around trade relationships with the United States has also created uncertainty for Canadian dollar projections. Canadian GDP growth will continue to slow next year, hovering between around 1.2 to 1.4% compared with the projected global average of 2.9%.[61,62] This could lead to a decrease in investment in Canadian businesses, which would make it difficult for the dollar to appreciate.

The main drivers of stunted growth are the overhaul of the trading environment in Canada—both internationally and domestically—as well as weaker demand for Canadian exports and lower productivity output.[62] Sluggish growth is also driven by high unemployment rates—meaning less household disposable income for people to put back into the economy—and waning population growth due to policy changes.[62] All of these factors are expected to remain unchanged in 2026 and, as a result, consumer spending growth is expected to be down by 1.3% year-over-year.[62]

The Federal Budget, released on November 4th, highlighted the government's commitment to building infrastructure, improving productivity and investing in trade and defence, which could suggest some modest dollar appreciation.[63] Canada's net debt-to-GDP is the lowest of the G7 countries, but the large fiscal deficit will still add pressure to the dollar.

Inflation in Canada is likely to settle around 2% and hold steady throughout 2026.[62] Likewise, interest rates are expected to either stabilize or decrease slightly from their current rate, which would have a modest, depreciating impact on the dollar. Lower interest rates may offset some of the economic uncertainties related to trade, but it can only do so much in the face of such structural change.[62] With that said, while the Bank of



Canada is pausing cuts, the U.S. Federal Reserve is likely to continue lowering rates in 2026, lessening the gap in interest rates between the two countries.[64] In fact, the U.S. dollar fell 7% against other major currencies in 2025.[63] This shift could provide some support and stability for the Canadian dollar relative to the U.S.

With inflation expected to stabilize for the foreseeable future, food price increases and volatility should ease up as well. However, a depreciating dollar could also add import costs for Canadian businesses, meaning consumers may pay more for these commodities. The degree to which consumers experience cost pressures will depend on what happens with trade policies in 2026. While the Federal Budget did not explicitly outline relief for food prices, efficiency of food systems could be introduced through their commitments to infrastructure investments, trade and administrative reforms.

"If 2025 was difficult for Canadian households, 2026 is unlikely to be any easier."

61. OECD (September 23, 2025). OECD Economic Outlook, Interim Report September 2025, Retrieved from https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/09/oecd-economic-outlook-interim-report-september-2025_ae3d418b/67b10c01-en.pdf.
62. Bank of Canada. (October 29, 2025). Monetary Policy Report — October 2025. Retrieved from https://www.bankofcanada.ca/publications/mpr/mpr-2025-10-29/.
63. Government of Canada. (November 4, 2025). Economic and fiscal overview. Retrieved from https://budget.canada.ca/2025/report-rapport/overview-apercu-en.html.
64. RBC Capital Markets. (October 13, 2025). Currency Report Card. Retrieved from https://www.rbccm.com/assets/rbccm/docs/fx/currency-report-card.pdf.

TARIFF DISPUTES CONTINUE

The ongoing trade dispute with the United States is expected to continue into 2026 while tariffs imposed on Canada by the American government still weigh heavily on the economy. Sustained political and economic uncertainty in trade relations may dampen investment and innovation into Canadian businesses, slowing growth and productivity. Furthermore, the decreased demand for Canadian exports in the U.S. will continue to impact supply chains, economic growth and labour markets.

Canada removed almost all counter-tariffs on U.S. goods in September, a move that is expected to ease inflationary pressures on goods going forward.[65] In fact, new inflation projections are half of what they were in July as a direct result of this action—now, a 0.4% increase in the Consumer Price Index is predicted, compared with an expected rate of 0.8% earlier in 2025 when counter-tariffs were still in effect.[65] Goods will be less expensive to bring into the country so the price of these goods should rise more slowly. Further counter-tariffs are not anticipated for the upcoming year.

One of Canada's main strategies to handling these policy changes has been to diversify its trade portfolio with other countries outside of the U.S. The government as well as private businesses, including those operating in the food and beverage industry, have been exploring alternative international markets with which to build and strengthen their trade relationships. These efforts can add supply chain resilience, stabilize export demand, safeguard from economic uncertainty and overreliance on a single country's goods, and boost global and domestic competitiveness.

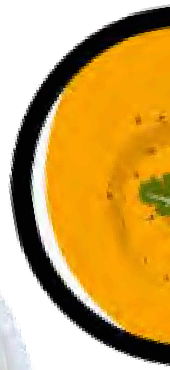
This approach should strengthen demand for Canadian exports, although from a lower baseline heading into 2026.[65] Exports to the U.S. has historically accounted for about 17% of the Canadian GDP[66]; it may take some time to bridge that gap through alternate routes.

"As U.S. tariffs persist, Canada's ability to diversify trade and stabilize exports will be key to protecting domestic food security and keeping supply chains resilient."

The recent U.S. decision to roll back tariffs on more than 200 agricultural and food-products—including beef, coffee, bananas, tomatoes, cocoa and certain raw materials—represents a significant pivot in North American trade policy. For Canadian consumers and retailers, this move could moderate the upward pressure on certain imports that compete directly with goods flowing in from south of the border. Because Canada and the U.S. are closely integrated in agri-food supply chains, even a change in U.S. import cost structures may influence relative pricing for Canadian exporters and importers alike. Lower costs on U.S. imported inputs (e.g., fertilizers, beans, coffee) or finished goods could ease cost-push inflation in sectors that source directly from U.S. or global markets.

However, the direct impact on Canadian retail food prices may be modest and gradual. Many Canadian-retail food price increases have been driven by domestic supply-chain bottlenecks, labour and fuel costs, and logistics across provinces and regions, not solely import tariffs. Moreover, Canadian exports to the U.S. may face renewed competition from cheaper U.S. imports—potentially reducing margin for Canadian suppliers and translating into slower price growth or even discounting in some categories. For example, Canadian beef and dairy producers could face more intense cross-border competition if U.S. tariffs are reduced. Monitoring shifts in Canadian wholesale and retail pricing will be crucial to assess how much of the U.S. tariff relief is transmitted northward versus absorbed upstream in the supply chain.

Currently, products that fall under the Canada-United States-Mexico trade deal (CUSMA) are exempt from tariffs. The country leaders will be revisiting these terms in 2026, which could impact economic projections.



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INTERPROVINCIAL TRADE BARRIERS

While building international trade partnerships is important for economic stability and supply chain resilience, reassessing domestic trade between provinces is a necessity. Interprovincial regulations create barriers for businesses by making it more difficult and costly for them to distribute their goods and services within Canada. It is estimated that removing these trade barriers could increase GDP per capita by a substantial 4%[67] annually by boosting productivity while lowering logistical costs. Some of the most disruptive examples of barriers for the food industry include inconsistent trucking and transportation regulations; inhibited labour mobility due to provincial certifications; and restrictions on the sale of provincially inspected meat under the Safe Food for Canadians Act.[68]

In July 2025, the government removed all 53 federal exceptions to the Canadian Free Trade Agreement (CFTA) with the passing the One Canadian Economy Act. This Act revised legislation to state that goods and services that meet provincial standards will be recognized as meeting federal regulations as well.[69] In other words, it eases restrictions between provinces and territories in an effort to stimulate productivity within Canada and encourage labour mobility between regions.

Canadians should start to see the impacts of these changes to internal trade in 2026. While 58% of businesses reported in 2025 that interprovincial trade barriers prevented their expansion into other provinces, 80% said they are now acting on new interprovincial opportunities as a result of the regulatory changes.[70] Furthermore, provinces and territories have begun to re-evaluate their own policies, but action has not been equal across the country: Ontario, Nova Scotia and Manitoba have taken considerable steps to remove their legislative barriers, while Newfoundland & Labrador and New Brunswick have been more selective.[71] Regulatory alignment between provinces and territories should continue next year to give businesses clearer pathways to domestic expansion.

"Interprovincial trade barriers took centre stage this year – hopefully, provincial governments will take concrete action to reduce costs and strengthen competition across Canada."

67. *Alvarez, J.A., Krznar, I., & Tombe, T. (2019). Internal Trade in Canada: Case for Liberalization. IMF Working Papers 2019, 158. https://doi.org/10.5089/9781498326650.001.*
68. *Ontario Federation of Agriculture Viewpoint. (April 28, 2025). Agriculture must be part of interprovincial trade barrier discussions. Retrieved from https://ofa.on.ca/newsroom/agriculture-must-be-part-of-interprovincial-trade-barrier-discussions/.*
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70. *BDO Canada. (March 27, 2025). Interprovincial trade barriers: 6 key findings on business readiness. Retrieved from https://www.bdo.ca/insights/interprovincial-trade-barriers-6-key-findings-on-business-readiness.*
71. *TD Economics. (August 14, 2025). The State of Play on Interprovincial Trade. Retrieved from https://economics.td.com/ca-interprovincial-trade.*

FRONT-OF-PACK NUTRITION LABELLING

As of January 1st, 2026, it will be mandatory for any food that surpasses a pre-determined threshold of sodium, sugar and/or saturated fat to display a standardized nutrition label on the front of its packaging. This is in an effort by Health Canada to better inform customers about these nutrients of concern; to promote healthier food decisions at the store; and to improve transparency in food labelling.[72] A study from 2022 found that about 35% of generic food and nearly two-thirds of branded, packaged food will require the new symbol.[73]

Some experts have argued that these new labelling requirements could cause incremental yet meaningful economic strain for manufacturers as they update their packaging or reformulate their products altogether.[74] Smaller manufacturers who already operate on tight margins may not have the resources to spare. However, countries that have already implemented similar nutritional labels on their food packaging did not see any significant increases in prices at the store that were directly related to the front-of-package regulations.[75] Nonetheless, front-of-pack regulations can also catalyze product innovation, as suggested by international evidence (e.g., Chile) where manufacturers reformulated products to reduce sodium and sugar content without major cost increases.[76] Canada's food industry could see a similar reformulation wave in 2026, particularly in beverages, snacks, and ready-to-eat meals.

Nonetheless, the new, front-of-package labelling requirements will likely have an impact on the retail landscape and consumer purchasing behaviours come the new year.

"Front-of-package labelling marks a turning point for Canada's food industry — a well-intentioned push for transparency that will test how manufacturers balance public health, cost and competitiveness."

Starting December 31st, 2025, Health Canada has mandated that dairy milk be fortified with nearly double its current amount of Vitamin D to combat deficiency. Health Canada has also permitted increased Vitamin D levels in fortified plant-based beverages, yogurt and kefir, although fortification of these products remains voluntary. This could introduce some additional costs for dairy producers as they add more vitamins to their premix, update labels and adjust quality control processes. With that said, international analysis has shown that mandatory fortification has a negligible effect on inflation.[77] Canada's Food Price Report will continue to monitor any impacts this new mandate has on the cost of dairy milk and related products in 2026.

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CHICKEN

With beef prices already high, many Canadians have turned to chicken as a more affordable and familiar protein source.[78] While dietary guidelines encourage shifting toward plant-based proteins, most consumers are substituting beef with chicken due to cost, not choice. However, this fallback is becoming less viable as chicken prices are set to increase substantially in 2026 due to underproduction. With affordability as the main driver of purchasing behaviour at the grocery store, Canadians are losing agency in their food decisions as they react to volatile prices of proteins.

Like beef, domestic chicken production reached record lows in 2025. The industry did not meet its targets for the last nine consecutive periods, an extremely rare occurrence, meaning that supply was tightened considerably for peak season. Storage reserves were needed prematurely, then subsequently depleted to meet demand. Imports were also down in response to an overstock in 2023. Together, these supply management issues indicate that consumers should see a spike in the price of chicken at the store very soon.[79,80] Additionally, mild temperatures in the fall have meant wild fowl are staying in Canada longer before migrating. This has led to a sudden rise in avian influenza among commercial flocks, with 15 confirmed occurrences across six provinces in October 2025 alone.[81] This will contribute to reduced chicken availability in 2026.

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2026 FORECAST: METHODOLOGY

In contrast with previous years, the 16th Edition of Canada's Food Price Report used one, systemized method to forecast the upcoming years' food price increases and trends. The predictive analysis model was prepared by our forecasting team, leveraging Statistics Canada's Consumer Price Index (CPI) for Food along with climate, economic, manufacturing and geopolitical data to predict the year-over-year percent changes in 2026. Eight food categories were assessed—Bakery, Fruit, Dairy & Eggs, Meat, Other, Restaurants, Seafood and Vegetables—as well as the total changes in overall food prices.

A broad suite of models was used, including Temporal Fusion Transformer models, statistical models (AutoETS and ARIMA) and DeepAR models, to provide the forecast for 2026. The models were trained and evaluated across two different Python libraries—AutoGluon and StatsModel—to confirm consistent presentation and results.

To achieve an interdisciplinary and robust approach, several key regressors were identified that have significant potential to impact the Canadian food price pipelines, including the costs of raw materials, food processing and manufacturing, transportation, retail and consumer behaviour. Therefore, in addition to the CPI data, the models incorporated datasets to capture at least one of each of these exogenous variables: National Oceanic and Atmospheric Administration (NOAA) Nina 3.4 El-Nino (ENSO) index to account for climate variables; Federal Reserve Bank Economic Data (FRED) USD-CAD Exchange Rate for economic factors; FRED Produce Price Index for the food manufacturing industry; and the Global World Uncertainty Index for geopolitical considerations. The datasets ranged from 2008 to the most recent measurements that were available at the end of August 2025.

The final forecasts for each food category were produced by averaging the median values from each model. Standard deviations were then calculated to determine confidence intervals and establish a plausible range of potential price increases.

2026 MACROECONOMIC FACTORS AND DRIVERS

Table 4 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 2026.

TABLE 4: MACROECONOMIC DRIVERS FOR CANADA'S FOOD PRICES IN 2026

VARIABLES	CATEGORIES	IMPACT	PRICE EFFECTS	LIKELIHOOD
MACRO-LEVEL	CLIMATE CHANGE	SIGNIFICANT	INCREASE	VERY LIKELY
	GEOPOLITICAL RISKS	VERY SIGNIFICANT	VARIABLE	VERY LIKELY
	INPUT COSTS	SIGNIFICANT	INCREASE	LIKELY
	ENERGY COSTS	MODERATE	DECREASE	LIKELY
	INFLATION	SIGNIFICANT	INCREASE	LIKELY
	CURRENCIES & TRADE ENVIRONMENT	VERY SIGNIFICANT	INCREASE	VERY LIKELY
SECTORAL-LEVEL	FOOD RETAIL & DISTRIBUTION	SIGNIFICANT	VARIABLE	LIKELY
	FOOD PROCESSING	SIGNIFICANT	INCREASE	VERY LIKELY
	POLICIES & REGULATIONS	SIGNIFICANT	VARIABLE	LIKELY
	CONSUMER AWARENESS & TRENDS (AI INFLUENCED)	SIGNIFICANT	DECREASE	VERY LIKELY
DOMESTIC-LEVEL	CONSUMER INDEBTEDNESS	VERY SIGNIFICANT	INCREASE	LIKELY
	CONSUMER DISPOSABLE INCOME	VERY SIGNIFICANT	DECREASE	VERY LIKELY

FOOD PRICES BY PROVINCE

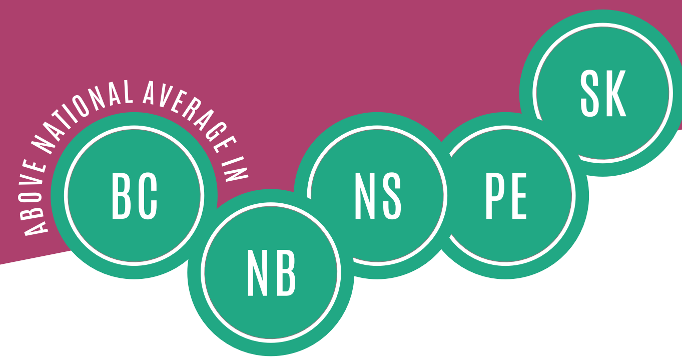


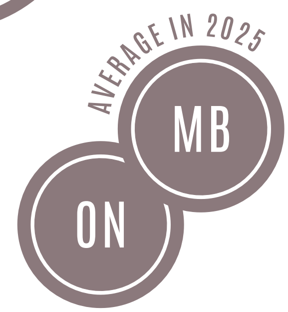
Table 5 presents a provincial breakdown of food price dynamics in Canada, comparing the relative change in 2025 with directional forecasts for 2026. It evaluates whether each province experienced food price movements below, at, or above the national average in 2025, offering a clear view of regional disparities. Several provinces—such as British Columbia, New Brunswick, Nova Scotia, Prince Edward Island, and Saskatchewan—saw food price increases above the national average in 2025, while Alberta, Newfoundland and Labrador, and Quebec experienced increases below the national average. Manitoba and Ontario remained close to the national benchmark, showing "average" changes for the year.

Looking ahead to 2026, the table provides provincial forecasts indicating whether food prices are expected to rise faster, slower, or in line with the national average. Some provinces are projected to shift direction compared to 2025—for example, British Columbia and Manitoba are expected to fall below the national average in 2026 after performing above or at average levels in 2025. In contrast, Ontario and Quebec are forecasted to see above-average food price increases next year. The estimates offer important guidance for policymakers and consumers by highlighting emerging regional pressures and potential affordability challenges across the country.

TABLE 5: 2026 PROVINCIAL BREAKDOWN OF FOOD PRICES

PROVINCE	2025 CHANGE[82]	2026 FORECAST*
Alberta	Below National Average	Above National Average
British Columbia	Above National Average	Below National Average
Manitoba	Average	Below National Average
New Brunswick	Above National Average	Above National Average
Newfoundland and Labrador	Below National Average	Average
Nova Scotia	Above National Average	Above National Average
Ontario	Average	Above National Average
Prince Edward Island	Above National Average	Average
Quebec	Below National Average	Above National Average
Saskatchewan	Above National Average	Average

**Provincial estimates provide directional guidance based on regional knowledge rather than precise forecasting.*



82. *Statistics Canada. (October 29, 2025). 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 2026 WATCH-LIST ITEMS

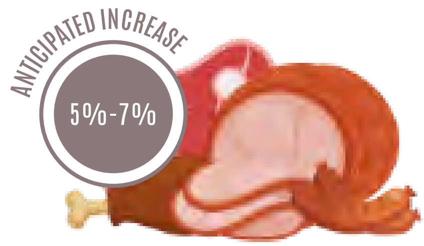
In summary, food prices could rise by as much as 6% in 2026, with the most significant increases ranging from 5% to 7% in the meat category, as illustrated in Table 6. The ranges reflect the best-case and worst-case scenarios forecasted for each food category based on the average of various models and exogenous variables included in the analysis.

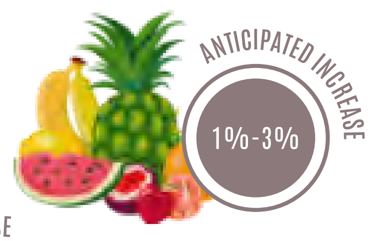
TABLE 6: 2026 FOOD PRICE FORECASTS

CATEGORIES	ANTICIPATED CHANGE %	UNCERTAINTY RANGE*
Bakery	2% - 4%	+/- 0.65
Dairy & Eggs	2% - 4%	+/- 0.40
Fruit	1% - 3%	+/- 0.40
Meat	5% - 7%	+/- 1.12
Other	4% - 6%	+/- 0.87
Restaurants	4% - 6%	+/- 0.67
Seafood	1% - 2%	+/- 0.49
Vegetables	3% - 5%	+/- 0.85
Total Increase in Food Prices	4% - 6%	+/- 0.70

The uncertainty range tells you how much the actual price change could reasonably vary above or below the forecast, based on historical volatility and model error (±1 standard deviation).

"The average Canadian family of four should expect to pay nearly $1,000 more for groceries next year if they follow an average diet."





In Canada's Food Price Report 2026, we have continued to use an approach that takes into account the diverse household compositions found across the country. Maximum annual food expenditures are predicted by considering the age and gender of individual consumers, shown in Table 7. 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 7: PREDICTED FOOD EXPENDITURES FOR INDIVIDUAL CONSUMERS IN 2026

DEMOGRAPHICS		PREDICTED COST
CHILD	6-11 MONTHS	$3,328,83
	1-3 YEARS	$2,547.68
BOY/MAN	4-8 YEARS	$3,323.80
	9-13 YEARS	$4,279.32
	14-18 YEARS	$5,020.88
	19-30 YEARS	$4,725.31
	31-50 YEARS	$4,497.26
	51-70 YEARS	$4,368.32
	70+ YEARS	$4,198.60
GIRL/WOMAN	4-8 YEARS	$3,183.37
	9-13 YEARS	$4,018.55
	14-18 YEARS	$4,172.36
	19-30 YEARS	$4,114.39
	31-50 YEARS	$4,035.10
	51-70 YEARS	$3,950.92
	70+ YEARS	$3,779.10
PREGNANT WOMAN	< 18 YEARS	$4,819.49
	19-30 YEARS	$4,690.38
	31-50 YEARS	$4,640.72
NURSING WOMAN	< 18 YEARS	$4,710.80
	19-30 YEARS	$4,690.38
	31-50 YEARS	$4,651.05

LOWEST INDIVIDUAL PREDICTED ANNUAL COST
$2,547.68

HIGHEST INDIVIDUAL PREDICTED ANNUAL COST
$5,020.88

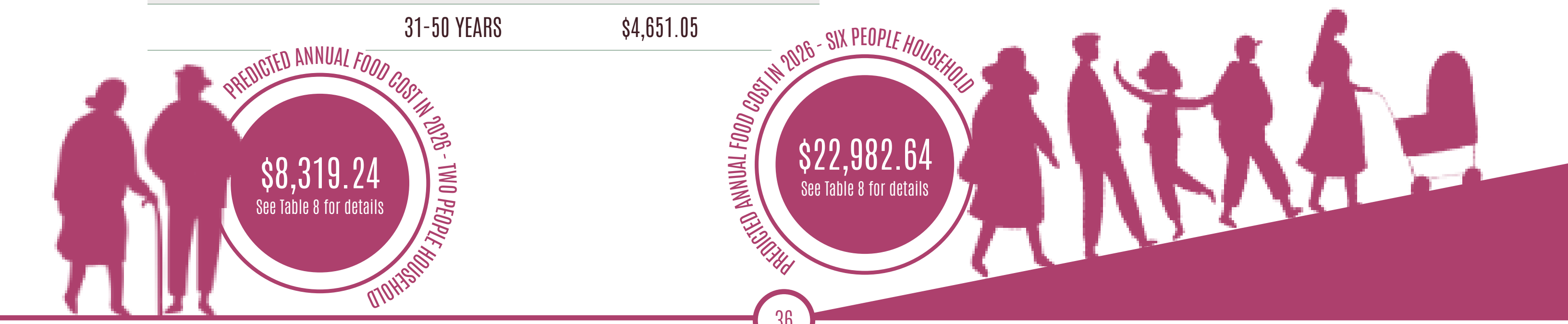


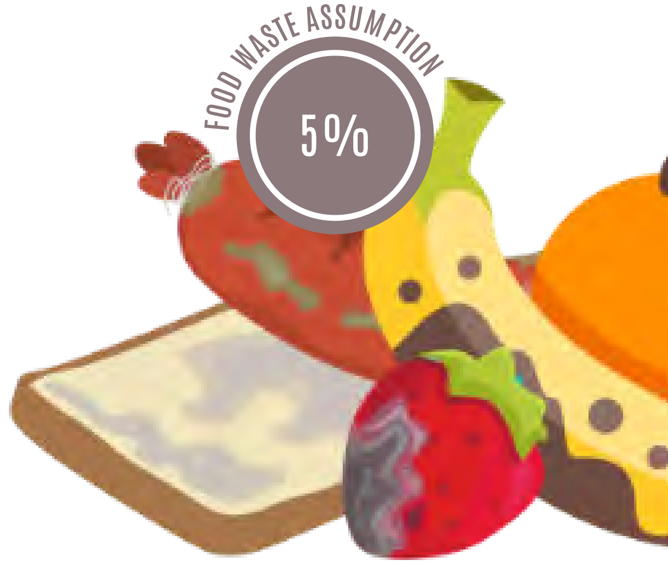
Table 8 presents various household compositions and their anticipated annual food expenditures for the year 2026. For instance, if we consider a family comprising an adult man (31-50 years old), an adult woman (31-50 years old), a teenage boy (14-18 years old), and a girl (9-13 years old), the annual food expenditure is projected to be up to $17,571.79 in 2026. **This reflects an increase of up to $994.63 compared to the observed annual expenditure for a family with the same demographic composition in 2025.**

TABLE 8: EXAMPLES OF CANADIAN HOUSEHOLDS AND PREDICTED ANNUAL FOOD EXPENDITURE IN 2026

HOUSEHOLD DEMOGRAPHICS	TOTAL PREDICTED FOOD EXPENDITURE 2026
FOUR PEOPLE: Man (31-50), Woman (31-50), Boy (14-18), Girl (9-13)	$17,571.79
THREE PEOPLE: Woman (19-30), Boy (3-8), Child (1-3)	$9,985.87
FOUR PEOPLE: Two women (31-50), Girl (14-18), Boy (9-13)	$16,521.88
TWO PEOPLE: Man (51-70), Woman (51-70)	$8,319.24
SIX PEOPLE: Woman (70+), Man (31-50), Woman (31-50), Girl (9-13), Boy (4-8), Child (6-11 months)	$22,982.64
TWO PEOPLE: Man (19-30), Pregnant woman (19-30)	$9,415.69

While Tables 7 and 8 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.

In conclusion, Canadians will see an increase in food prices in 2026, the rate of which will depend on a variety of factors including tariffs and international trading partnerships, climate events, federal and provincial policies, shifts in manufacturing and retail, labour markets, and more. It is likely that price increases will be felt all the ay along the supply chain, from producers to food manufacturers to consumers. As food insecurity in Canada continues to rise, food affordability will remain a critical pressure point for households as it continues to shape consumer behaviour and overall health outcomes for Canadians.



16TH EDITION

CANADA'S FOOD PRICE REPORT 2026

CANADA'S FOOD PRICE REPORT IS SUPPORTED BY A COLLECTIVE OF UNIVERSITIES FROM ACROSS THE COUNTRY AND PRODUCED BY THE AGRI-FOOD ANALYTICS LAB AT DALHOUSIE UNIVERSITY