

Contributors

Derek Holt

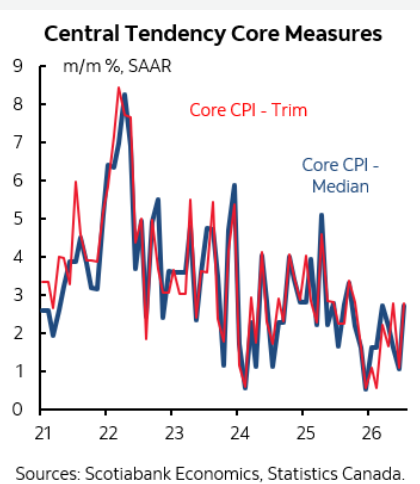
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Chart 1

Canadian Core CPI Measures			
Month	Weighted Median	Trimmed Mean	Traditional Core
Jan-2026	1.6	1.1	0.8
Feb-2026	1.6	0.6	1.5
Mar-2026	2.7	2.2	-0.8
Apr-2026	2.2	1.7	0.8
May-2026	1.6	2.8	3.1
Jun-2026	1.1	1.1	3.9
Jul-2026	2.7	2.8	3.1

Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Canadian CPI—Trader be Nimble, Trader be Quick

- Core inflation accelerated across all measures
- Breadth of price increases is trending higher
- Higher travel prices driven by pent-up demand, cheap CAD, continuing in August
- Be nimble toward the BoC amid firming inflation, fiscal, rebound & trade risks

Canadian CPI, m/m / y/y %, NSA, July:

Actual: 0.5 / 3.0

Scotia: 0.5 / 3.0

Consensus: 0.4 / 2.9

Prior: -0.4 / 2.8

Core inflation, m/m SAAR, July:

Trimmed mean CPI: 2.8

Weighted median CPI: 2.7

CPI ex food and energy: 3.1

Canadian core inflation accelerated in July alongside a rising trend for the breadth of price pressures. Canada's bond yield curve is only slightly underperforming US Ts and CAD barely reacted with the BoC priced for 16bps of a quarter point hike by year-end. Risks around trade negotiations hang in the balance which may require markets to be very nimble in both directions over at least the next 48–72 hours.

Key is that the core measures accelerated (Charts 1–3). Traditional core CPI was up by 3.1% m/m SAAR for the third straight month over 3%. Trimmed mean CPI accelerated to 2.8% m/m SAAR with a 3-mo MA of 2.2% m/m SAAR. Weighted median CPI picked up to 2.7% m/m SAAR with a 3mo MA of 1.8% m/m SAAR.

All else equal, measures like these lean against staying at the low end of the BoC's neutral rate range. Fiscal stimulus, higher for longer commodities and rebounding growth with momentum into Q3 support this stance. Trade negotiations could be either a boon or a bane to the underlying rate drivers.

The trend in the breadth of price pressures is also rising and well off earlier lows (chart 4).

Core goods inflation picked up (chart 5) but key is that services inflation ex-shelter was hot for a third straight month (chart 6).

The entire travel services category has a weight of just 1.6% applied to the 7.2% m/m SAAR increase in all travel service prices for a weighted contribution of just 0.1 ppts to m/m SAAR CPI. World Cup games in Canada ended in early July. Airfare has been hot for a long time and not just due to the World Cup; in fact, August's flight volumes are sharply accelerating to records. I think a cheap CAD and pent-up demand for travel explain more about what happened to this category. The breadth of price pressures was much greater.

See the ensuing collection of charts and the detailed table for more.

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Chart 3

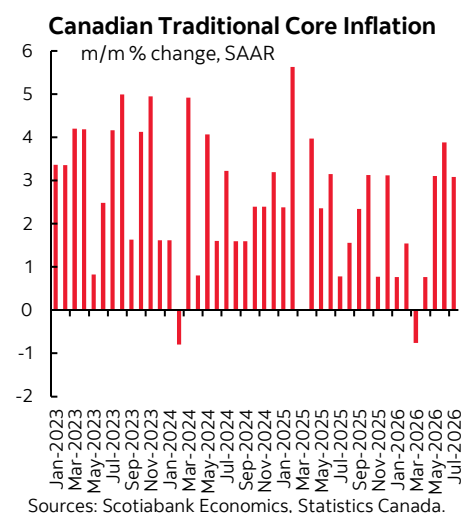


Chart 4

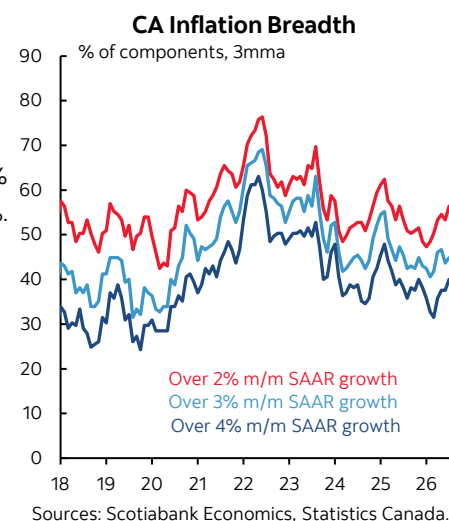
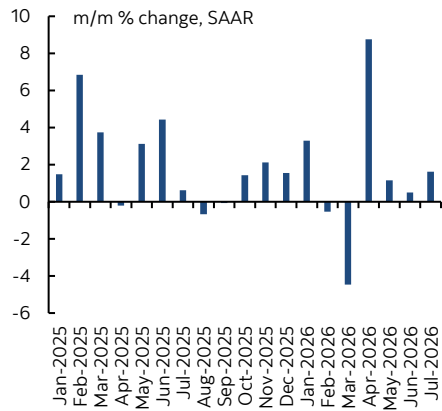


Chart 5

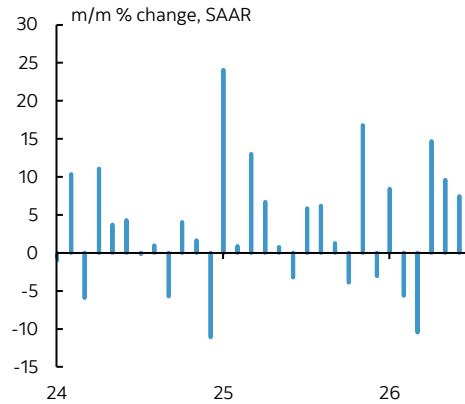
Canadian Core Goods Inflation



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 6

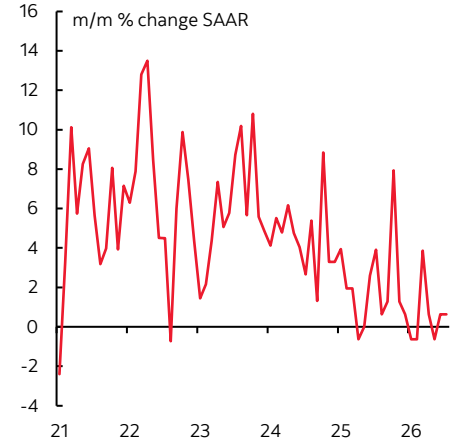
Canadian Services ex Shelter Inflation



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 7

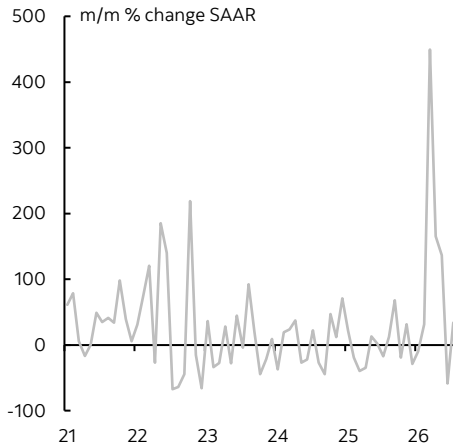
Shelter Cost in Canada



Sources: Scotiabank Economics, Statistics Canada.

Chart 8

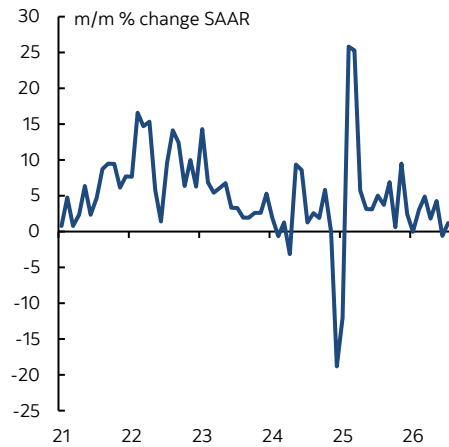
Canada CPI: Gasoline



Sources: Scotiabank Economics, Statistics Canada.

Chart 9

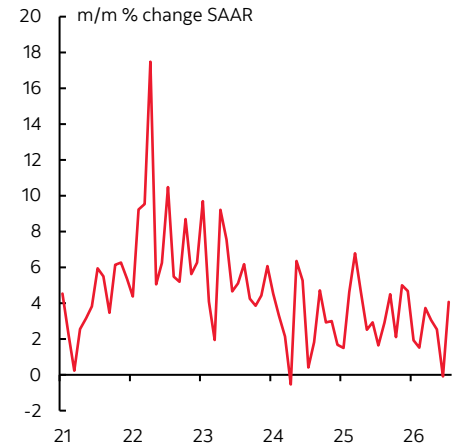
Food Cost in Canada



Sources: Scotiabank Economics, Statistics Canada.

Chart 10

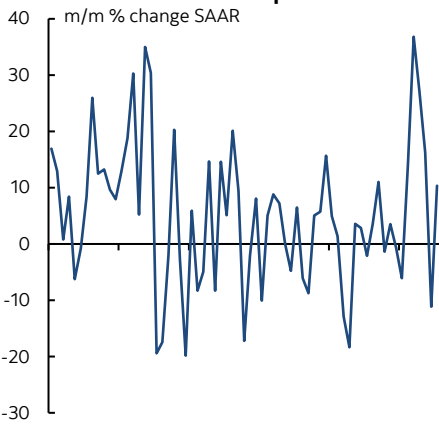
Canada CPI: Food from Restaurants



Sources: Scotiabank Economics, Statistics Canada.

Chart 11

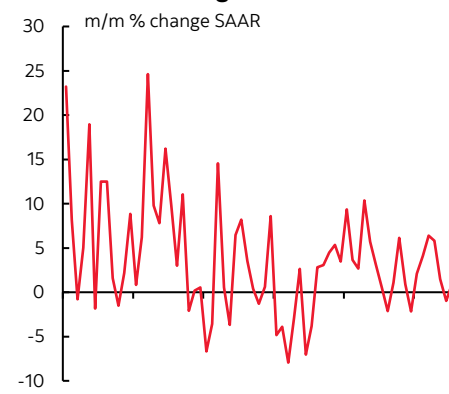
Canada CPI: Transportation



Sources: Scotiabank Economics, Statistics Canada.

Chart 12

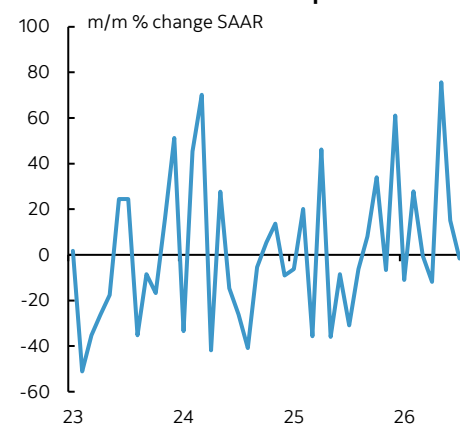
Canada CPI: Purchase of Passenger Vehicles



Sources: Scotiabank Economics, Statistics Canada.

Chart 13

Canada CPI: Air Transportation



Sources: Scotiabank Economics, Statistics Canada, Haver.

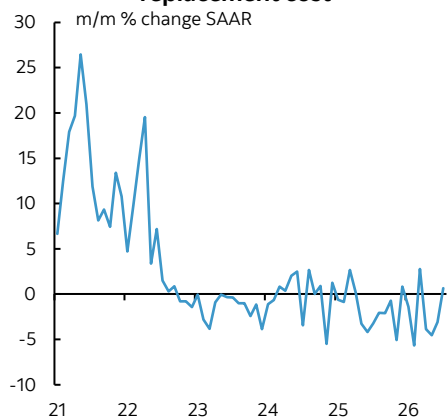
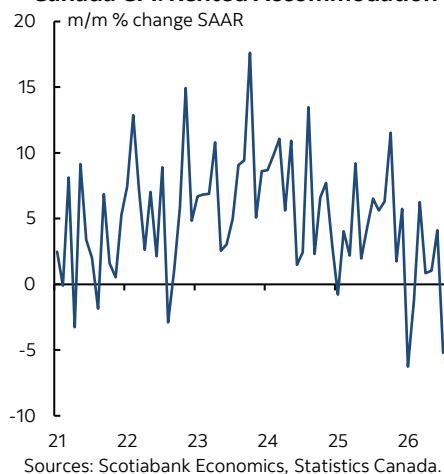
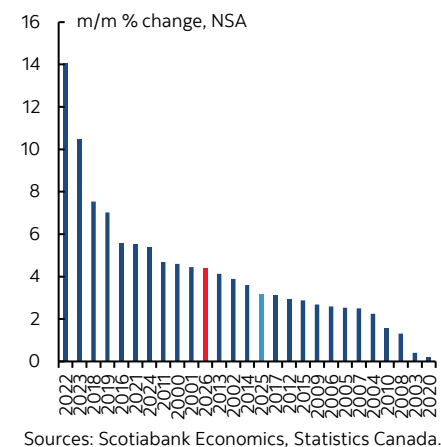
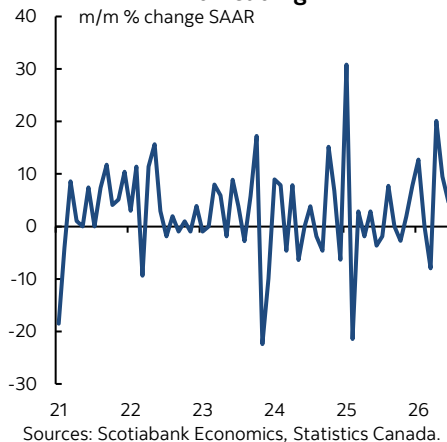
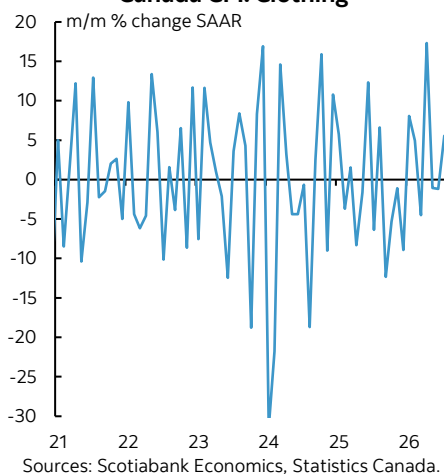
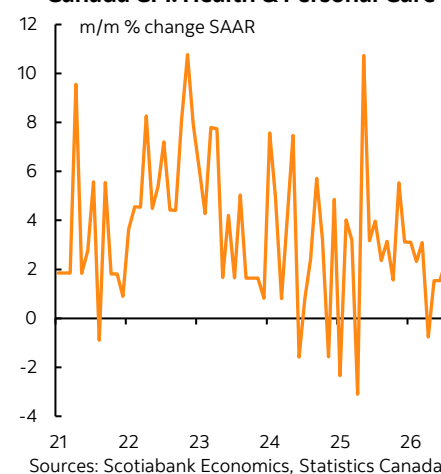
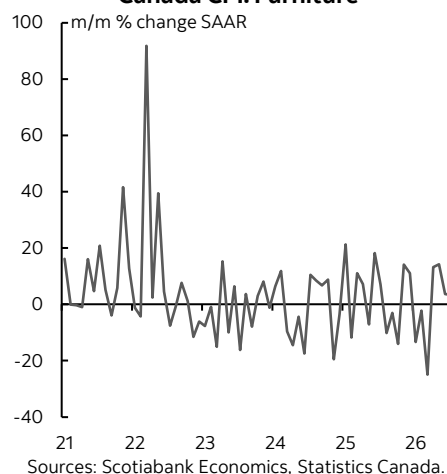
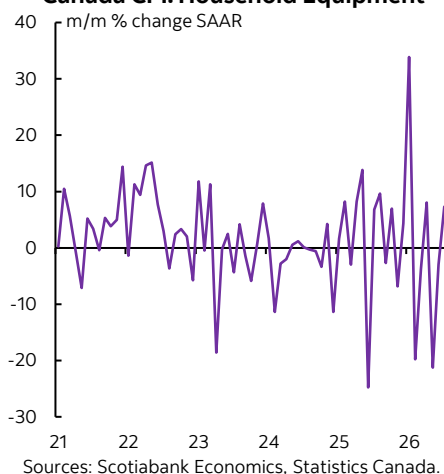
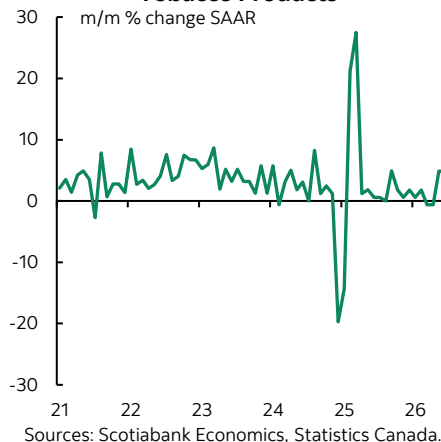
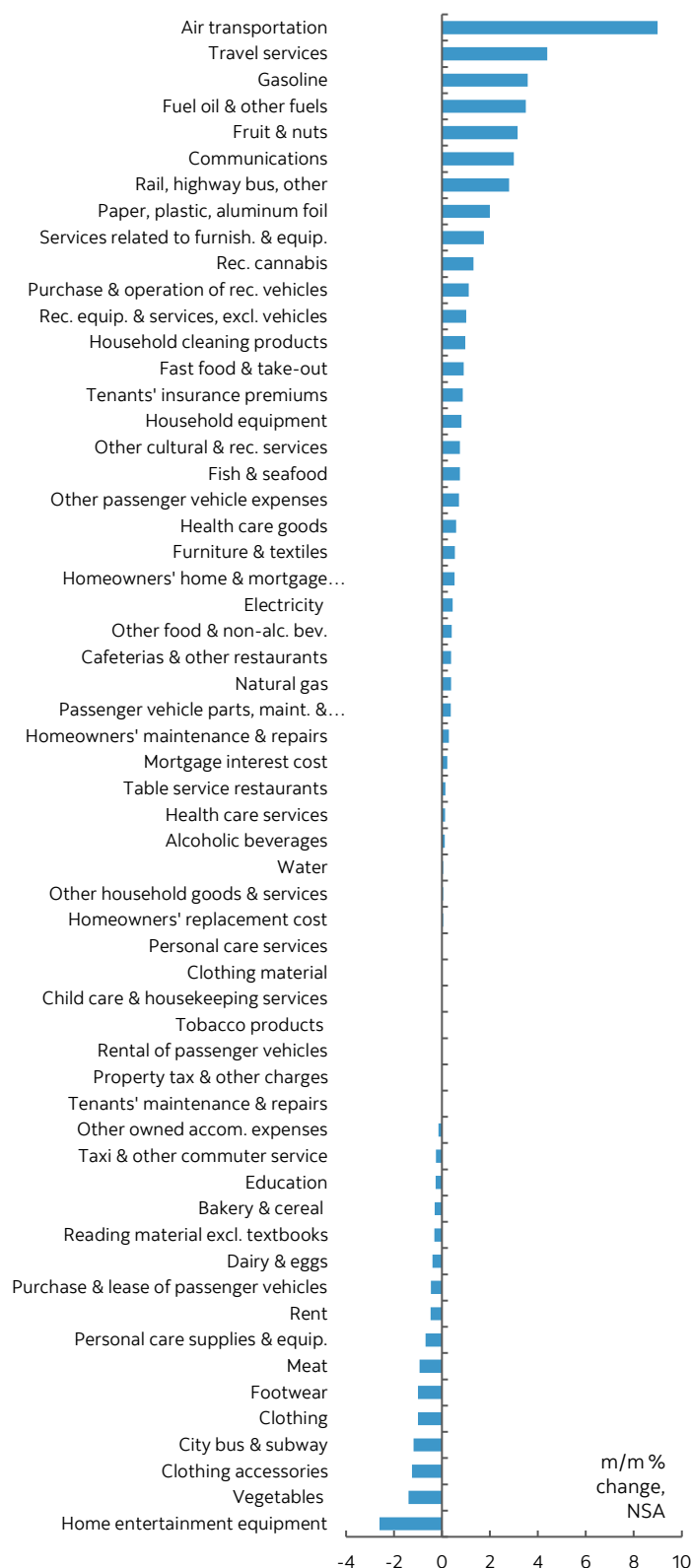
Chart 14
Canada CPI: Homeowners' replacement cost

Chart 15
Canada CPI: Rented Accommodation

Chart 16
Comparing Canada Travel Services CPI for Months of July

Chart 17
Canada CPI: Recreation, Educ., And Reading

Chart 18
Canada CPI: Clothing

Chart 19
Canada CPI: Health & Personal Care

Chart 20
Canada CPI: Furniture

Chart 21
Canada CPI: Household Equipment

Chart 22
Canada CPI: Alcoholic Beverages & Tobacco Products


Chart 23

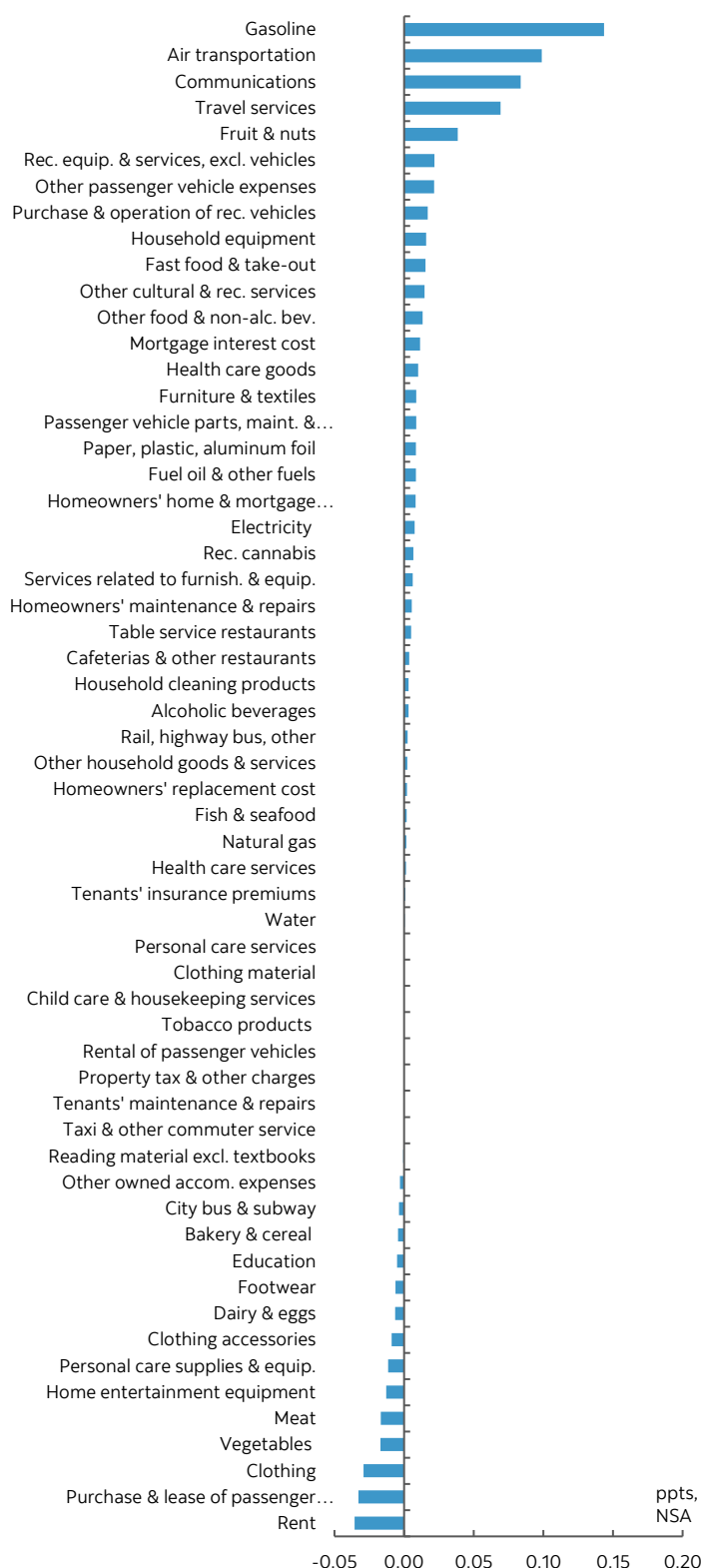
July Detailed Category Monthly Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 24

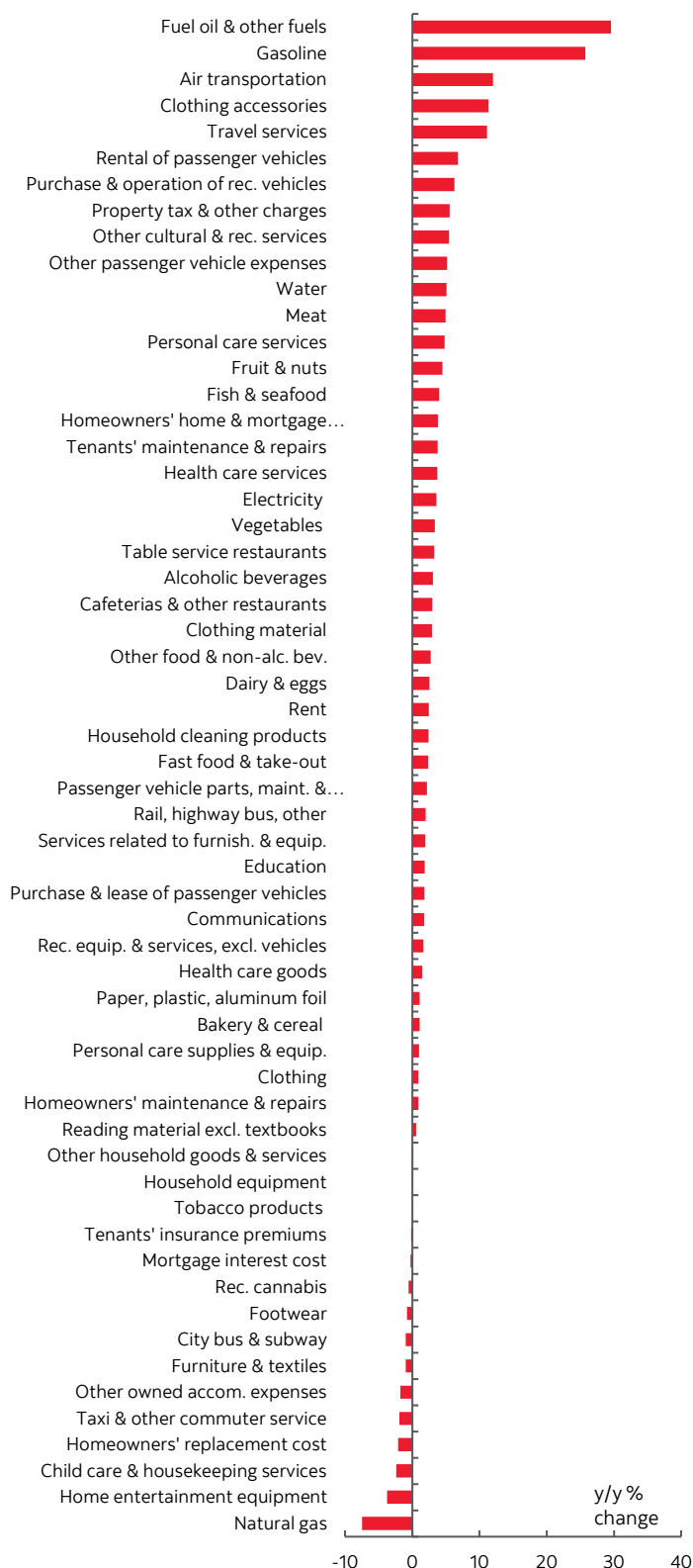
July Detailed Category Contributions to Monthly Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 25

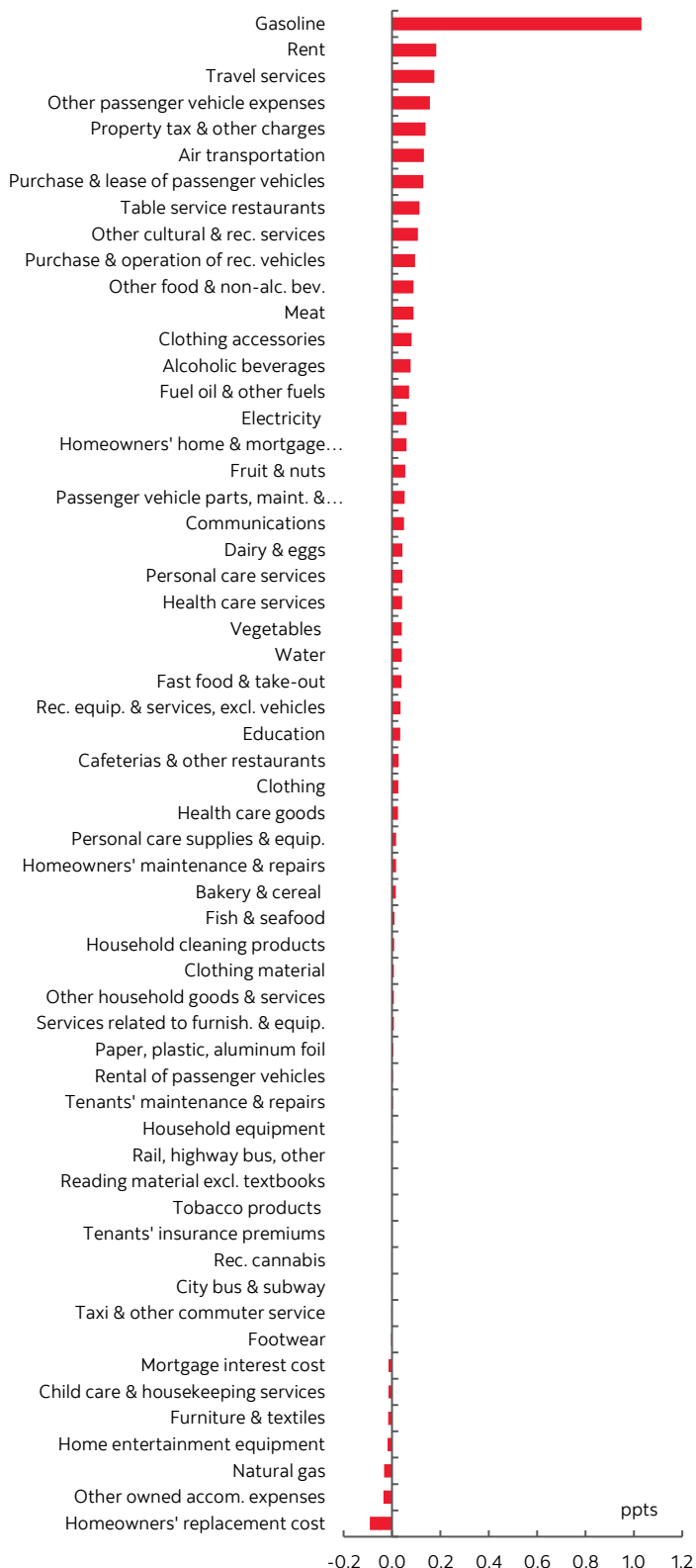
July Detailed Category 12-Month Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 26

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



Sources: Scotiabank Economics, Statistics Canada.

August 17, 2026

Jul 2026					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
Food	3.0		0.2	0.1	16.93	0.52	0.03	2.1	1.7	0.6	2.2	1.5	0.6
Food, stores	3.1		0.1		10.85	0.34	0.01	1.7	2.4	0.6	2.0	2.0	0.6
Meat	4.9		-0.9	-0.8	1.79	0.09	-0.02	2.5	3.6	0.7	3.4	3.6	0.4
Fish & seafood	4.0		0.8	0.9	0.26	0.01	0.00	2.9	1.4	0.8	2.8	2.5	0.5
Dairy products & eggs	2.6		-0.4	0.0	1.68	0.04	-0.01	0.2	1.5	1.5	0.6	1.5	1.3
Bakery & cereal products	1.1		-0.3	-0.6	1.44	0.02	0.00	0.5	2.1	0.3	1.2	2.3	0.0
Fruit, fruit prep. & nuts	4.5		3.2	4.1	1.22	0.05	0.04	1.8	4.4	0.6	2.0	3.5	0.7
Vegetables & vegetable prep.	3.3		-1.4	-1.9	1.21	0.04	-0.02	4.9	6.4	-0.2	3.6	5.8	0.0
Other food & non-alcoholic beverages	2.7		0.4	0.4	3.24	0.09	0.01	1.0	1.5	1.1	1.3	1.7	0.9
Food purchased from restaurants	2.9		0.4	0.3	6.08	0.18	0.02	3.0	0.7	-0.1	2.6	0.7	0.4
Table service restaurants	3.3		0.1		3.46	0.11	0.01	2.9	0.6	0.7	2.6	0.6	1.0
Fast food & take-out	2.3		0.9		1.68	0.04	0.02	3.2	1.2	-0.8	2.6	1.2	-0.3
Cafeterias & other restaurants	3.0		0.4		0.93	0.03	0.00	3.0	0.6	0.0	2.6	0.7	0.5
Shelter	1.3		0.1	0.1	28.30	0.36	0.01	1.8	0.6	-0.9	1.7	0.8	-0.6
Rented accommodation	2.4		-0.4	-0.4	7.66	0.18	-0.03	1.3	0.8	1.4	1.3	0.6	1.8
Rent	2.5		-0.5		7.45	0.18	-0.04	1.3	0.8	1.4	1.3	0.6	1.9
Tenants' insurance premiums	-0.2		0.9		0.12	0.00	0.00	1.1	1.6	-0.8	0.3	1.6	-0.3
Tenants' maintenance & repairs	3.8		0.0		0.09	0.00	0.00	2.2	1.0	1.5	2.6	2.2	0.5
Owned accommodation	0.4		0.1		17.52	0.06	0.02	2.3	0.4	-4.6	1.7	0.8	-1.6
Mortgage interest cost	-0.3		0.2	0.2	5.21	-0.01	0.01	2.1	3.6	-0.7	-0.1	3.6	-0.1
Homeowners' replacement cost	-2.1		0.0	0.1	4.38	-0.09	0.00	1.9	1.7	-2.4	2.1	1.5	-2.9
Property tax & other charges	5.6		0.0	0.4	2.48	0.14	0.00	2.4	0.6	5.6	2.8	0.7	4.0
Homeowners' home & mortgage insurance	3.8		0.5	0.2	1.56	0.06	0.01	5.2	2.3	-0.6	4.5	2.6	-0.3
Homeowners' maintenance & repairs	0.9		0.3	0.2	1.89	0.02	0.01	2.0	1.1	-1.0	2.0	1.4	-0.8
Other owned accommodation expenses	-1.8		-0.1	0.0	2.00	-0.04	0.00	2.0	1.2	-3.1	2.4	2.0	-2.1
Water, fuel, & elec.	3.9		0.5		3.13	0.12	0.02	0.8	2.1	1.5	2.5	3.4	0.4
Electricity	3.6		0.5	0.5	1.67	0.06	0.01	1.2	4.4	0.6	2.5	3.8	0.3
Water	5.1		0.1	0.4	0.78	0.04	0.00	3.7	0.9	1.5	4.9	1.4	0.1
Natural gas	-7.5		0.4	0.4	0.44	-0.03	0.00	-1.3	9.0	-0.7	0.4	10.6	-0.7
Fuel oil & other fuels	29.5		3.5	3.5	0.24	0.07	0.01	-0.1	15.5	1.9	5.1	14.2	1.7
Household operations, furniture & equipment	0.4		1.1	0.4	12.80	0.05	0.14	1.2	1.0	-0.8	1.4	0.9	-1.2
Household ops.	0.6		1.1		8.72	0.05	0.10	1.3	1.1	-0.6	2.1	1.3	-1.2
Communications	1.8		3.0	3.0	2.79	0.05	0.08	0.0	2.8	0.6	1.5	2.9	0.1
Child care & housekeeping services	-2.4		0.0	-0.4	0.64	-0.02	0.00	3.4	1.4	-4.2	3.3	1.3	-4.3
Household cleaning products	2.4		1.0	0.8	0.34	0.01	0.00	1.3	1.9	0.6	0.8	1.9	0.8
Paper, plastic, aluminum foil	1.1		2.0	0.9	0.43	0.00	0.01	2.2	2.2	-0.5	2.0	2.0	-0.5
Other household goods & services	0.2		0.1	0.2	4.53	0.01	0.00	1.8	0.5	-3.4	2.4	1.1	-2.1
Household furnishings & equip.	-0.2		0.8		4.08	-0.01	0.03	0.8	1.7	-0.6	0.1	1.6	-0.1
Furniture & textiles	-1.0		0.5		1.64	-0.02	0.01	0.4	2.1	-0.7	-0.3	2.1	-0.3
Household equipment	0.1		0.8	0.6	1.93	0.00	0.02	0.9	1.7	-0.5	0.0	1.8	0.0
Services related to furnishings & equipment	1.9		1.7	1.1	0.36	0.01	0.01	2.4	1.8	-0.3	2.7	2.9	-0.3
Clothing & footwear	2.4		-1.0	0.2	4.5	0.11	-0.05	0.6	1.2	1.4	0.3	1.4	1.4
Clothing	0.9		-1.0	0.5	2.92	0.03	-0.03	0.5	1.6	0.2	-0.3	2.1	0.5
Footwear	-0.8		-1.0	-0.1	0.62	0.00	-0.01	0.4	1.2	-1.0	0.1	1.4	-0.6
Clothing accessories	11.3		-1.3		0.71	0.08	-0.01	1.0	1.8	5.8	2.3	2.6	3.5
Clothing material	2.9		0.0		0.26	0.01	0.00	2.2	0.7	1.1	2.7	1.2	0.2

Jul 2026					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
Transportation	7.8			1.4	0.8	18.5	1.44	0.26	1.7	3.1	1.9	2.3	3.0	1.8
Private trans.	7.6			0.8		16.7	1.27	0.13	1.3	3.2	2.0	2.2	3.2	1.7
Purchase, lease, rental of passenger vehicles	1.8			-0.5		7.29	0.13	-0.03	2.3	1.5	-0.3	1.9	1.6	0.0
<u>Purchase & lease of passenger vehicles</u>	1.8			-0.5		7.24	0.13	-0.03	2.3	1.5	-0.4	1.9	1.6	-0.1
<u>Rental of passenger vehicles</u>	6.8			0.0	-0.2	0.05	0.00	0.00	1.4	5.2	1.0	1.2	4.1	1.4
Operation of passenger vehicles	12.3			1.8		9.44	1.16	0.17	0.7	5.7	2.0	2.4	5.4	1.8
<u>Gasoline</u>	25.7			3.6	2.5	4.01	1.03	0.14	-0.6	13.5	2.0	3.0	12.2	1.9
<u>Passenger vehicle parts, maintenance & repairs</u>	2.2			0.4	-0.1	2.39	0.05	0.01	1.9	0.3	0.7	1.6	0.8	0.7
<u>Other passenger vehicle expenses</u>	5.2			0.7	0.7	3.04	0.16	0.02	2.4	2.2	1.3	2.6	2.0	1.3
Public trans.	8.4			6.1		1.81	0.15	0.11	4.8	3.9	0.9	3.4	3.7	1.4
Local & commuter transportation	-1.2			-0.8	-1.1	0.47	-0.01	0.00	1.5	0.5	-5.5	2.2	1.2	-2.9
<u>City bus & subway</u>	-1.0			-1.2		0.30	0.00	0.00	2.1	0.7	-4.1	2.8	1.4	-2.6
<u>Taxi & other commuter service</u>	-1.9			-0.3		0.17	0.00	0.00	0.1	0.8	-2.5	0.9	1.2	-2.3
Inter-city transportation	11.5			8.6	0.9	1.19	0.14	0.10	6.2	5.7	0.9	3.9	5.8	1.3
<u>Air transportation</u>	12.0			9.0		1.10	0.13	0.10	6.5	6.2	0.9	4.0	6.4	1.2
<u>Rail, highway bus, other</u>	2.0			2.8		0.09	0.00	0.00	2.7	1.8	-0.4	2.0	4.2	0.0
Health & personal care	2.3			0.0	0.2	5.40	0.1	0.00	1.4	0.4	2.4	1.3	0.9	1.2
Health care	2.3			0.4		2.83	0.1	0.01	1.3	0.6	1.8	1.1	0.8	1.5
Health care goods	1.4			0.6	0.6	1.72	0.0	0.01	0.5	0.7	1.4	-0.1	1.1	1.4
Health care services	3.7			0.1	0.4	1.11	0.0	0.00	2.5	0.6	2.2	2.9	0.8	1.1
Personal Care	2.3			-0.4		2.56	0.1	-0.01	1.5	0.5	1.5	1.5	1.2	0.7
Personal care supplies & equipment	1.0			-0.7	-0.3	1.68	0.0	-0.01	0.4	0.9	0.7	0.5	1.6	0.3
Personal care services	4.8			0.0	0.4	0.88	0.0	0.00	2.9	0.7	2.6	2.7	1.4	1.5
Recreation, education & reading	4.4			1.1	0.4	9.81	0.4	0.11	1.7	0.8	3.5	1.3	0.9	3.7
Recreation	5.1			1.52		7.68	0.39	0.12	1.4	1.0	3.6	0.6	1.2	3.6
Recreational equipment & services, excl. vehicles	1.6			1.0	0.5	2.15	0.0	0.02	-0.8	1.6	1.6	-2.2	2.0	1.9
Purchase & operation of recreational vehicles	6.3			1.1	0.7									

Sources: Scotiabank Economics, Statistics Canada.

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