



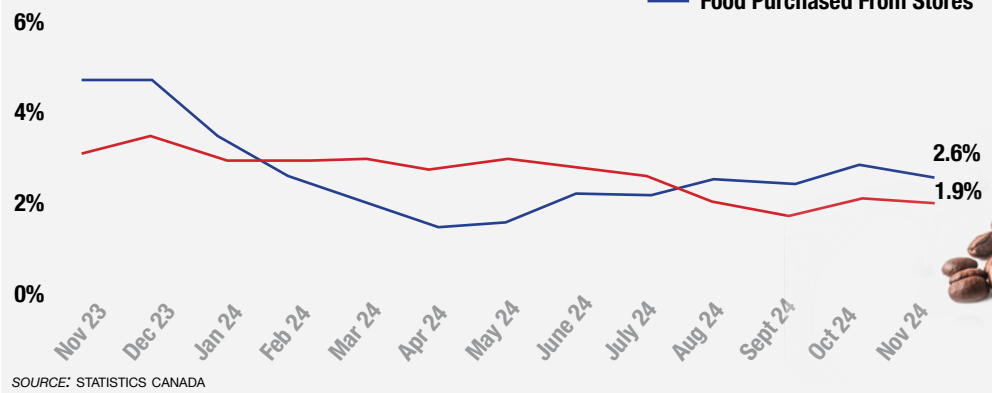
Food Inflation Report

January 2025

Food Inflation to outpace general CPI reflecting the impact of the lower dollar during peak import season

Monthly Canadian Inflation

Year-over-year, % change



SOURCE: STATISTICS CANADA



Statistics Canada will release its December Consumer Price Index (CPI) report tomorrow, January 21, including an update on food prices. While food inflation has returned to more typical levels, grocery prices are still rising faster than overall inflation—a trend we expect to continue. Several other key factors are keeping grocery costs higher:

A Weak Canadian Dollar – Since much of our fresh produce is imported and priced in U.S. dollars, a weaker Canadian dollar makes these goods more expensive. During the winter months, our reliance on imported fresh food is at its highest.

Supply Chain Issues – Ongoing disruptions, including labour stoppages at major ports and natural disasters in key growing regions, are making it harder and more expensive to get food where it needs to go.





Supplier Cost Increases – Increases proposed in the 4th quarter of 2024 range from 1-30%, depending on the product, with the majority above CPI.

Rising Production Costs – The cost of essentials like fertilizers and energy remains high, increasing the expense of growing and transporting food.

How Rising Commodity Prices Affect Your Grocery Bill

The cost of some key product ingredients is rising, leading to higher prices. Here's what's happening:

| Top Moving Commodities | YoY | QoQ |
|------------------------|--------|-------|
| Cocoa | 103.6% | -7.1% |
| Wheat | -15.4% | 5.3% |
| Live Cattle | 21.6% | 10.5% |
| Vegetable Oil | -11.0% | 12.2% |
| Coffee | 64.3% | 20.0% |
| Sugar | -18.2% | 22.1% |

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Coffee: Coffee prices have surged to record highs, especially for popular Arabica and Robusta beans. This is due to extreme dry weather in Brazil, which is reducing crop yields. With a smaller harvest expected in 2025, prices are likely to stay high.
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Cocoa (Chocolate): Chocolate lovers may continue to see higher prices. Poor harvests have led to a global shortage, driving costs up significantly. While prices dipped slightly recently, next year's supply is expected to shrink even further, keeping costs high.
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Beef: The cost of beef has climbed to all-time highs, especially for leaner cuts and ground beef. This is due to lower cattle production, ongoing droughts driving up feed costs, and strong consumer demand.
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Olive Oil: The good news—olive oil production is bouncing back after recent shortages. While prices won't drop back to pre-pandemic levels, they should start to ease compared to last year.