



Food Inflation Report

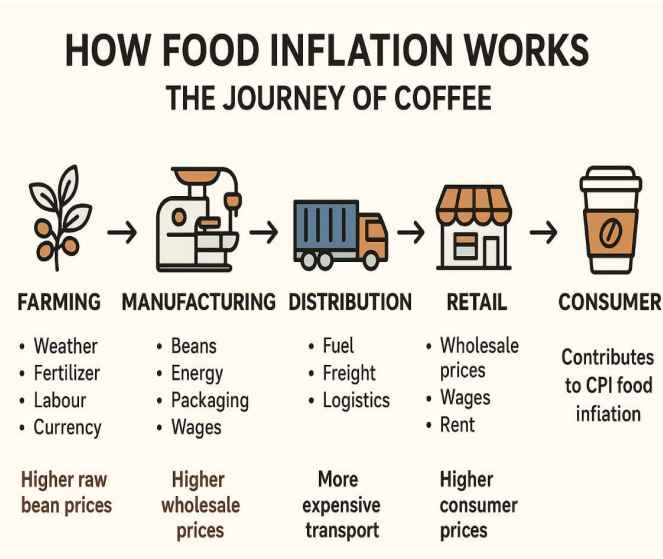
November 2025

Food inflation eases with tariff removal

Canada’s food inflation rate decreased slightly in October to 3.4%, while the overall inflation rate remained largely steady at 2.2%. The decline was driven in part by the removal of tariffs from U.S. imports, and lower costs for some processed foods and fresh vegetables. However, higher prices for fresh and frozen chicken and beef moderated the decline.

The U.S. has recently moved to cut or eliminate tariffs on more than 200 food products in the US, including removing the 40% tariff on Brazilian coffee and beef. These changes have already helped push coffee futures down slightly and will ease prices on these imported products in Canada. However, tariffs on steel and aluminum remain in place, continuing to drive higher packaging costs for many food and beverage items.

The journey of food inflation



Food inflation becomes clearer when you follow coffee from farm to cup. At the farm level, growers are paying more for key inputs like fertilizer (≈ +15% YTD), energy, and labour, while weather and currency swings add extra strain. These pressures push up the cost of green coffee beans, with mild Arabica prices up nearly 50% over the past year.

Roasters then face higher bean, energy, packaging, and wage costs, alongside shifting U.S. tariffs on Brazil. To absorb these increases, they raise wholesale prices.

Distribution adds another layer as fuel and freight costs climb. By the time coffee reaches grocery stores and cafés, retailers are also managing rising rents, utilities, and wages. The result: higher prices at the shelf and the counter.

When many foods follow the same pattern, the CPI’s food category rises, creating broader inflation. Coffee’s path shows how global factors—from weather to shipping—combine to keep food prices elevated.

Looking ahead

Food inflation in Canada is likely to stay elevated over the next few months, with the expectation that at the end of the year food prices will be about 3-5% higher than in 2024. Persistent cost pressures, including a weak Canadian dollar, supply chain disruption, and climate-driven volatility, are expected to continue pushing food prices upward. While there is some relief on key commodities, proteins like beef and chicken have seen recent spikes and will remain higher over the coming months.

Commodity	YoY	QoQ
Coffee	49.2%	-5.9%
Beef	28.9%	12.1%
Wheat	-10.8%	-3.1%
Cocoa	-5.4%	-14.4%

- ☕ Coffee prices are still high after bad weather hurt crops in Brazil and Vietnam. Supplies are tight, though prices dipped a bit this quarter as harvests slowly improve.
- 🐄 Beef is pricier because herds are still recovering after years of drought and expensive feed. Demand is strong, and supplies just haven’t caught up yet.
- 🌾 Wheat is cheaper than last year thanks to stronger global harvests. Better growing conditions have boosted supply, keeping prices slightly lower this quarter too.