



# Loblaw Food Inflation Report

March 2026

## Food prices improve slightly in February, but geopolitical strife adds pressure and complexity to outlook

Inflation cooled slightly in February. Overall CPI was 1.8%, down from 2.3% in January. The price of *food purchased from stores* also dropped, down 70 basis points from January at 4.1%. The price of *food purchased from restaurants* rose 7.8% in the month – a meaningful increase, especially considering prices also jumped a year ago when the GST/HST holiday concluded in February 2025.

One positive sign was fresh and frozen beef, which Statistics Canada noted decreased nearly 5% MoM throughout the entire Canadian market. It was noted that while supply remains tight, certain cost pressures (e.g. feed) are easing, and production is stabilizing.

Looking ahead, the situation in the Middle East – regardless of duration – will have ramifications on costs here in Canada. A wide range of critical commodities are unable to leave the region, including crude oil, liquified natural gas, fertilizers, petrochemicals, aluminum, copper, sugar, helium and more. For many of these commodities, 20% or more of global supply flows through the region, with some markets (like fertilizers or helium) far more concentrated.

Disruptions will not only limit direct supply, but also cascade into global shortages of by-products and downstream materials. Soybean oil is one such example: higher crude prices raise costs and divert supply to biofuels, while the reduced availability of fertilizer cuts yields. This will impact supply and prices.

The consequence of these variables is clear: there is volatility ahead, and the price of food in Canada will certainly be impacted. This reinforces the importance of Loblaw’s ongoing efforts to limit supplier cost increases to reasonable levels, to help keep value within reach.

### Signs consumers are adjusting to continued cost pressures:

- Customers are trading down in produce, with less willingness to pay for premium; for example, organic berries are down YoY, while conventional berries are up.
- Prepared and ready-to-eat meals are growing at a much higher rate than other categories, as the price of eating out gets harder to bear.
- Customers are shifting to No Name for value-driven staple categories, like eggs and baking.



### – SOMETHING TO WATCH –

The Canada-United States-Mexico trade agreement, known as CUSMA, will enter its mandated review period on July 1. Consultations and preparations have already begun, with negotiations to potentially impact areas like auto manufacturing, supply management, digital trade and more.

Commodity	YoY	QoQ	MoM
Cocoa	-65.6%	-28.1%	-27.9%
Sugar	-30.8%	-8.4%	-3.6%
Coffee	-30.4%	-17.2%	-13.5%
Rice	-23.5%	-9.7%	0.6%
Crude Oil	-14.8%	2.0%	8.1%
Wheat	-12.1%	-0.7%	1.9%
Resin	-10.1%	-0.5%	4.5%
Soyabean Oil	19.0%	6.6%	11.5%
Paper	-9.7%	-4.1%	-1.5%
Beef	16.1%	0.9%	0.1%
USD	-5.5%	-2.3%	0.6%

### Loblaw Commodity Context (as of February 28)

- **Cocoa** – Prices dropped after better harvests in West Africa; investors also sold after a big price surge earlier in the year, accelerating price improvements.
- **Coffee** – Prices fell as improved weather in Brazil raised expectations for a stronger harvest, easing earlier supply worries.
- **Sugar** – More global supply, with larger output and surplus expectations from key producers like Brazil and India, is weighing on prices.