



Food Inflation Report

AUGUST 2025

Food prices tick upward

The release of July's Consumer Price Index confirmed what many Canadians continue to feel – food prices ticked up in July (3.4%) compared to June (2.8%), driven primarily by commodity increases. Notably, coffee and confectionary increased by double-digits, and fresh fruit rose 3.9% driven by a nearly 30% increase in grape prices. Largely, unfavourable weather conditions in many growing regions are at play.

Why beef prices could be on the rise

Beef demand remains strong this grilling season, with U.S. prices surging to record levels. This stems from shrinking cattle herds (the smallest since the early 1950s), prolonged droughts, rising feed costs, and concerns over future herd growth. Supply is further constrained by the U.S. decision to suspend cattle imports from Mexico. While improving pasture conditions and lower grain costs offer hope for herd rebuilding, economists warn that recovery will take a couple more years. Here in Canada, potential U.S. tariffs on imported beef trim will impact supply and will increase demand for Canadian imports. All this will put pressure on prices here at home where beef trim is the primary ingredient – like hamburgers and meatballs.



Produce favourites coming into season

As we head into the latter days of summer, Canadians can expect fresh locally-grown watermelon and field vegetables (beans and eggplant especially) arriving in stores. Prices for these commodities are often down 15-30% at this time of year, as local growers bring their products to market and offer good value compared to international options – which carry higher freight and foreign exchange-related costs (USD to CAD).

Commodity	YoY	MoM
Crude Oil	-9.1%	1.3%
Wheat	4.2%	-2.9%
Rice	-2.3%	0.5%
Sugar	-9.1%	1.1%
Beef	28.6%	7.8%
Soybean Oil	37.1%	8.2%
Coffee	23.7%	-11.1%
Cocoa	8.9%	-12.9%
Paper	10.3%	0.7%
Resin	-9.1%	0.0%



Soybean Oil: production of biofuel in the U.S. hit record highs in July, leading to more soybean processing for oil rather than animal feed.



Coffee: Brazil harvest progress and exports eased prices recently, but tariffs on Brazil and frost scares are driving volatility.



Cocoa: pulling back from extremes, as West Africa mid-crop arrivals improved; quality issues and below-normal rain continue to drive risks.



Fx Rate: 2.3% YoY and 1.4% MoM

