Loblaw Food Inflation Report

September 2026

Food Inflation Eases, But Affordability Pressures Remain

August's CPI data provided encouraging news for grocery shoppers, with inflation for food purchased from stores slowing to 2.8% year over year. This figure is down from 3.1% in July, and below overall inflation for the first time in more than a year. Overall inflation was 3.0%, remaining flat from July, but continuing to reflect pressure from categories such as shelter and travel.

Statistics Canada attributed much of the improvement in food inflation to slower price growth for dairy products, while fresh fruit prices continued to rise. Although these results are a positive step, affordability remains a significant challenge for many Canadians, and the food system continues to face ongoing pressure from commodity markets, freight, supplier costs, currency fluctuations and trade uncertainty.

Something to Watch

El Niño returns

El Niño is a naturally occurring weather pattern that can affect rainfall and temperatures around the world. As it strengthens, it can influence crop yields and commodity markets, making food costs more volatile in the months ahead.

Food inflation at-a-glance

+3%	+2.8%
Overall Inflation YoY, July CPI	**Food From Stores** YoY, July CPI

Commodity's On Our Radar

Sugar (+18.8% MoM)
Sugar prices surged as El Niño raised production risks across Brazil and Asia, while concerns grew that India may need imports to address domestic supply shortages.

Coffee (+2.6% MoM) & Cocoa (+5.1% MoM)
Both commodities moved higher as El Niño and weakening crop conditions in key growing regions increased concerns around global supply.

Beef Trim (-4.3% MoM)
Beef prices eased following the announcement of additional low-tariff U.S. beef imports, improving expected supply and reducing market pressure.

Resin & Packaging (-3.8% MoM)
Resin costs continued to decline as energy and raw material markets stabilized, providing some relief for packaging costs despite ongoing oil market volatility.

Responding to the latest tariffs

While Canada's latest counter tariffs are expected to have a more limited impact on food than previous rounds, the tariff rate itself could be much higher. The first round of tariffs brought a flat 25% rate; this time, the tariff rate could be as high as 50%. The categories that could see additional cost pressure include U.S. cheese, baking mixes, doughs, cosmetics, household paper and some hair care products.

Loblaw "T" symbols will help customers easily identify products affected by tariffs, and we will continue to highlight Canadian-made and Canadian-prepared products wherever possible. Together with ongoing sourcing efforts, these measures are intended to help customers make informed choices and continue finding value at the shelf.

Seafood costs are under pressure

Large cost increases are expected for certain wild-caught fish, including haddock, cod and canned pink salmon, as reduced fishing quotas and lower harvests tighten global supply. Farmed Atlantic salmon and tilapia remain well supplied, making this a species-specific issue rather than broad seafood inflation.