Food Inflation Report

October 2025

Tariff removal offers relief amid ongoing pressure from key categories

This month, grocery prices in Canada rose by 4.0%, with general CPI increasing 2.4%. The removal of the federal government's counter-tariffs on U.S. imports, which are expected to be fully realized in the coming weeks as retailers sell through inventory, has helped moderate food inflation; however, items like fresh and frozen meat and coffee are putting upward pressure on prices, both due, in part, to lower supply. In addition, continued cost increases from manufacturers, often higher than inflation, are keeping prices elevated.

Key factors driving food prices

Meat continues to be one of the biggest contributors to food inflation, with beef leading the way. Supplier prices have climbed sharply due to higher feed and energy costs, as well as tight livestock supplies caused by dry weather in key producing regions. Pork and poultry have been slightly more stable, though still above last year's levels. With feed costs and transportation expenses showing little sign of easing, Canadians can expect meat prices to remain high through the fall. Retailers will continue working to secure affordable supply including from other source countries such as Australia and Mexico and promote value cuts where possible.

Produce prices remain volatile and are expected to rise further as colder weather reduces Canadian supply and imports from the U.S. increase. California's poor growing season — marked by water shortages and reduced yields — will likely push up the cost of many fruits and vegetables over the coming months. Freight and labour costs add to this pressure, meaning produce could continue to increase compared to last year.

Commodity	MoM	QoQ
Cocoa Bean	-13.5%	-14.1%
Frozen Orange Juice	-7.7%	-1.8%
Kidney Beans	-4.7%	-11.9%
Sugar	-0.1%	-6.2%
Avocado	0.5%	-10.4%
Peanut	2.5%	- 11.2%

Some good news on certain commodities:

🍫 **Cocoa:** Demand for chocolate has decreased after recent price spikes, pushing cocoa prices down. Better crop forecasts in West Africa are also easing supply worries.

🍊 **Orange Juice:** Brazil's bigger-than-expected orange crop is easing concerns about shortages and helping prices settle.

🍬 **Sugar:** Large harvests in Brazil and Thailand mean more sugar on the market, bringing prices down.

For more information, please contact pr@loblaw.ca

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