



Loblaw Food Inflation Report

May 2026

Inflation pressures continue as seasonal produce markets tighten and key input costs remain elevated

Statistics Canada has reported its April inflation figures. Overall inflation rose to 2.8% YoY in April, up from 2.4% in March, while *food purchased from stores* increased 3.8% YoY after a 4.4% increase the month prior. StatsCan noted that a sharp rise in gasoline prices tied to conflict in the Middle East, alongside seasonal fuel market dynamics, contributed to the outcome.

With respect to seasonal produce, Canada’s domestic growing season has now begun, including asparagus and other seasonal crops. However, tighter import supply earlier in the year, particularly from Mexico, contributed to higher costs across portions of the produce market heading into spring. Seasonal transition periods (from imported to domestic) combined with weather variability in both Canada and the U.S. have created supply uncertainty for some fresh categories.

Energy markets remain another important factor for the food system. Higher crude oil prices continue to increase transportation and freight-related costs across the supply chain, while also impacting the cost of resin-based packaging materials used in thousands of food, household and personal care products. Resin prices rose 13.7% YoY and more than 9% MoM, reflecting the broader impact of higher petrochemical feedstock costs.

Fertilizer also remains an important input to monitor. Although many growers likely secured fertilizer earlier in the planting season, sustained elevated prices could impact future crop production costs. This is particularly true for fertilizer-intensive crops such as grains, oilseeds and animal feed. Over time, this can influence the cost of meat and dairy through higher feed expenses.

On a positive note, several global agricultural commodities – including sugar, coffee, rice and cocoa – continue to trend below year-ago levels as supply conditions improve and harvest outlooks stabilize in key producing regions.

With all this at play, Loblaw continues to carefully review any supplier cost increase requests to ensure they reflect legitimate input cost pressures and market realities. For our part, we’ve kept energy-related price increases from suppliers to a minimum while absorbing costs impacting our own supply chain. We’re also seeing lower prices YoY for many U.S. products, as goods that were inflated during last year’s tariff uncertainty normalize.

Trade discussions remain an emerging risk for food costs

Recent discussions surrounding international trade agreements (and potential tariff actions) continue to create uncertainty for global food and agricultural markets.

Industry stakeholders are closely monitoring developments around CUSMA, Mercosur and other trade discussions, particularly given Canada’s reliance on globally integrated agricultural supply chains. While no immediate impacts are expected at retail, future trade policy changes could affect sourcing costs and competitiveness across categories including beef, produce and packaged goods.

Commodity	YoY	MoM
Resin	13.7%	9.3%
Soyabean Oil	43.2%	3.0%
Crude Oil	55.3%	2.5%
Paper	-2.1%	2.2%
Beef	20.4%	1.8%
Wheat	8.1%	0.7%
Cocoa	-61.1%	-0.2%
Coffee	-23.1%	-2.2%
Rice	-18.6%	-2.5%
USD	-1.4%	-2.5%
Sugar	-22.0%	-6.8%

Loblaw Commodity Context

- **Soybean Oil** – Strong biofuel demand and export activity continue to support higher vegetable oil prices.
- **Crude Oil / Freight** – Elevated oil prices are increasing transportation and logistics costs across the supply chain.
- **Sugar** – Prices declined as stronger global supply expectations improved market availability.
- **Coffee & Cocoa** – Both remain below year-ago levels as improving harvest outlooks ease supply pressure.