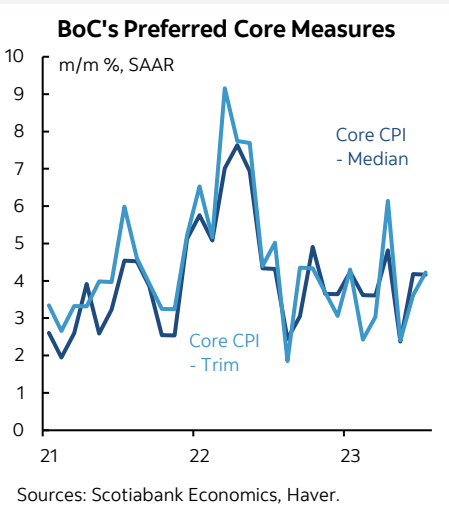


**Contributors**

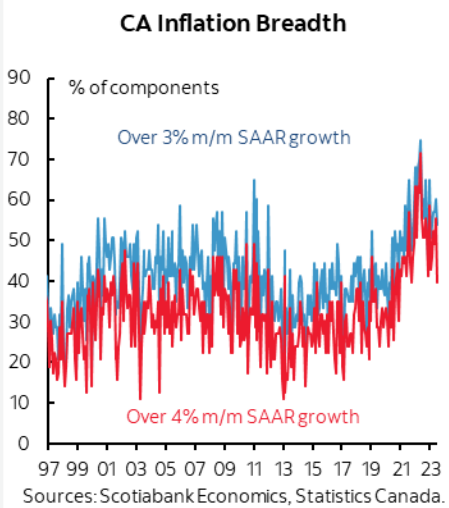
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**Chart 1**



**Chart 2**



# The Bank of Canada is Losing the Fight

- All 3 core inflation gauges accelerated...
- ...with still high breadth....
- ...and remain far above the BoC's 2% target
- Markets increased BoC hike pricing
- Why the BoC shouldn't gamble on lagging effects...
- ...and should keep on hiking...
- ...partly as unit labour costs are reminiscent of the Crow years

**Canadian CPI, m/m % // y/y %, seasonally unadjusted, July:**

Actual: 0.6 / 3.3  
 Scotia: 0.3 / 3.0  
 Consensus: 0.3 / 3.0  
 Prior: 0.1 / 2.8

**Canadian core inflation, m/m SAAR % // y/y %, July:**

Trimmed mean: 4.2 / 3.6  
 Weighted median: 4.2 / 3.7  
 CPI ex-f&e: 4.2 / 3.4

Canadian inflation soared past estimates for the month of July. When combined with robust wage data and moribund productivity that add second-round drivers to inflation risk plus other reasons to expect inflation risk to remain pointed higher the outcome is such that the BoC needs to continue to raise its policy rate in my opinion. High for longer won't cut it in a race against time through wage-setting exercises as inflation expectations remain above the BoC's target. I'm of the ongoing view that politics and pressures aside, it needs to crush inflation risk and remain adherent to its principal mandate. It is at high risk to losing the fight.

**MARKET REACTION & THE BOC**

Canada's two-year sovereign yield increased by about 4bps post data with a strong beat on US retail sales reinforcing the reaction to CPI. This initial reaction has been tempered with the 2-year yield still up by a cumulative 4bps on the day and 7bps relative to US 2s. The Canadian dollar initially appreciated by about a quarter-cent to the USD but is now back to where it was and holding firm to the dollar. Markets increased the probability of another hike by the BoC at its September 6<sup>th</sup> decision without making it a base case, but the volatile contracts are strongly leaning toward another quarter point hike over coming meetings. I would prefer that they front-load it by going in September. Additional data risk such as GDP on September 1<sup>st</sup> and other global developments may further inform policy risk.

**DETAILS**

All three core inflation measures accelerated in July. Misleading headlines point to a slight softening in year-over-year core inflation gauges and miss the point regarding the evidence on inflation at the margin particularly as the BoC for some time now has pivoted toward embracing the higher frequency trend gauges I've been emphasizing throughout the pandemic era.

Each of traditional core CPI (ex-food and energy), trimmed mean CPI and weighted median CPI were up by 4.2% m/m at a seasonally adjusted and annualized rate (SAAR) in July (chart 1). That's up from the prior month's average and so core inflationary pressures

accelerated. The BoC targets 2% headline inflation over the medium-term but uses the core gauges as the operational guide toward achieving the headline target that can be distorted by a minority of drivers.

The 3-month moving average for trimmed mean and weighted median that incorporates revisions to both is running at about 3½% m/m SAAR, indicating high persistence of underlying inflationary pressures.

The breadth of price increases remains high. Chart 2 shows the fraction of the basket posting month-over-month seasonally adjusted and annualized gains of over 3% (54%) and over 4% (40%). There is less breadth of price pressures than previously but it is still unacceptably high.

Services inflation is being closely monitored by the BoC as it dominates the CPI basket and it sharply accelerated last month (chart 3). Core goods inflation decelerated and remains volatile (chart 4).

There was significant breadth to the jump in services inflation last month. Shelter was up 0.7% m/m SA nonannualized with gains led by rent, insurance premiums and electricity (charts 5, 6, 7). Alas, no one will win a Nobel Prize in Economics for observing that when you add a massive surge of immigration into a market with no supply, rents and house prices will push higher. Welcome to Duhonomics! The argument that immigration could invoke balanced effects on demand and supply side pressures on inflation that cancel each other out was never sensible and we're getting the kind of persistent housing inflation I've warned about since last year when immigration numbers were skyrocketing.

Chart 3

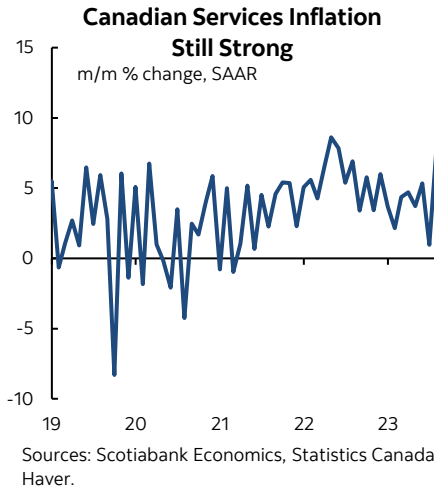


Chart 4

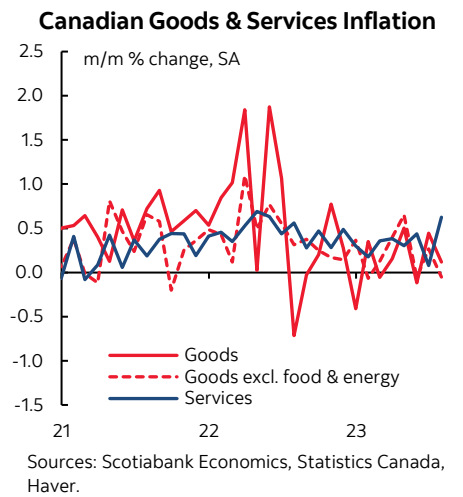


Chart 5

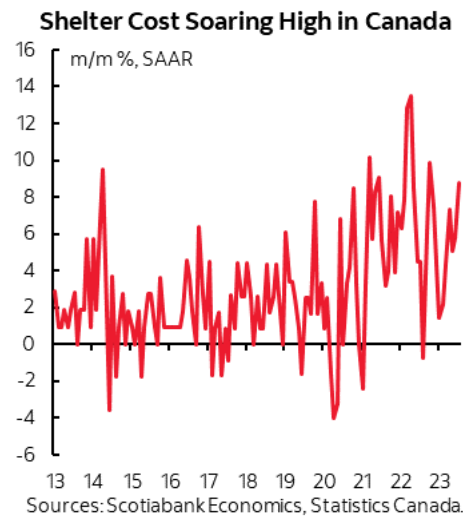


Chart 6

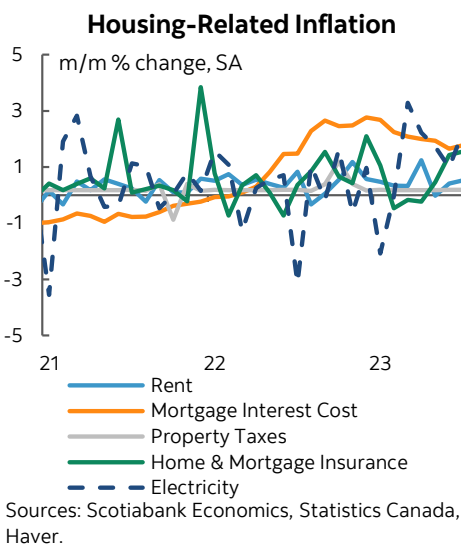
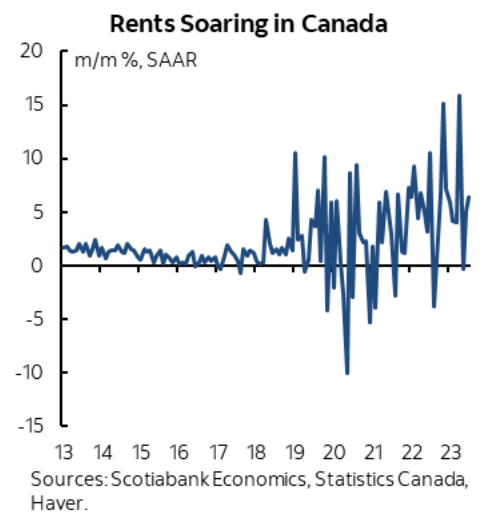


Chart 7



It wasn't just shelter, however, as other service categories also jumped. Airfare jumped (chart 8). So did the recreation/education/reading category that was led by a strong increase in prices for packaged travel tours (chart 9). Bus/subway fares jumped 4.2% m/m higher. Immigration may be adding to domestic strains and pricing power in these sectors. Health care was up 0.3% and auto insurance increased by 0.5%. More drivers, more folks in the health care system.

Food price inflation is persistent but trending lower both in terms of food bought at stores and from restaurants (chart 10).

Overall transportation price inflation accelerated (chart 11). Gasoline prices were an irrelevant factor (chart 12). Vehicle prices picked up amid considerable persistence of pricing power (chart 13).

**WHAT ABOUT THE LAGS?**

I continue to think it's a falsehood to state that the BoC should wait out the uncertain lagging effects of policy adjustments on inflation and the broader economy. There are three reasons for this.

1. The policy lags need to start when markets began pricing higher rates in the Fall of 2021 and when QE began to be shut down before that and not when the policy rate started to increase in March 2022. We're almost two years into the tightening of market-based funding costs and should be seeing more evidence of damage now. The fact that we are not indicates that policy isn't as tight as sometimes argued.

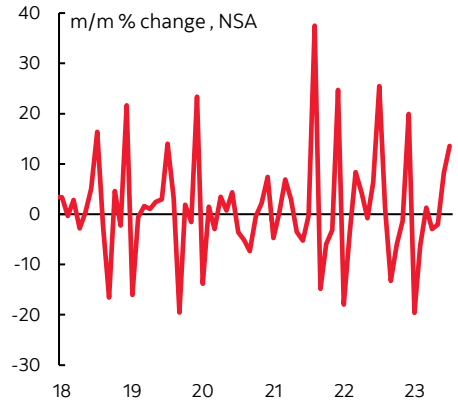
2. Second, there are mitigating effects on the rate hike cycle that are offsetting and that indicate policy needs to tighten further. The terms of trade, ongoing fiscal stimulus, poorly executed immigration policy, improving supply chains into a tightening cycle, strong corporate finances including high interest coverage and strengths in household finances for the majority of households in Canada are just a few such arguments.

3. The BoC is in a fight against time. It can't afford to wait out the policy lags that may or may not do their work for them. We see that in the rush to secure high wage gains for years across the one-third of the economy that is unionized and going through collective bargaining exercises. This is going on across multiple markets but it's arguably worse in Canada. I don't fault them for seeking higher wages given all of the pressures upon household finances. I'm also, however, totally aware of the strong risk that second-round pressures on inflation will emanate from higher wage gains relative to poor labour productivity defined as the pandemic-era's trend in output per hour worked. The combination is driving unit labour costs skyward and someone will pay for that, including consumers. If the BoC does not jolt such developments to a substantially greater degree then it risks losing control of wage- and expectations-setting exercises and never getting inflation durably down to its target.

Now, there are those who will argue that wages don't necessarily beget inflation and they point to mixed historical evidence. That historical dataset, however, is dominated by years and years of soft wage gains and certain related socioeconomic challenges. Today's experiences are out of sample on three counts. One is the accelerating pace of wage gains with further gains ahead as recent agreements filter through and other sectors face high strike risk (eg. autos, Ontario teachers etc). Charts 14, 15.

**Chart 8**

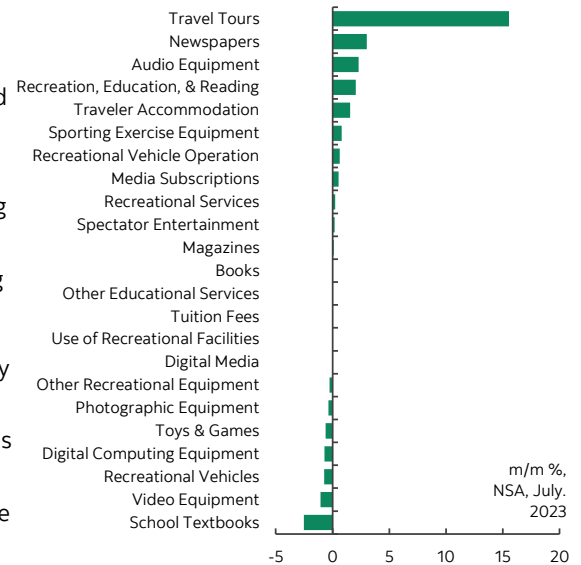
**Canadian Air Transportation CPI**



Sources: Scotiabank Economics, Statistics Canada.

**Chart 9**

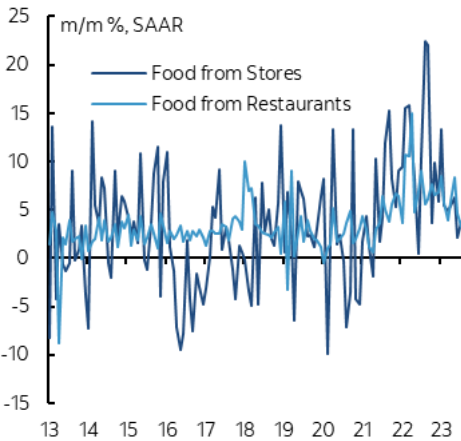
**Breakdown of Monthly Changes within Recreation Education and Reading CPI Category**



Sources: Scotiabank Economics, Statistics Canada.

**Chart 10**

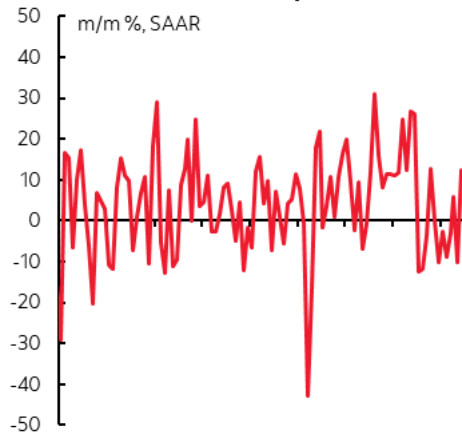
**Canada CPI: Food Prices**



Sources: Scotiabank Economics, Statistics Canada, Haver.

**Chart 11**

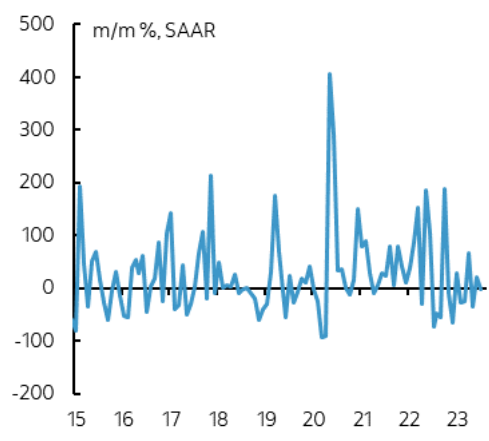
**Canada CPI: Transportation**



Sources: Scotiabank Economics, Statistics Canada.

**Chart 12**

**Canada CPI: Gasoline**



Sources: Scotiabank Economics, Statistics Canada, Haver.

Two is previously cited evidence from IMF research that countries with high unionization rates and beyond full employment conditions face the greatest risk of wage spillover effects from collective bargaining agreements into other parts of the labour market; Canada ticks the boxes on both of those criteria.

Third is that wage gains are exceeding inflation and outpacing moribund productivity growth by widening margins (charts 16, 17). The surge in unit labour costs (employment costs adjusted for productivity) is sharply out of sample. The last time we saw unit labour costs get so far out of hand as now was in the late 1980s. John Crow had to clean up the mess and we know how that ended.

If the BoC waits for the lagged effects, then it faces the high risk of losing as wages and expectations get out of hand.

Charts 18–21 break down the price changes by component of the CPI basket in raw terms and after weighting their relative contributions to overall inflation in m/m and y/y terms.

Chart 22 breaks down what’s in and what’s out of the trimmed mean CPI basket.

Please also see the table in the appendix for more details including micro charts and z-score measures of inflation relative to history.

Chart 13

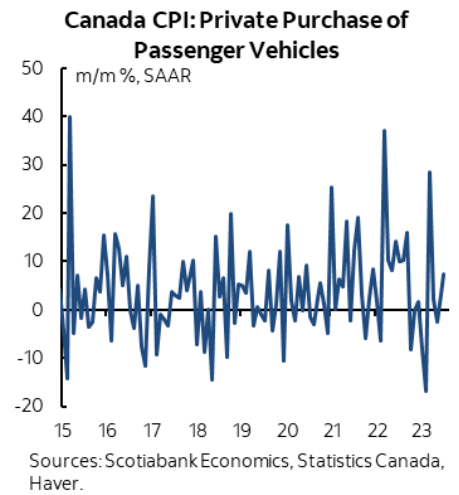


Chart 15

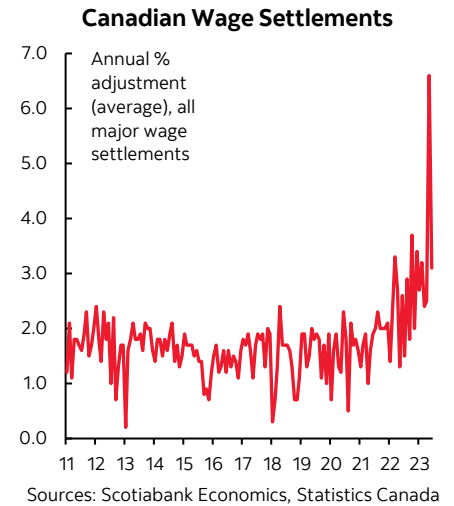


Chart 14

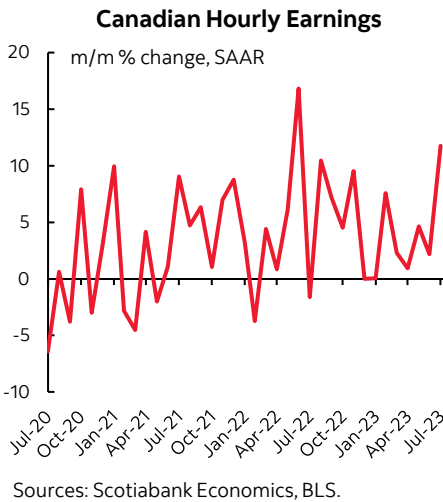


Chart 17

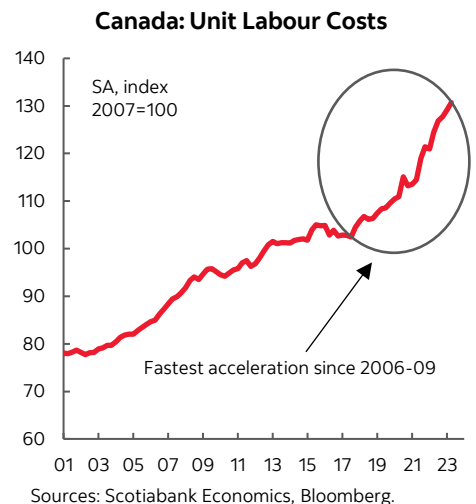


Chart 16

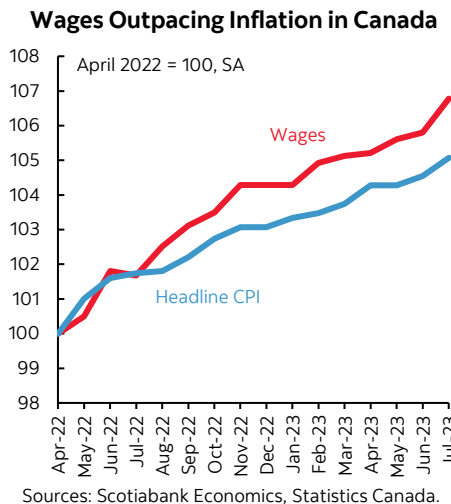
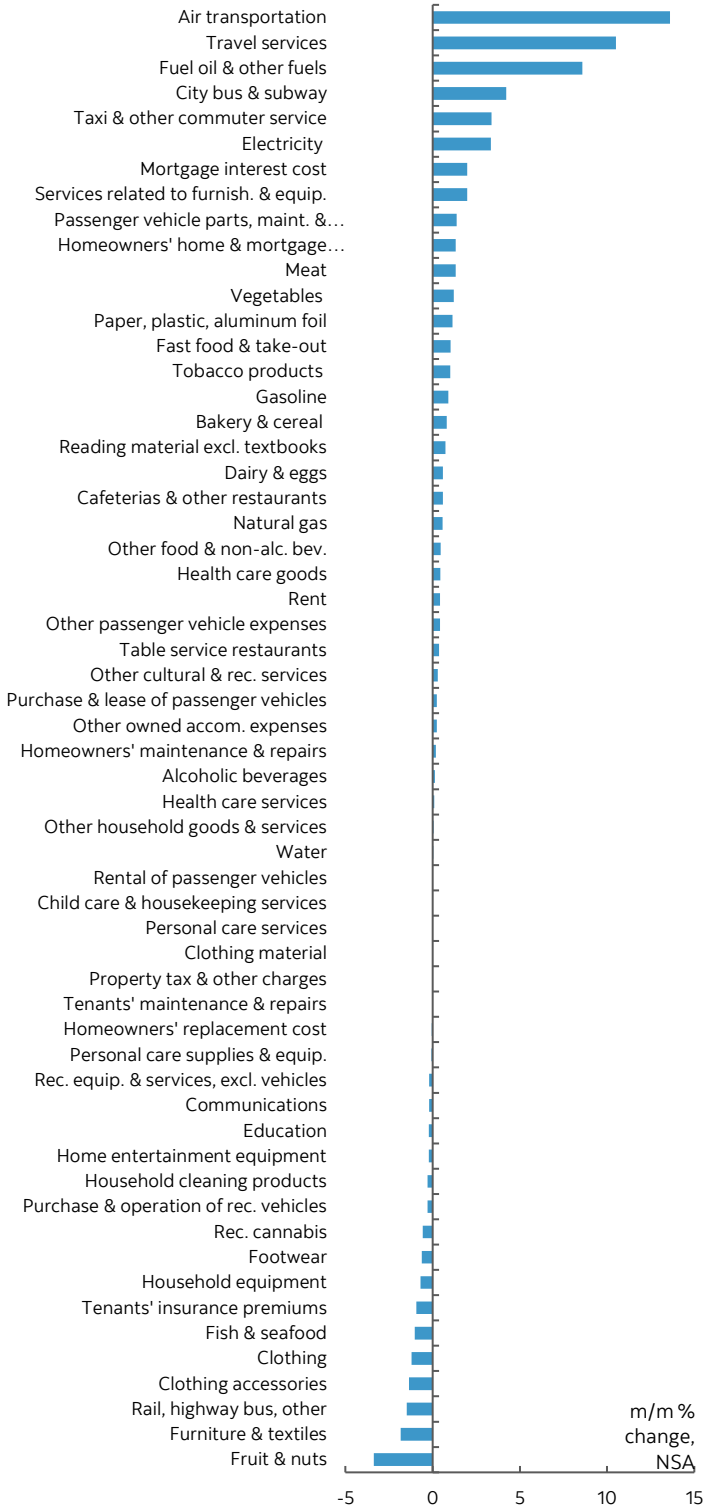


Chart 18

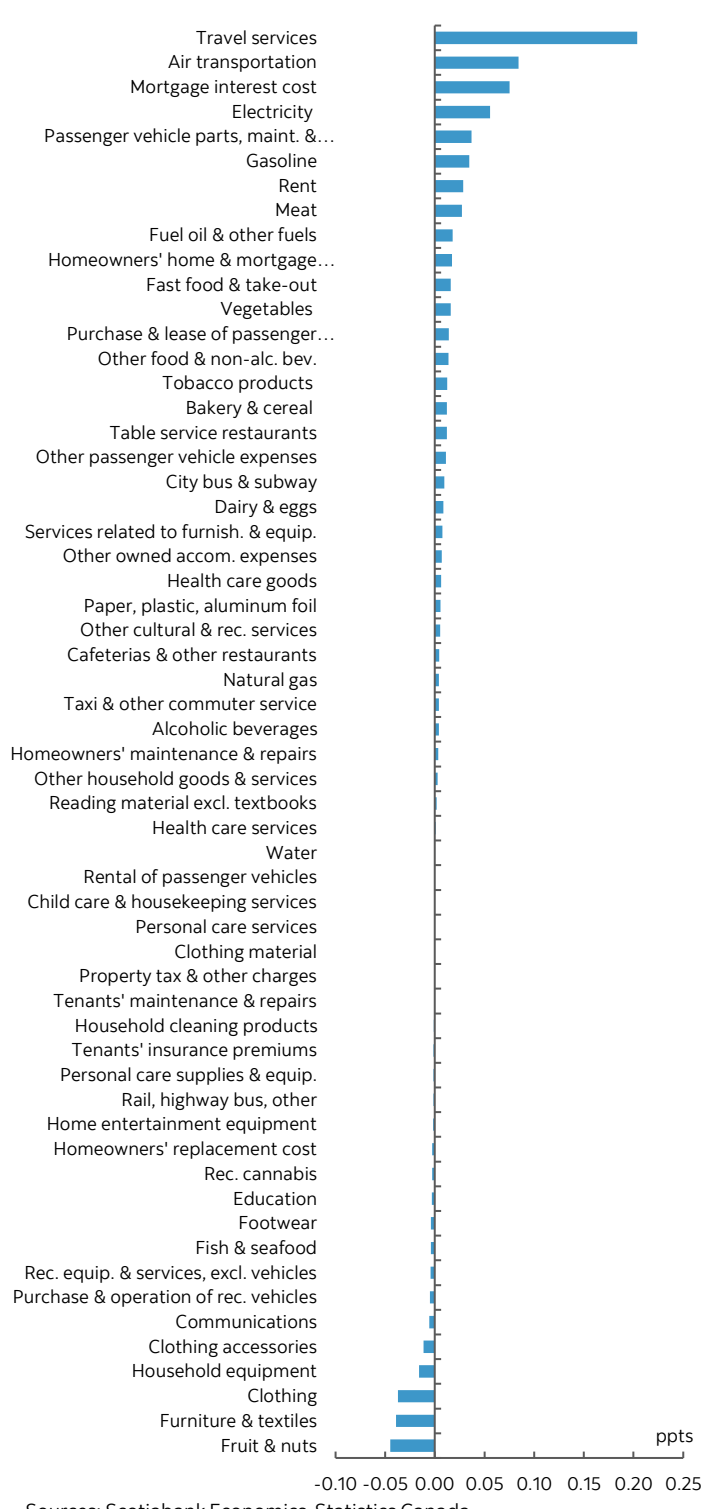
July Detailed Category Monthly Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 19

July Detailed Category Contributions to Monthly Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 20

July Detailed Category 12-Month Change in Canadian CPI

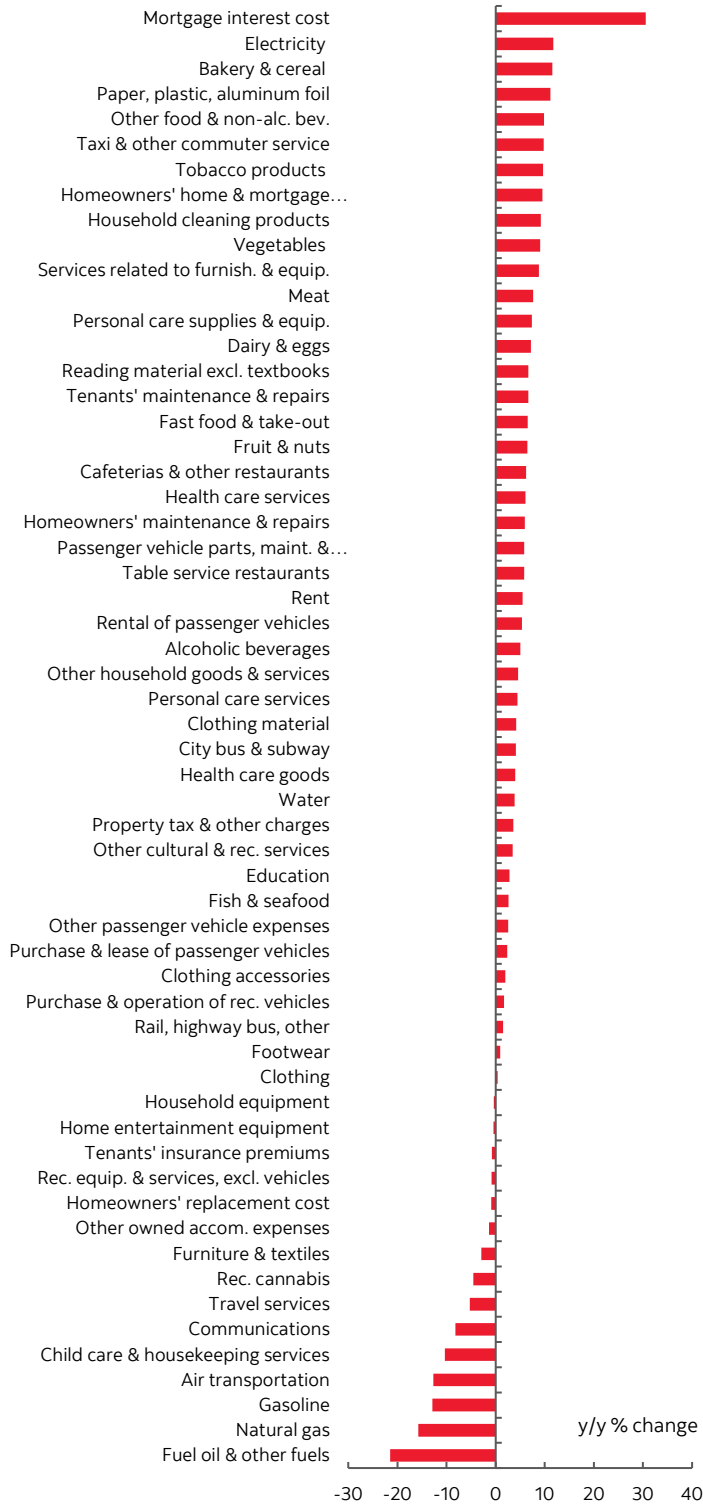
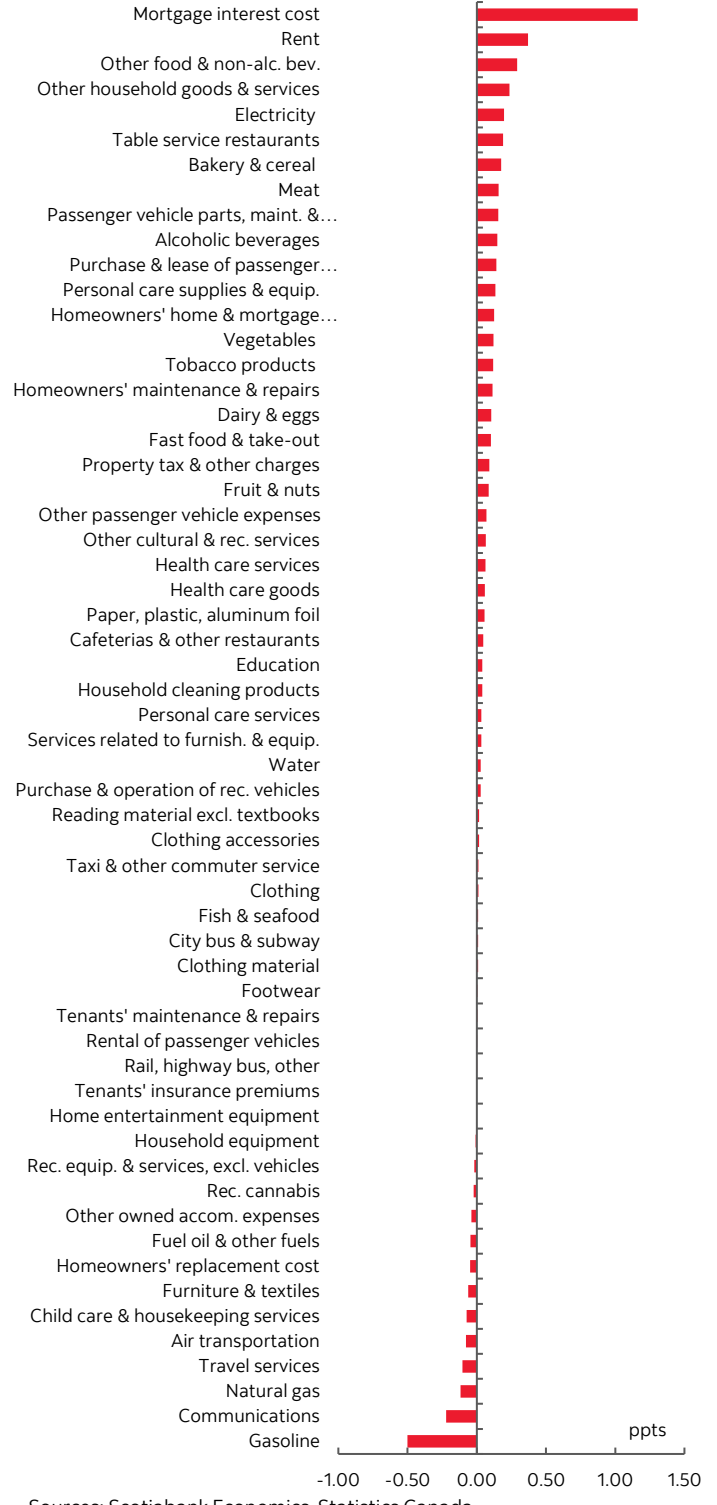


Chart 21

July Detailed Category Contributions to 12-Month Change in Canadian CPI

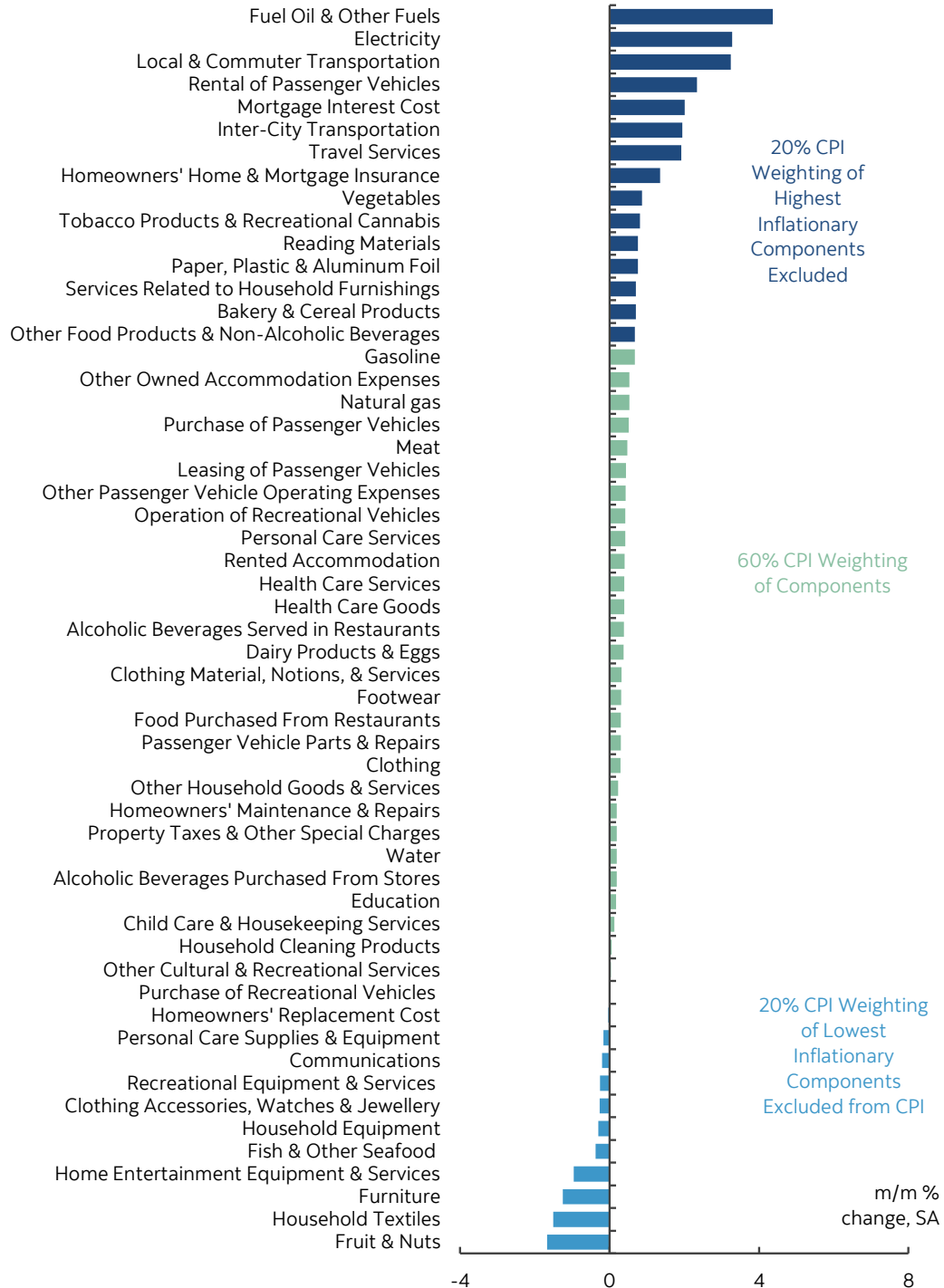


Sources: Scotiabank Economics, Statistics Canada.

Sources: Scotiabank Economics, Statistics Canada.

Chart 22

**July Single-Month Components Included and Excluded from Bank of Canada Trim Core CPI Measure**



Sources: Scotiabank Economics, Statistics Canada.

August 15, 2023

Jul 2023					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic			
CA INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	Pandemic trend (Jan 2019–Present)	m/m % change, NSA	m/m % change, SA**	Weights (%)	y/y	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score
<b>Food</b>	<b>7.8</b>			<b>0.4</b>	<b>0.4</b>	<b>16.65</b>	<b>1.30</b>	<b>0.06</b>	<b>2.1</b>	<b>1.7</b>	<b>3.3</b>	<b>2.2</b>	<b>1.5</b>	<b>3.9</b>
<b>Food, stores</b>	<b>8.5</b>			<b>0.3</b>		<b>11.04</b>	<b>0.94</b>	<b>0.03</b>	<b>1.7</b>	<b>2.4</b>	<b>2.8</b>	<b>2.0</b>	<b>2.0</b>	<b>3.2</b>
Meat	7.7			1.3	0.5	2.07	0.16	0.03	2.5	3.6	1.4	3.4	3.6	1.2
Fish & seafood	2.6			-1.0	-0.4	0.39	0.01	0.00	2.9	1.4	-0.2	2.8	2.5	-0.1
Dairy products & eggs	7.2			0.6	0.4	1.47	0.11	0.01	0.2	1.5	4.5	0.6	1.5	4.4
Bakery & cereal products	11.5			0.8	0.7	1.52	0.18	0.01	0.5	2.1	5.3	1.2	2.3	4.4
Fruit, fruit prep. & nuts	6.5			-3.4	-1.7	1.33	0.09	-0.04	1.8	4.4	1.1	2.0	3.5	1.3
Vegetables & vegetable prep.	9.1			1.2	0.9	1.32	0.12	0.02	4.9	6.4	0.6	3.6	5.8	0.9
Other food & non-alcoholic beverages	9.9			0.5	0.7	2.95	0.29	0.01	1.0	1.5	5.7	1.3	1.7	4.9
<b>Food, restaurants</b>	<b>6.1</b>			<b>0.6</b>		<b>5.61</b>	<b>0.34</b>	<b>0.03</b>	<b>3.0</b>	<b>0.7</b>	<b>4.7</b>	<b>2.6</b>	<b>0.7</b>	<b>4.8</b>
Table service restaurants	5.8			0.4		3.29	0.19	0.01	2.9	0.6	5.3	2.6	0.6	5.0
Fast food & take-out	6.5			1.0		1.57	0.10	0.02	3.2	1.2	2.8	2.6	1.2	3.4
Cafeterias & other restaurants	6.2			0.6		0.76	0.05	0.00	3.0	0.6	5.1	2.6	0.7	5.1
<b>Shelter</b>	<b>5.1</b>			<b>0.7</b>	<b>0.7</b>	<b>28.34</b>	<b>1.45</b>	<b>0.20</b>	<b>1.8</b>	<b>0.6</b>	<b>5.6</b>	<b>1.7</b>	<b>0.8</b>	<b>4.3</b>
<b>Rented accommodation</b>	<b>5.4</b>			<b>0.4</b>	<b>0.4</b>	<b>7.03</b>	<b>0.38</b>	<b>0.03</b>	<b>1.3</b>	<b>0.8</b>	<b>5.1</b>	<b>1.3</b>	<b>0.6</b>	<b>6.9</b>
Rent	5.5			0.4		6.79	0.37	0.03	1.3	0.8	5.1	1.3	0.6	6.9
Tenants' insurance premiums	-0.8			-0.9		0.15	0.00	0.00	1.1	1.6	-1.2	0.3	1.6	-0.7
Tenants' maintenance & repairs	6.7			0.0		0.09	0.01	0.00	2.2	1.0	4.3	2.6	2.2	1.9
<b>Owned accommodation</b>	<b>6.0</b>			<b>0.6</b>		<b>17.96</b>	<b>1.07</b>	<b>0.11</b>	<b>2.3</b>	<b>0.4</b>	<b>8.6</b>	<b>1.7</b>	<b>0.8</b>	<b>5.1</b>
Mortgage interest cost	30.6			2.0	2.0	3.80	1.16	0.08	2.1	3.6	7.9	-0.1	3.6	8.6
Homeowners' replacement cost	-0.9			0.0	0.0	5.47	-0.05	0.00	1.9	1.7	-1.7	2.1	1.5	-2.1
Property tax & other charges	3.6			0.0	0.2	2.51	0.09	0.00	2.4	0.6	2.1	2.8	0.7	1.2
Homeowners' home & mortgage insurance	9.5			1.3	1.3	1.31	0.12	0.02	5.2	2.3	1.9	4.5	2.6	1.9
Homeowners' maintenance & repairs	5.9			0.2	0.2	1.93	0.11	0.00	2.0	1.1	3.5	2.0	1.4	2.7
Other owned accommodation expenses	-1.4			0.2	0.5	2.93	-0.04	0.01	2.0	1.2	-2.8	2.4	2.0	-1.9
<b>Water, fuel, &amp; elec.</b>	<b>0.4</b>			<b>2.3</b>		<b>3.35</b>	<b>0.01</b>	<b>0.08</b>	<b>0.8</b>	<b>2.1</b>	<b>-0.2</b>	<b>2.5</b>	<b>3.4</b>	<b>-0.6</b>
Electricity	11.7			3.3	3.3	1.67	0.20	0.06	1.2	4.4	2.4	2.5	3.8	2.4
Water	3.9			0.0	0.2	0.73	0.03	0.00	3.7	0.9	0.2	4.9	1.4	-0.7
Natural gas	-15.7			0.6	0.5	0.74	-0.12	0.00	-1.3	9.0	-1.6	0.4	10.6	-1.5
Fuel oil & other fuels	-21.5			8.6	4.4	0.21	-0.05	0.02	-0.1	15.5	-1.4	5.1	14.2	-1.9
<b>Household operations, furniture &amp; equipment</b>	<b>-0.1</b>			<b>-0.3</b>	<b>-0.2</b>	<b>14.36</b>	<b>-0.01</b>	<b>-0.04</b>	<b>1.2</b>	<b>1.0</b>	<b>-1.2</b>	<b>1.4</b>	<b>0.9</b>	<b>-1.7</b>
<b>Household ops.</b>	<b>0.4</b>			<b>0.1</b>		<b>9.48</b>	<b>0.03</b>	<b>0.01</b>	<b>1.3</b>	<b>1.1</b>	<b>-0.9</b>	<b>2.1</b>	<b>1.3</b>	<b>-1.4</b>
Communications	-8.2			-0.2	-0.2	2.71	-0.22	-0.01	0.0	2.8	-2.9	1.5	2.9	-3.4
Child care & housekeeping services	-10.4			0.0	0.1	0.71	-0.07	0.00	3.4	1.4	-10.0	3.3	1.3	-10.3
Household cleaning products	9.2			-0.3	0.1	0.42	0.04	0.00	1.3	1.9	4.2	0.8	1.9	4.3
Paper, plastic, aluminum foil	11.1			1.1	0.8	0.51	0.06	0.01	2.2	2.2	4.0	2.0	2.0	4.6
Other household goods & services	4.6			0.1	0.2	5.13	0.24	0.00	1.8	0.5	5.9	2.4	1.1	2.1
<b>Household furnishings &amp; equip.</b>	<b>-0.9</b>			<b>-1.1</b>		<b>4.88</b>	<b>-0.04</b>	<b>-0.05</b>	<b>0.8</b>	<b>1.7</b>	<b>-1.0</b>	<b>0.1</b>	<b>1.6</b>	<b>-0.6</b>
Furniture & textiles	-2.9			-1.8		2.12	-0.06	-0.04	0.4	2.1	-1.6	-0.3	2.1	-1.2
Household equipment	-0.4			-0.7	-0.3	2.25	-0.01	-0.02	0.9	1.7	-0.8	0.0	1.8	-0.2
Services related to furnishings & equipment	8.8			2.0	0.7	0.38	0.03	0.01	2.4	1.8	3.5	2.7	2.9	2.1
<b>Clothing &amp; footwear</b>	<b>1.0</b>			<b>-1.0</b>	<b>0.2</b>	<b>4.7</b>	<b>0.05</b>	<b>-0.05</b>	<b>0.6</b>	<b>1.2</b>	<b>0.3</b>	<b>0.3</b>	<b>1.4</b>	<b>0.5</b>
<b>Clothing</b>	<b>0.4</b>			<b>-1.2</b>	<b>0.3</b>	<b>3.05</b>	<b>0.01</b>	<b>-0.04</b>	<b>0.5</b>	<b>1.6</b>	<b>-0.1</b>	<b>-0.3</b>	<b>2.1</b>	<b>0.3</b>
<b>Footwear</b>	<b>0.9</b>			<b>-0.6</b>	<b>0.3</b>	<b>0.64</b>	<b>0.01</b>	<b>0.00</b>	<b>0.4</b>	<b>1.2</b>	<b>0.5</b>	<b>0.1</b>	<b>1.4</b>	<b>0.6</b>
<b>Clothing accessories</b>	<b>2.0</b>			<b>-1.4</b>		<b>0.83</b>	<b>0.02</b>	<b>-0.01</b>	<b>1.0</b>	<b>1.8</b>	<b>0.6</b>	<b>2.3</b>	<b>2.6</b>	<b>-0.1</b>
<b>Clothing material</b>	<b>4.2</b>			<b>0.0</b>		<b>0.22</b>	<b>0.01</b>	<b>0.00</b>	<b>2.2</b>	<b>0.7</b>	<b>2.9</b>	<b>2.7</b>	<b>1.2</b>	<b>1.3</b>



August 15, 2023

Jul 2023					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic			
CA INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	Pandemic trend (Jan 2019–Present)	m/m % change, NSA	m/m % change, SA**	Weights (%)	y/y	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score
<b>Transportation</b>	<b>-1.0</b>			<b>1.3</b>	<b>0.8</b>	<b>16.4</b>	<b>-0.16</b>	<b>0.21</b>	<b>1.7</b>	<b>3.1</b>	<b>-0.9</b>	<b>2.3</b>	<b>3.0</b>	<b>-1.1</b>
<b>Private trans.</b>	<b>-1.3</b>			<b>0.6</b>		<b>15.2</b>	<b>-0.20</b>	<b>0.09</b>	<b>1.3</b>	<b>3.2</b>	<b>-0.8</b>	<b>2.2</b>	<b>3.2</b>	<b>-1.1</b>
Purchase, lease, rental of passenger vehicles	2.3			0.2		5.98	0.14	0.01	2.3	1.5	0.0	1.9	1.6	0.2
<u>Purchase &amp; lease of passenger vehicles</u>	<u>2.4</u>			<u>0.2</u>		<u>5.95</u>	<u>0.14</u>	<u>0.01</u>	<u>2.3</u>	<u>1.5</u>	<u>0.0</u>	<u>1.9</u>	<u>1.6</u>	<u>0.3</u>
<u>Rental of passenger vehicles</u>	<u>5.4</u>			<u>0.0</u>	<u>2.3</u>	<u>0.04</u>	<u>0.00</u>	<u>0.00</u>	<u>1.4</u>	<u>5.2</u>	<u>0.8</u>	<u>1.2</u>	<u>4.1</u>	<u>1.0</u>
Operation of passenger vehicles	-3.8			0.9		9.25	-0.36	0.08	0.7	5.7	-0.8	2.4	5.4	-1.1
<u>Gasoline</u>	<u>-12.9</u>			<u>0.9</u>	<u>0.7</u>	<u>3.89</u>	<u>-0.50</u>	<u>0.03</u>	<u>-0.6</u>	<u>13.5</u>	<u>-0.9</u>	<u>3.0</u>	<u>12.2</u>	<u>-1.3</u>
<u>Passenger vehicle parts, maintenance &amp; repairs</u>	<u>5.8</u>			<u>1.4</u>	<u>0.3</u>	<u>2.66</u>	<u>0.16</u>	<u>0.04</u>	<u>1.9</u>	<u>0.3</u>	<u>11.4</u>	<u>1.6</u>	<u>0.8</u>	<u>5.4</u>
<u>Other passenger vehicle expenses</u>	<u>2.6</u>			<u>0.4</u>	<u>0.4</u>	<u>2.70</u>	<u>0.07</u>	<u>0.01</u>	<u>2.4</u>	<u>2.2</u>	<u>0.1</u>	<u>2.6</u>	<u>2.0</u>	<u>0.0</u>
<b>Public trans.</b>	<b>-2.0</b>			<b>9.1</b>		<b>1.21</b>	<b>-0.02</b>	<b>0.11</b>	<b>4.8</b>	<b>3.9</b>	<b>-1.8</b>	<b>3.4</b>	<b>3.7</b>	<b>-1.5</b>
Local & commuter transportation	6.4			3.9	3.2	0.35	0.02	0.01	1.5	0.5	10.0	2.2	1.2	3.6
<u>City bus &amp; subway</u>	<u>4.1</u>			<u>4.2</u>		<u>0.23</u>	<u>0.01</u>	<u>0.01</u>	<u>2.1</u>	<u>0.7</u>	<u>2.7</u>	<u>2.8</u>	<u>1.4</u>	<u>0.9</u>
<u>Taxi &amp; other commuter service</u>	<u>9.8</u>			<u>3.4</u>		<u>0.12</u>	<u>0.01</u>	<u>0.00</u>	<u>0.1</u>	<u>0.8</u>	<u>11.9</u>	<u>0.9</u>	<u>1.2</u>	<u>7.3</u>
Inter-city transportation	-9.6			11.6	1.9	0.72	-0.07	0.08	6.2	5.7	-2.8	3.9	5.8	-2.3
<u>Air transportation</u>	<u>-12.7</u>			<u>13.6</u>		<u>0.62</u>	<u>-0.08</u>	<u>0.08</u>	<u>6.5</u>	<u>6.2</u>	<u>-3.1</u>	<u>4.0</u>	<u>6.4</u>	<u>-2.6</u>
<u>Rail, highway bus, other</u>	<u>1.5</u>			<u>-1.5</u>		<u>0.10</u>	<u>0.00</u>	<u>0.00</u>	<u>2.7</u>	<u>1.8</u>	<u>-0.7</u>	<u>2.0</u>	<u>4.2</u>	<u>-0.1</u>
<b>Health &amp; personal care</b>	<b>5.8</b>			<b>0.1</b>	<b>0.0</b>	<b>5.03</b>	<b>0.3</b>	<b>0.01</b>	<b>1.4</b>	<b>0.4</b>	<b>11.0</b>	<b>1.3</b>	<b>0.9</b>	<b>5.3</b>
<b>Health care</b>	<b>4.8</b>			<b>0.3</b>		<b>2.46</b>	<b>0.1</b>	<b>0.01</b>	<b>1.3</b>	<b>0.6</b>	<b>6.0</b>	<b>1.1</b>	<b>0.8</b>	<b>4.6</b>
Health care goods	4.0			0.4	0.4	1.44	0.1	0.01	0.5	0.7	4.9	-0.1	1.1	3.7
Health care services	6.1			0.1	0.4	1.02	0.1	0.00	2.5	0.6	6.5	2.9	0.8	4.1
<b>Personal Care</b>	<b>6.7</b>			<b>-0.1</b>		<b>2.58</b>	<b>0.2</b>	<b>0.00</b>	<b>1.5</b>	<b>0.5</b>	<b>9.6</b>	<b>1.5</b>	<b>1.2</b>	<b>4.4</b>
Personal care supplies & equipment	7.4			-0.1	-0.2	1.81	0.1	0.00	0.4	0.9	7.4	0.5	1.6	4.2
Personal care services	4.4			0.0	0.4	0.76	0.0	0.00	2.9	0.7	2.1	2.7	1.4	1.2
<b>Recreation, education &amp; reading</b>	<b>1.8</b>			<b>2.1</b>	<b>0.6</b>	<b>9.92</b>	<b>0.2</b>	<b>0.20</b>	<b>1.7</b>	<b>0.8</b>	<b>0.2</b>	<b>1.3</b>	<b>0.9</b>	<b>0.6</b>
<b>Recreation</b>	<b>1.2</b>			<b>2.42</b>		<b>8.29</b>	<b>0.10</b>	<b>0.20</b>	<b>1.4</b>	<b>1.0</b>	<b>-0.1</b>	<b>0.6</b>	<b>1.2</b>	<b>0.5</b>
Recreational equipment & services, excl. vehicles	-0.8			-0.2	-0.3	2.16	0.0	0.00	-0.8	1.6	0.0	-2.2	2.0	0.7
Purchase & operation of recreational vehicles	1.7			-0.3	0.0	1.64	0.0	0.00	2.6	1.8	-0.5	1.9	2.0	-0.1
Home entertainment equipment	-0.4			-0.2	-1.0	0.69	0.0	0.00	-3.8	2.0	1.6	-4.9	2.2	2.0
Travel services	-5.3			10.5	1.9	1.94	-0.1	0.20	0.8	2.9	-2.1	0.4	2.8	-2.0
Other cultural & rec. services	3.4			0.3	0.0	1.87	0.1	0.01	3.5	1.1	0.0	3.4	1.4	0.0
<b>Educ. &amp; reading</b>	<b>3.3</b>			<b>-0.06</b>		<b>1.63</b>	<b>0.05</b>	<b>0.00</b>	<b>2.5</b>	<b>1.4</b>	<b>0.6</b>	<b>3.0</b>	<b>1.1</b>	<b>0.3</b>
Education	2.8			-0.2	0.2	1.38	0.0	0.00	2.4	1.4	0.3	3.0	1.2	-0.1
Reading material excl. textbooks	6.7			0.7	0.8	0.25	0.0	0.00	3.8	2.8	1.0	3.2	2.9	1.2
<b>Alcoholic beverages, tobacco &amp; rec. cannabis</b>	<b>5.3</b>			<b>0.4</b>	<b>0.4</b>	<b>4.53</b>	<b>0.2</b>	<b>0.02</b>	<b>3.2</b>	<b>1.2</b>	<b>1.8</b>	<b>2.7</b>	<b>1.3</b>	<b>2.0</b>
<b>Alcoholic beverages</b>	<b>5.0</b>			<b>0.14</b>		<b>2.94</b>	<b>0.15</b>	<b>0.00</b>	<b>1.7</b>	<b>0.5</b>	<b>6.4</b>	<b>1.4</b>	<b>0.7</b>	<b>4.9</b>
Alc. beverages served in licensed establishments	5.0			0.2	0.4	0.86	0.0	0.00	1.8	0.6	5.2	2.0	0.7	4.3
Alc. beverages purchased from stores	5.0			0.2	0.2	2.08	0.1	0.00	1.7	0.7	5.0	1.1	1.1	3.6
<b>Tobacco products</b>	<b>9.6</b>			<b>1.01</b>		<b>1.23</b>	<b>0.12</b>	<b>0.01</b>	<b>5.6</b>	<b>2.1</b>	<b>1.9</b>	<b>4.8</b>	<b>2.8</b>	<b>1.7</b>
Cigarettes	9.7			1.1		1.12	0.1	0.01	5.6	2.1	2.0	4.8	2.8	1.8
Other tobacco products & supplies	8.5			0.2		0.11	0.0	0.00	5.6	2.0	1.5	4.9	2.6	1.4
<b>Rec. cannabis</b>	<b>-4.6</b>			<b>-0.56</b>		<b>0.50</b>	<b>-0.02</b>	<b>0.00</b>						

\*Number may not add due to rounding

\*\* Only available for components that are tracked on a seasonally adjusted basis.

Sources: Scotiabank Economics, Statistics Canada.

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