



Food Inflation Report

September 2025

Food prices remain above the general rate of inflation as external pressure continues

Food inflation in Canada rose **3.5% in August** compared to the overall CPI at **1.9%**. Much of this gap is tied to broader global factors —such as commodity volatility, higher transportation and energy costs in the supply chain, and weather-related disruptions affecting produce and meat. While Loblaw’s internal food inflation rate is below CPI (meaning customers are finding more saving in stores), there remain significant, persistent cost increases from vendors. Retailers will continue to push back where unjustified, however these factors contribute to the ongoing elevated food inflation.

The heat is on...

This summer, the Atlantic provinces, Quebec, and parts of Ontario have seen unusually low rainfall, especially in August. As a result, crops like corn, soybeans, blueberries and root vegetables were stressed during critical growth phases, reducing yields (in some cases by 10-25 percent in severely affected zones). This could mean grocers will need to transition to imports earlier, or that products may be a bit smaller. The driest conditions have also increased the cost and logistical burden of irrigation and feed, particularly for forage crops and livestock, while some produce sectors are facing noticeable reductions in both quality and quantity.

The Tale of Tariffs

Since this report first began, tariffs have been a constant headwind in food inflation. As of September 1, 2025, Canada has dropped its counter tariffs on most food products imported from the U.S. Similar to earlier this year, when tariffs were introduced, customers can expect to see tariffs come off in waves – the most immediate price decrease on produce (with blood oranges, lemons and peanuts already flowing through), followed by fresh items like meat, poultry and dairy, and then packaged/pantry goods as retailers sell through inventory.

What does this mean for Canadians? One of the most high-profile tariff-impacted products from earlier this spring was orange juice, where U.S. imports saw considerable spikes in price, compared to ‘processed in Canada’ alternatives. With the removal of tariffs, those prices have reduced at shelf.



Commodity	YoY	MoM
Wheat	0.2%	-7.5%
Rice	-2.8%	-0.5%
Sugar	-7.9%	1.9%
Beef	33.2%	6.8%
Coffee	40.9%	23.1%
Cocoa	11.7%	2.8%

☕ **Coffee:** Coffee prices have climbed back near their 2025 highs after the U.S. imposed a **50% tariff on Brazilian imports**, reversing much of the relief that had come from earlier price declines. The tariff has disrupted trade flows, pushing buyers to compete for alternative supply while eroding the benefit of lower prices filtering through the market in recent months. At the same time, Brazilian producers are holding onto their beans and taking a more cautious approach to selling, which is tightening available supply. Together, these factors are keeping global coffee markets volatile and adding renewed pressure to input costs for roasters and retailers.