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GLOBAL ECONOMICS

SCOTIA FLASH

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Contributors

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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.

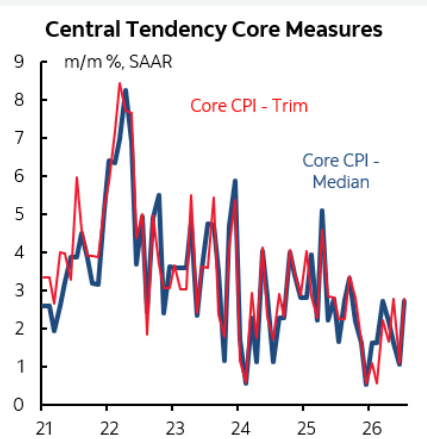
Chart 1

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

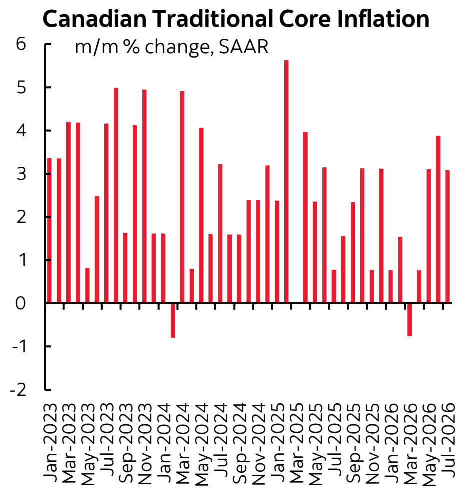
Sources: Scotiabank Economics, Statistics Canada.

Chart 2



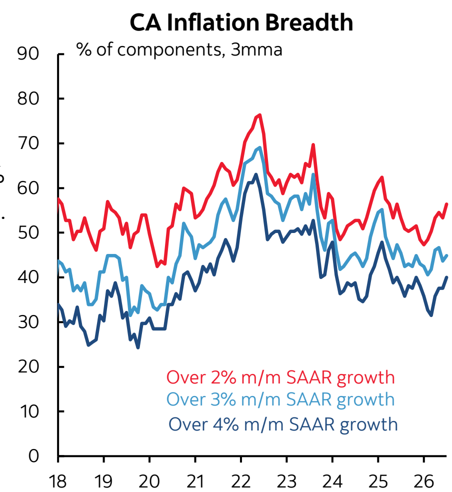
Sources: Scotiabank Economics, Statistics Canada.

Chart 3



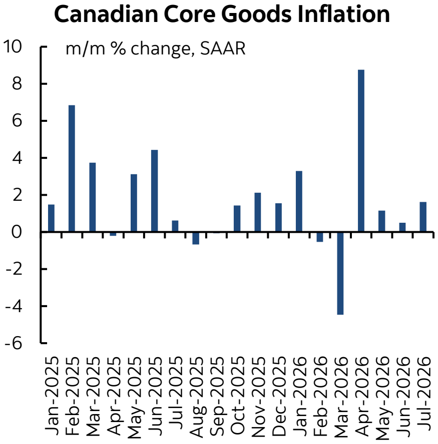
Sources: Scotiabank Economics, Statistics Canada.

Chart 4



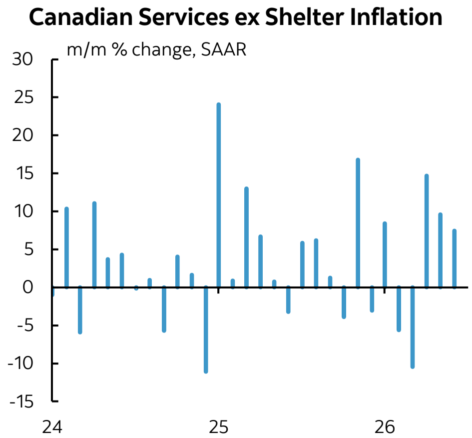
Sources: Scotiabank Economics, Statistics Canada.

Chart 5



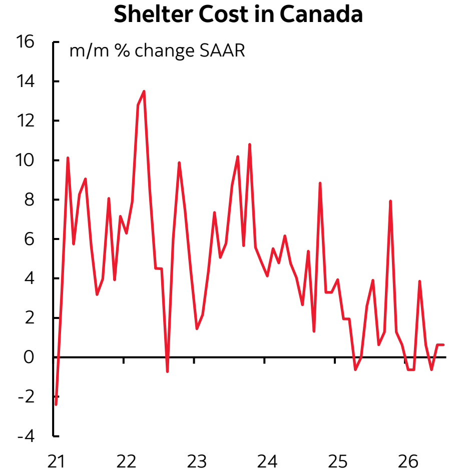
Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 6



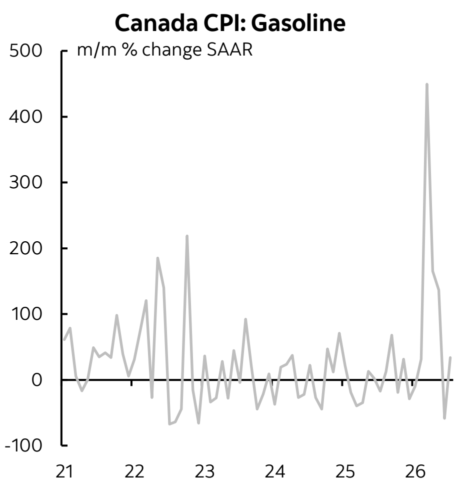
Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 7



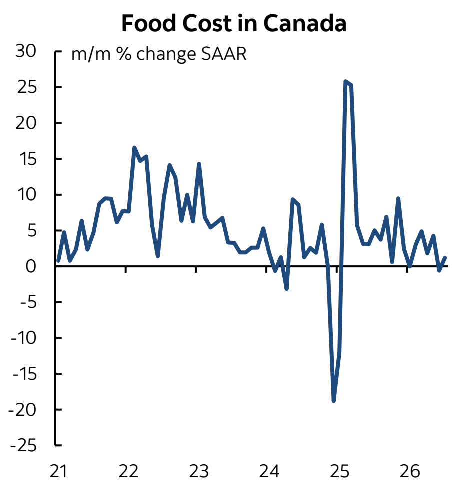
Sources: Scotiabank Economics, Statistics Canada.

Chart 8



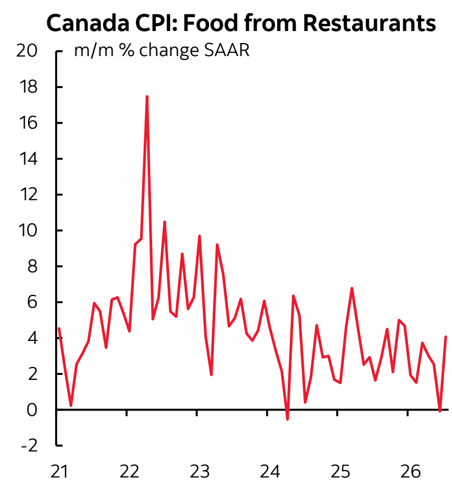
Sources: Scotiabank Economics, Statistics Canada.

Chart 9



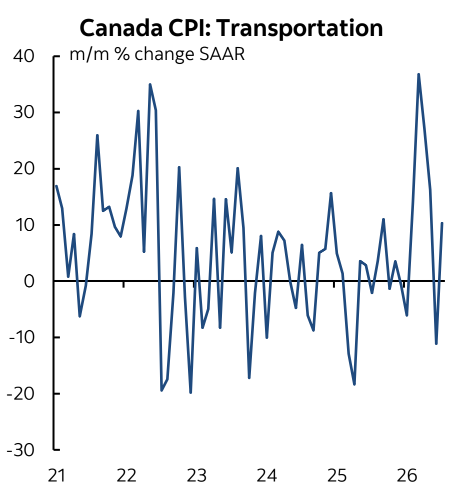
Sources: Scotiabank Economics, Statistics Canada.

Chart 10



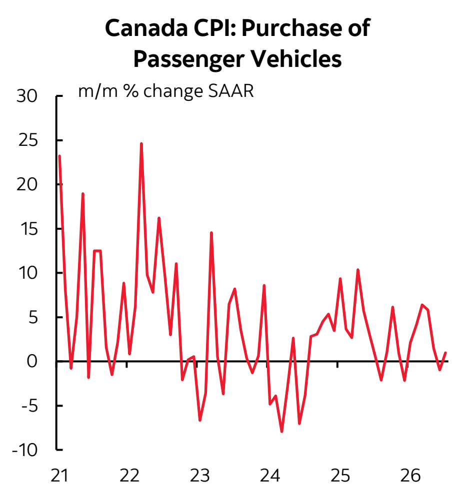
Sources: Scotiabank Economics, Statistics Canada.

Chart 11



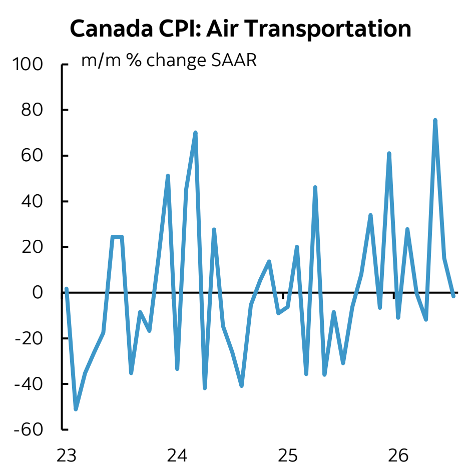
Sources: Scotiabank Economics, Statistics Canada.

Chart 12



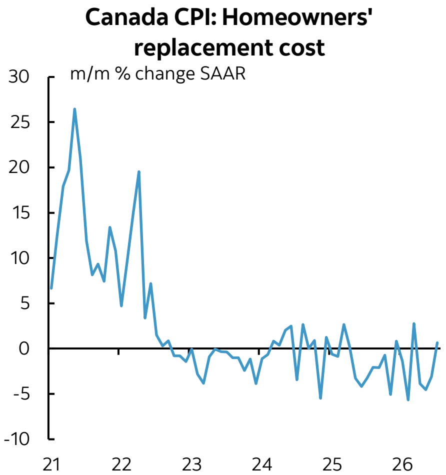
Sources: Scotiabank Economics, Statistics Canada.

Chart 13



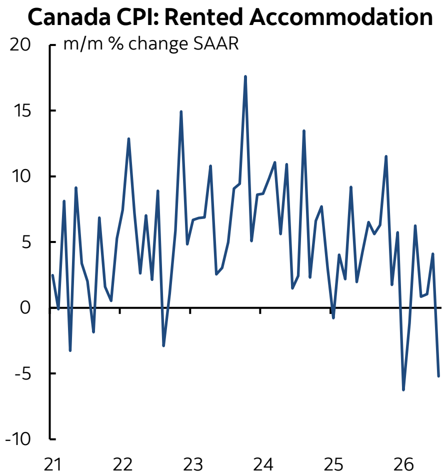
Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 14



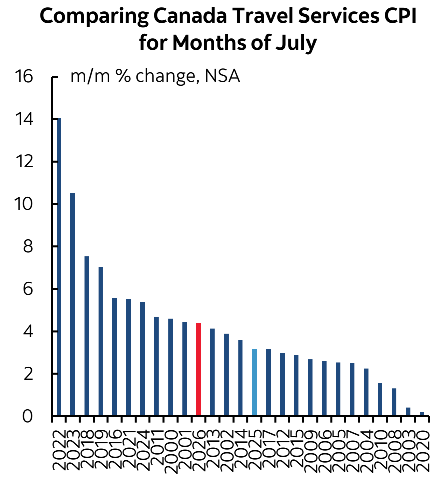
Sources: Scotiabank Economics, Statistics Canada.

Chart 15



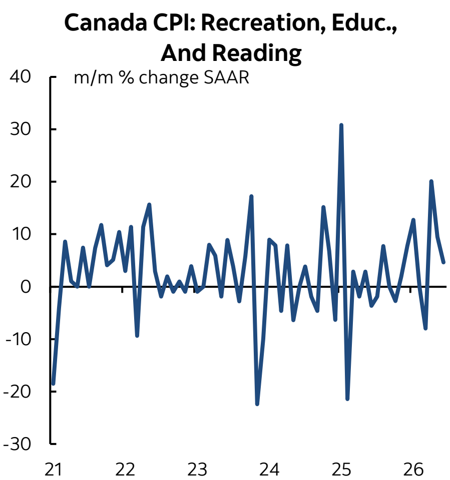
Sources: Scotiabank Economics, Statistics Canada.

Chart 16



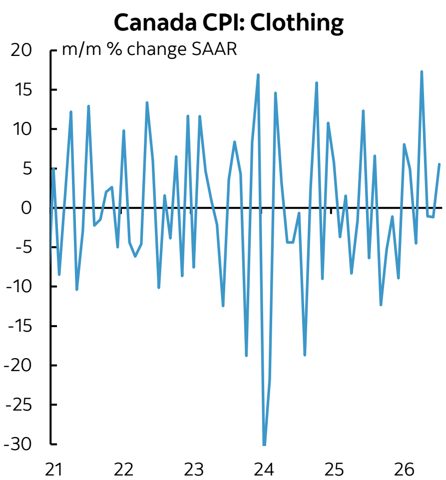
Sources: Scotiabank Economics, Statistics Canada.

Chart 17



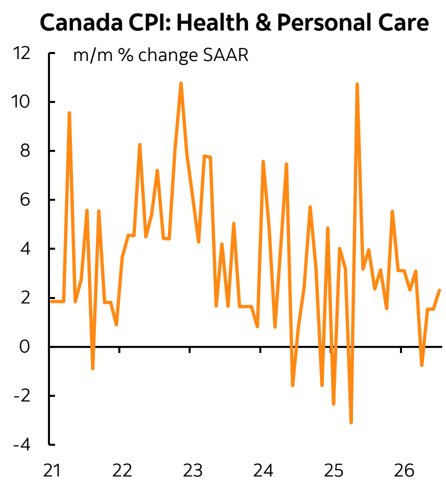
Sources: Scotiabank Economics, Statistics Canada.

Chart 18



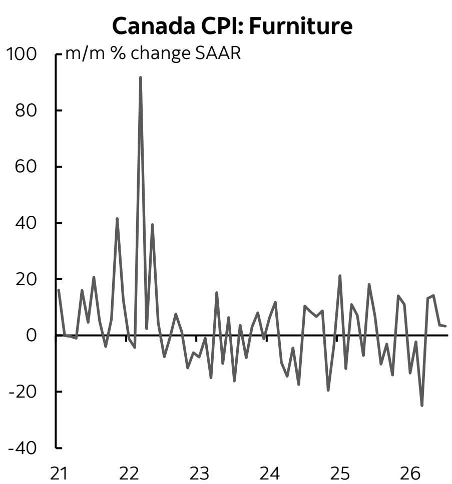
Sources: Scotiabank Economics, Statistics Canada.

Chart 19



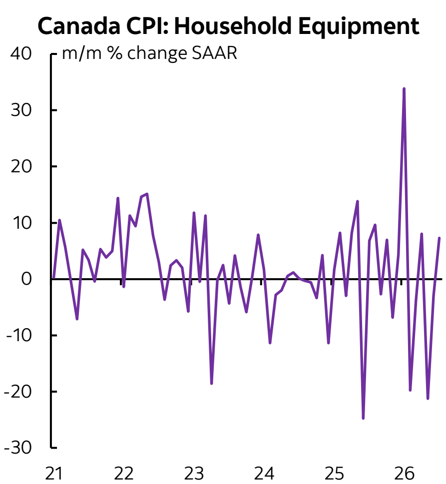
Sources: Scotiabank Economics, Statistics Canada.

Chart 20



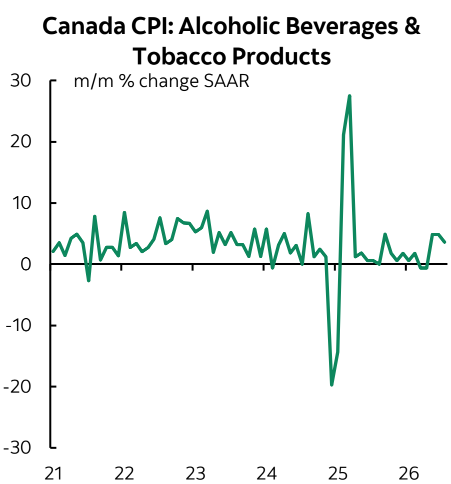
Sources: Scotiabank Economics, Statistics Canada.

Chart 21



Sources: Scotiabank Economics, Statistics Canada.

Chart 22



Sources: Scotiabank Economics, Statistics Canada.

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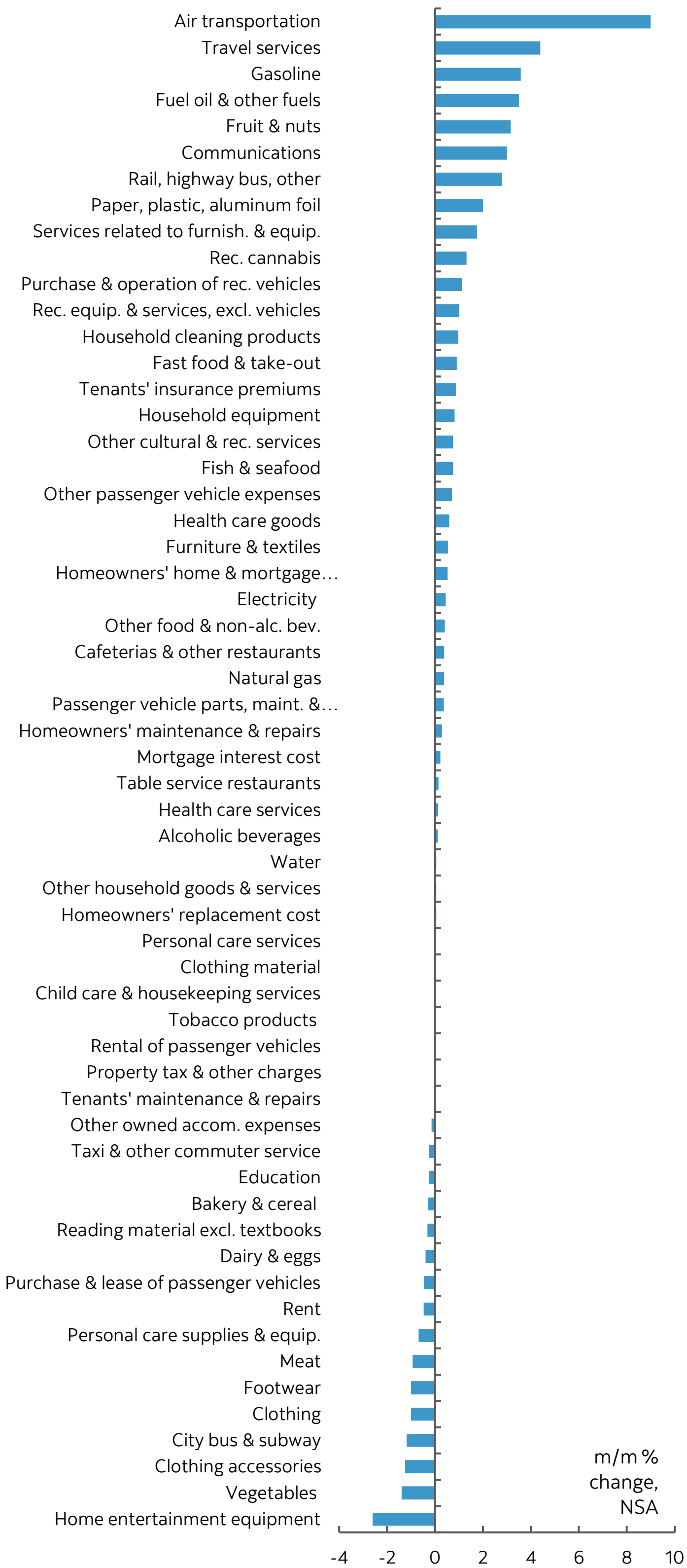
Chart 23

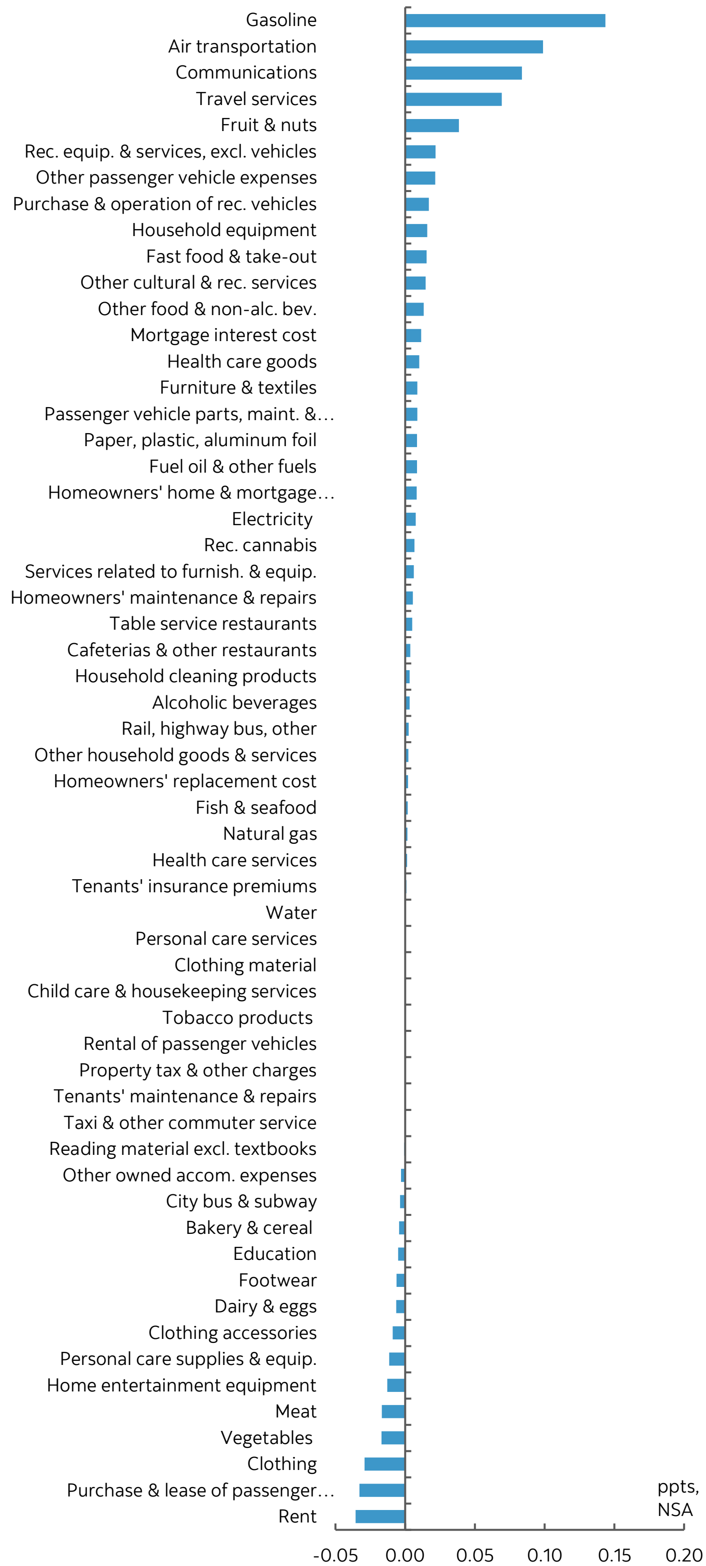
July Detailed Category Monthly Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 24

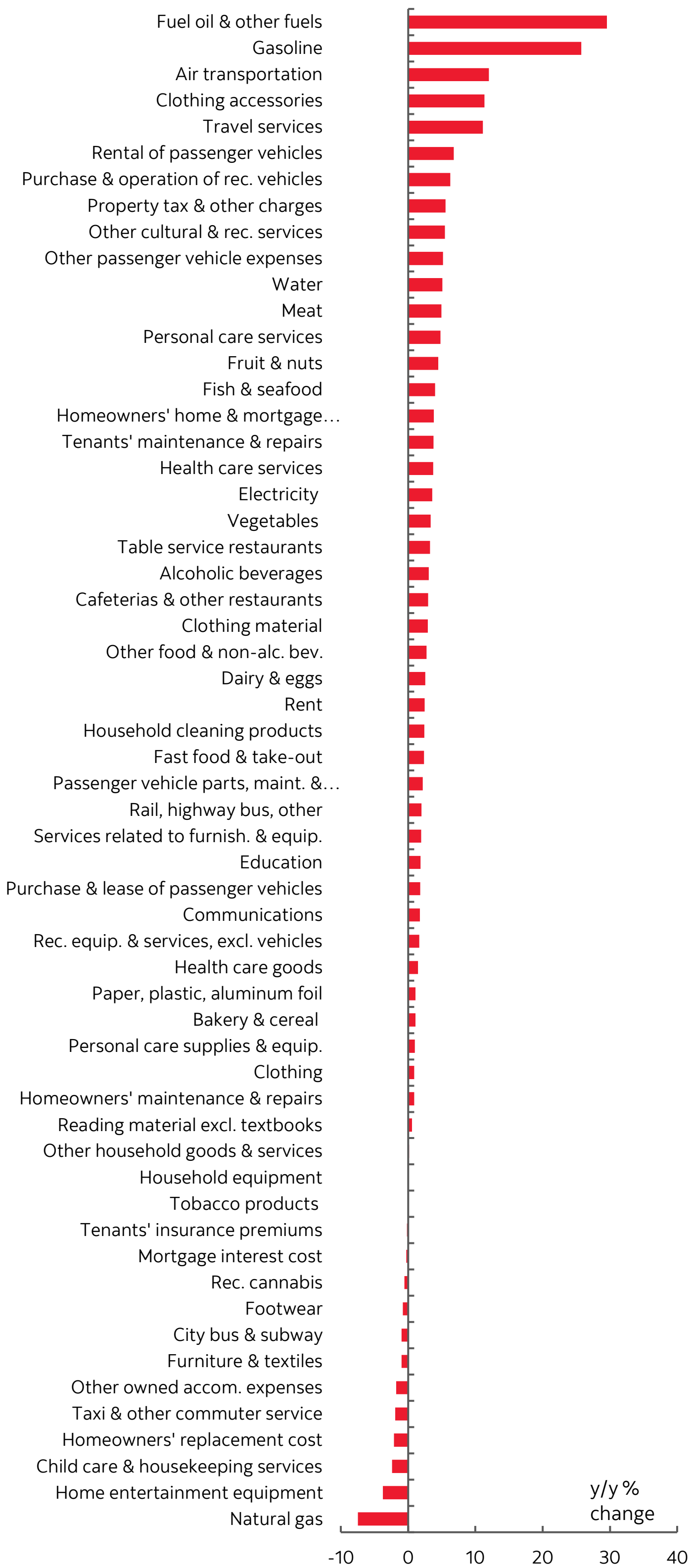
July Detailed Category Contributions to Monthly Change in Canadian CPI



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.

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 accomodation 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
Purchase & lease of passenger vehicles	*1.8*			*-0.5*		*7.24*	*0.13*	*-0.03*	*2.3*	*1.5*	*-0.4*	*1.9*	*1.6*	*-0.1*
Rental of passenger vehicles	*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
Gasoline	*25.7*			*3.6*	*2.5*	*4.01*	*1.03*	*0.14*	*-0.6*	*13.5*	*2.0*	*3.0*	*12.2*	*1.9*
Passenger vehicle parts, maintenance & repairs	*2.2*			*0.4*	*-0.1*	*2.39*	*0.05*	*0.01*	*1.9*	*0.3*	*0.7*	*1.6*	*0.8*	*0.7*
Other passenger vehicle expenses	*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
City bus & subway	*-1.0*			*-1.2*		*0.30*	*0.00*	*0.00*	*2.1*	*0.7*	*-4.1*	*2.8*	*1.4*	*-2.6*
Taxi & other commuter service	*-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
Air transportation	*12.0*			*9.0*		*1.10*	*0.13*	*0.10*	*6.5*	*6.2*	*0.9*	*4.0*	*6.4*	*1.2*
Rail, highway bus, other	*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	1.51	0.1	0.02	2.6	1.8	2.0	1.9	2.0	2.2
Home entertainment equipment	-3.7			-2.6	-2.0	0.49	0.0	-0.01	-3.8	2.0	0.0	-4.9	2.2	0.5
Travel services	11.1			4.4	0.6	1.58	0.2	0.07	0.8	2.9	3.5	0.4	2.8	3.8
Other cultural & rec. services	5.4			0.8	0.8	1.95	0.1	0.01	3.5	1.1	1.8	3.4	1.4	1.5
Educ. & reading	**1.6**			**-0.32**		**2.12**	**0.03**	**-0.01**	**2.5**	**1.4**	**-0.7**	**3.0**	**1.1**	**-1.2**
Education	1.8			-0.3	0.1	1.88	0.0	0.00	2.4	1.4	-0.4	3.0	1.2	-1.0
Reading material excl. textbooks	0.6			-0.3	-0.3	0.24	0.0	0.00	3.8	2.8	-1.2	3.2	2.9	-0.9
Alcoholic beverages, tobacco & rec. cannabis	**2.0**			**0.2**	**0.3**	**3.73**	**0.1**	**0.01**	**3.2**	**1.2**	**-1.0**	**2.7**	**1.3**	**-0.6**
Alcoholic beverages	**3.1**			**0.13**		**2.49**	**0.08**	**0.00**	**1.7**	**0.5**	**2.6**	**1.4**	**0.7**	**2.3**
Alc. beverages served in licensed establishments	3.5			0.1	0.2	0.78	0.0	0.00	1.8	0.6	2.8	2.0	0.7	2.2
Alc. beverages purchased from stores	2.8			0.1	0.2	1.71	0.0	0.00	1.7	0.7	1.7	1.1	1.1	1.6
Tobacco products	**0.0**			**0.00**		**0.85**	**0.00**	**0.00**	**5.6**	**2.1**	**-2.7**	**4.8**	**2.8**	**-1.7**
Cigarettes	0.1			0.0		0.74	0.0	0.00	5.6	2.1	-2.7	4.8	2.8	-1.7
Other tobacco products & supplies	-0.4			0.0		0.12	0.0	0.00	5.6	2.0	-3.0	4.9	2.6	-2.0
Rec. cannabis	**-0.6**			**1.31**		**0.39**	**0.00**	**0.01**						

*Number may not add due to rounding
** Only available for components that are tracked on a seasonally adjusted basis.
Sources: Scotiabank Economics, Statistics Canada.