Scotiabank

GLOBAL ECONOMICS

SCOTIA FLASH

November 16, 2026

Backward Looking Canadian CPI Good Enough to Hike

- **CPI slightly undershot expectations…**
- **…but high frequency core inflation gauges remain warm…**
- **…and the BoC is focused upon forward-looking inflation risk**

Canadian CPI m/m NSA / y/y %, October:
Actual: 0.2 / 3.1
Scotia: 0.4 / 3.3
Consensus: 0.3 / 3.2
Prior: 0.1 / 3.1
Trimmed mean CPI: 2.2
Weighted median CPI: 2.7
Traditional core CPI: 1.5

Probably good enough to hike in December, perhaps pending further information. That about sums up the latest inflation readings out of Canada. Markets barely reacted as the C$ slipped by about a tenth of a penny and Canada's two-year yield edged about 2bps lower. Markets remain on the fence toward the December 9th move with pricing moving about 2bps lower to roughly half of a quarter-point hike priced.

Why is it good enough? For one, the BoC is forward-looking and expects a protracted overshoot of its 2% target throughout much of its forecast horizon. That signals it believes it is behind in fighting inflationary pressures and inflation risk. That signals belief that it is not focused upon backward data to begin with and certainly not just one month.

Second, the smoothed core measures continue to point toward rising pressures on underlying inflation. Charts 1 and 2 show the month-over-month trimmed mean and weighted median gauges on a seasonally adjusted and annualized basis after applying a three-month moving average to smooth the volatility. Weighted median CPI stands at 2.9% m/m SAAR, and trimmed mean CPI is at 2.6% and traditional core CPI is at 2% on this basis. Average all three and they're at 2.5% m/m SAAR on a 3moMA basis.

The combination of these two points continues to merit moving further away from the bottom end of the neutral rate range in a continued rebalancing of the policy risks. If you're on or above the 2% inflation target using headline CPI and higher frequency core gauges, then you shouldn't still be at 2.5% with a real policy rate that is close to zero or negative depending upon what measure of inflation or inflation expectations is used.

The breadth of price pressures was little changed overall (chart 3).

While core goods inflation accelerated to the highest rate since April (chart 4), this was offset by the weakest core services inflation (ex-shelter) since April, shown in chart 5.

Additional charts (chart 6–22) follow along with the full table including more measures and micro-charts.

Contributors

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Chart 1

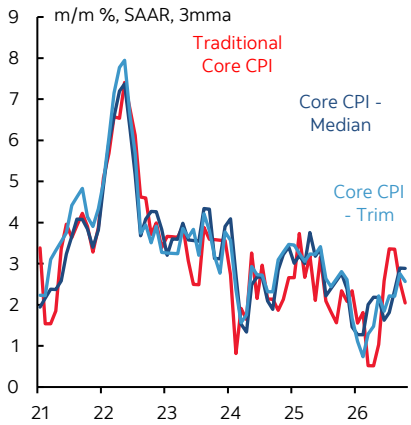
Canadian Core CPI Measures

Month	Traditional Core	Weighted Median	Trimmed Mean
Jan-2026	0.8	1.6	1.1
Feb-2026	1.5	1.6	0.6
Mar-2026	-0.8	2.7	2.2
Apr-2026	0.8	2.2	1.7
May-2026	3.1	1.6	2.8
Jun-2026	3.9	1.1	1.1
Jul-2026	3.1	2.7	2.8
Aug-2026	3.1	3.3	2.8
Sep-2026	1.5	2.7	2.8
Oct-2026	1.5	2.7	2.2

Sources: Scotiabank Economics, Statistics Canada.

Chart 2

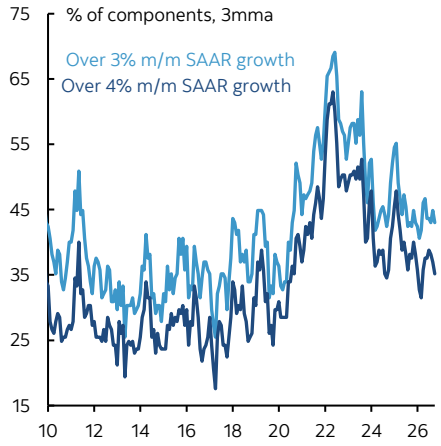
Central Tendency Core Measures



Sources: Scotiabank Economics, Statistics Canada.

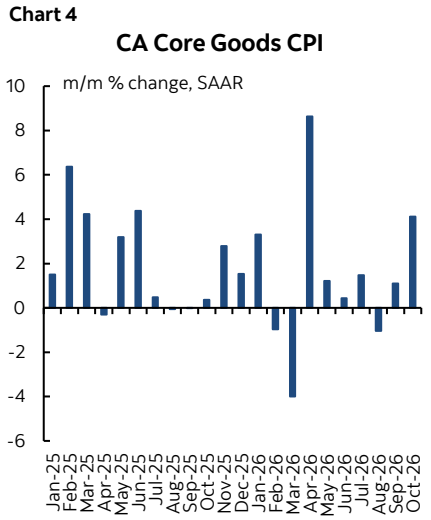
Chart 3

CA Inflation Breadth



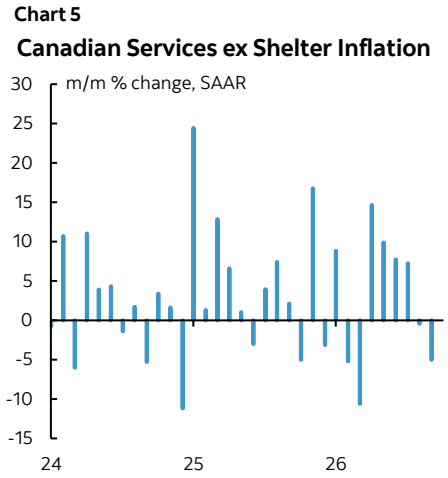
Sources: Scotiabank Economics, Statistics Canada.

Chart 4



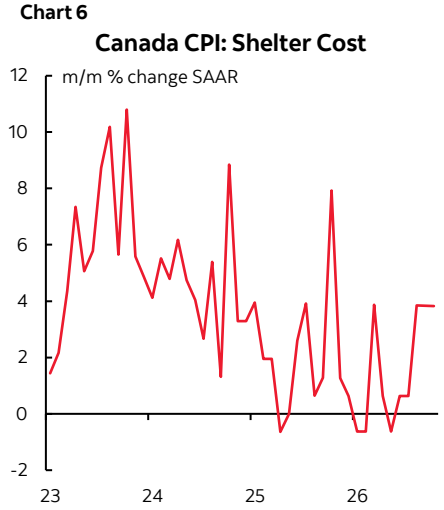
Sources: Scotiabank Economics, Statistics Canada.

Chart 5



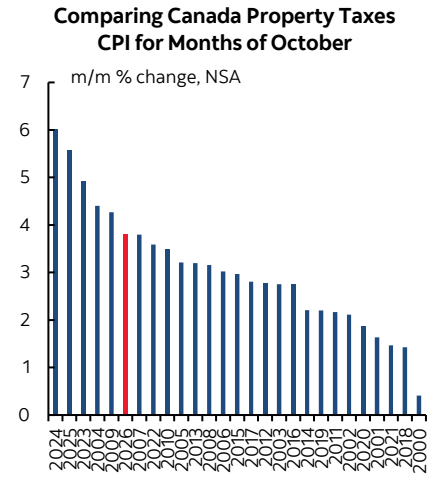
Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 6



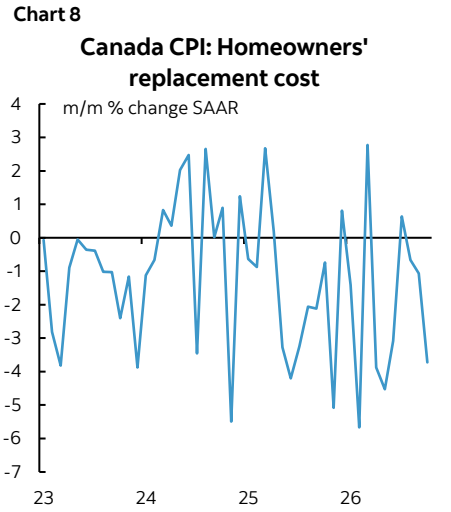
Sources: Scotiabank Economics, Statistics Canada.

Chart 7



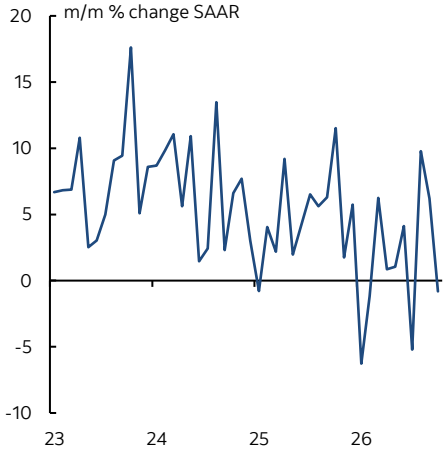
Sources: Scotiabank Economics, Statistics Canada.

Chart 8



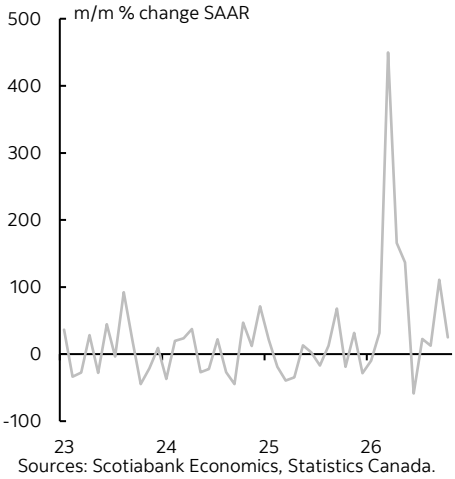
Sources: Scotiabank Economics, Statistics Canada.

Chart 9



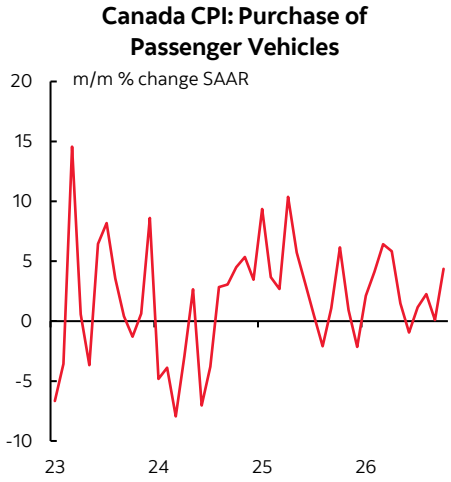
Sources: Scotiabank Economics, Statistics Canada.

Chart 10



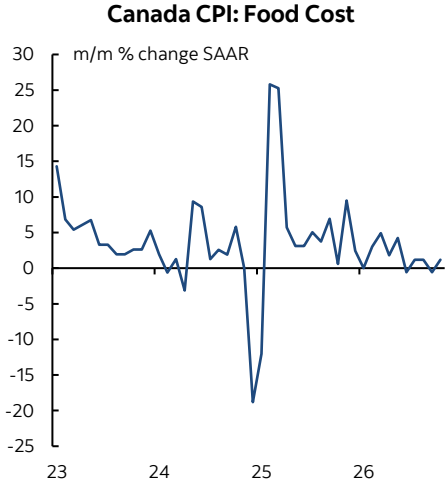
Sources: Scotiabank Economics, Statistics Canada.

Chart 11



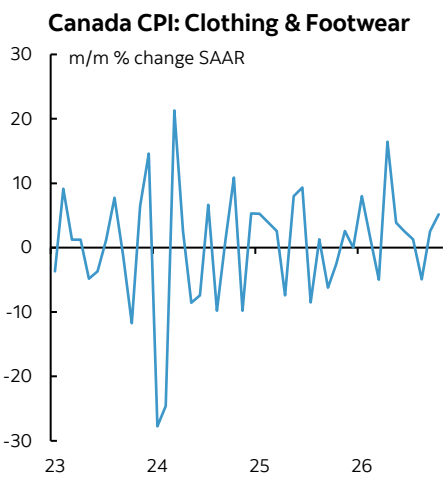
Sources: Scotiabank Economics, Statistics Canada.

Chart 12



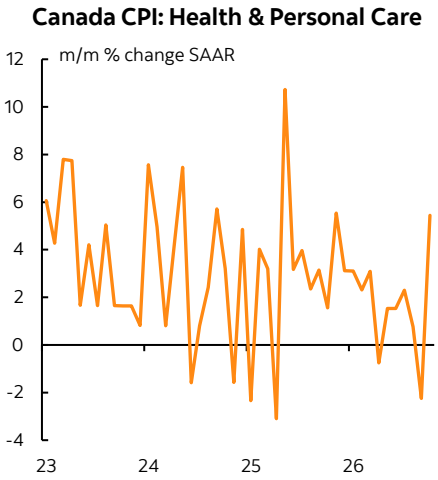
Sources: Scotiabank Economics, Statistics Canada.

Chart 13



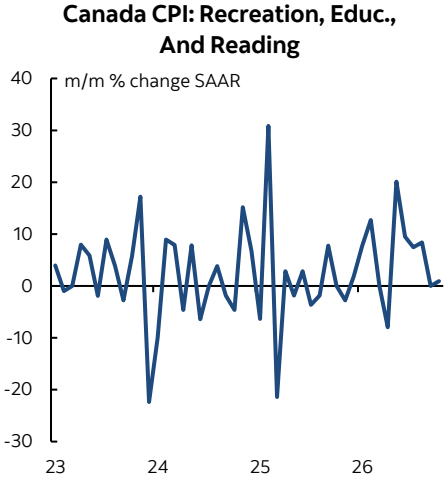
Sources: Scotiabank Economics, Statistics Canada.

Chart 14



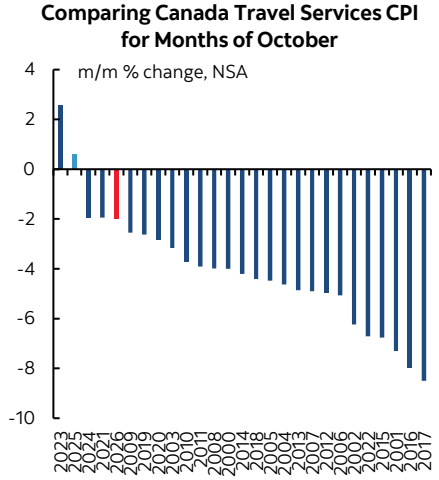
Sources: Scotiabank Economics, Statistics Canada.

Chart 15



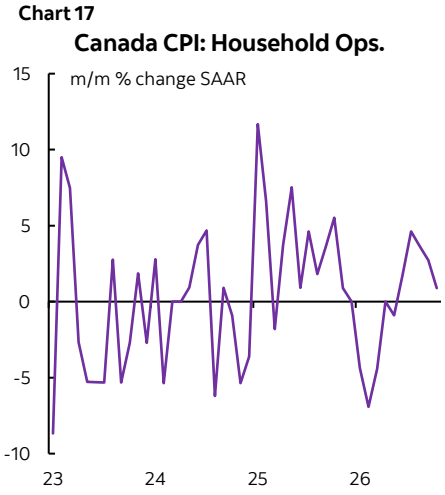
Sources: Scotiabank Economics, Statistics Canada.

Chart 16



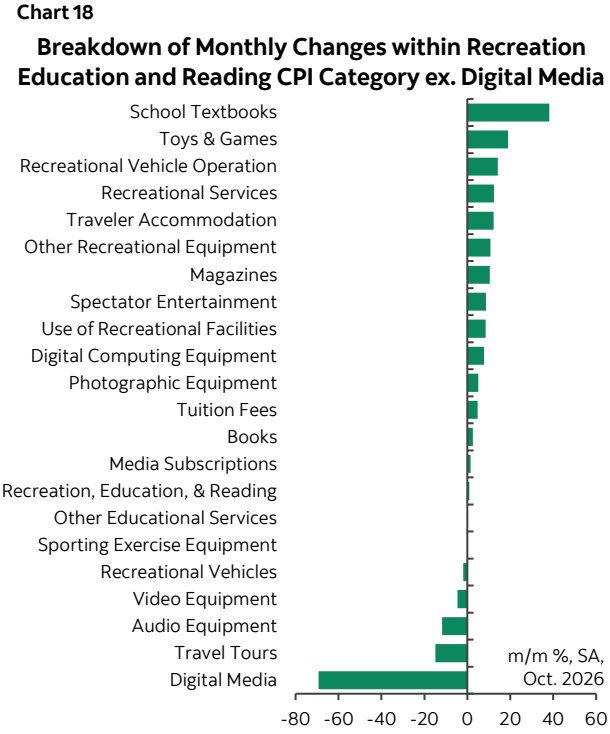
Sources: Scotiabank Economics, Statistics Canada.

Chart 17



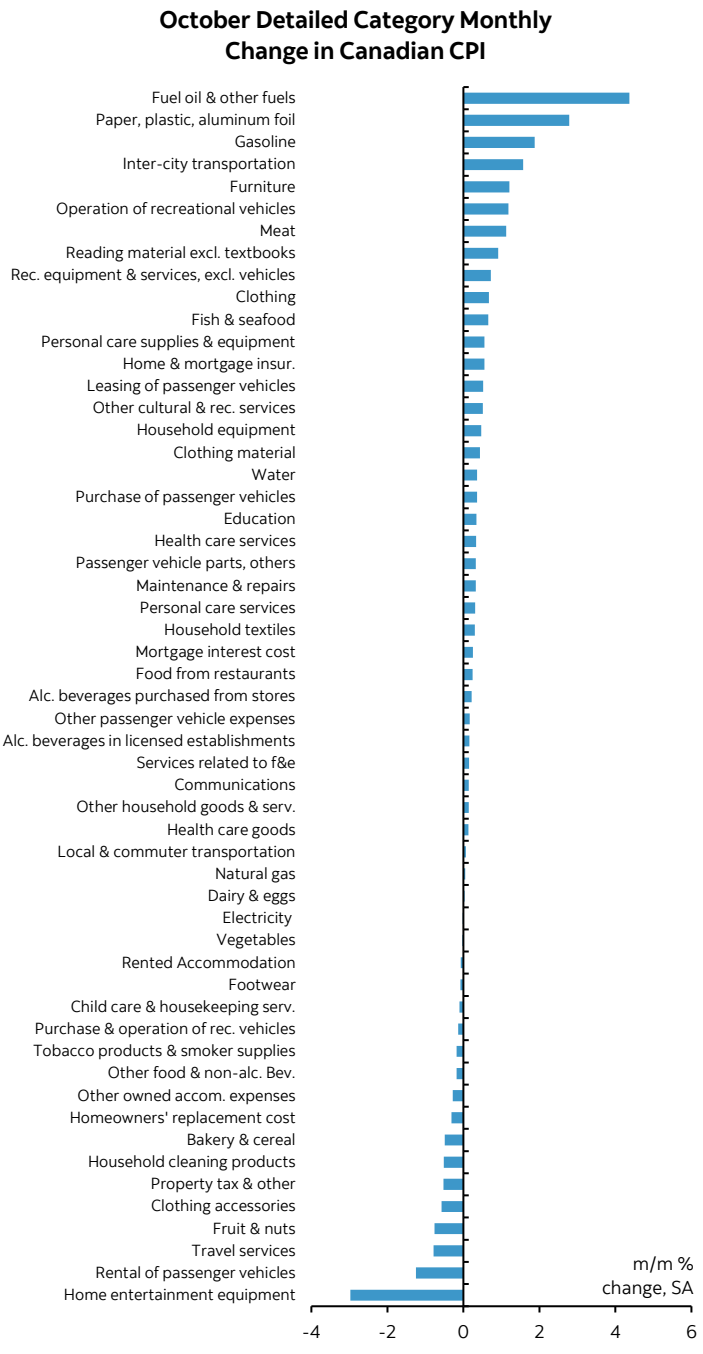
Sources: Scotiabank Economics, Statistics Canada.

Chart 18



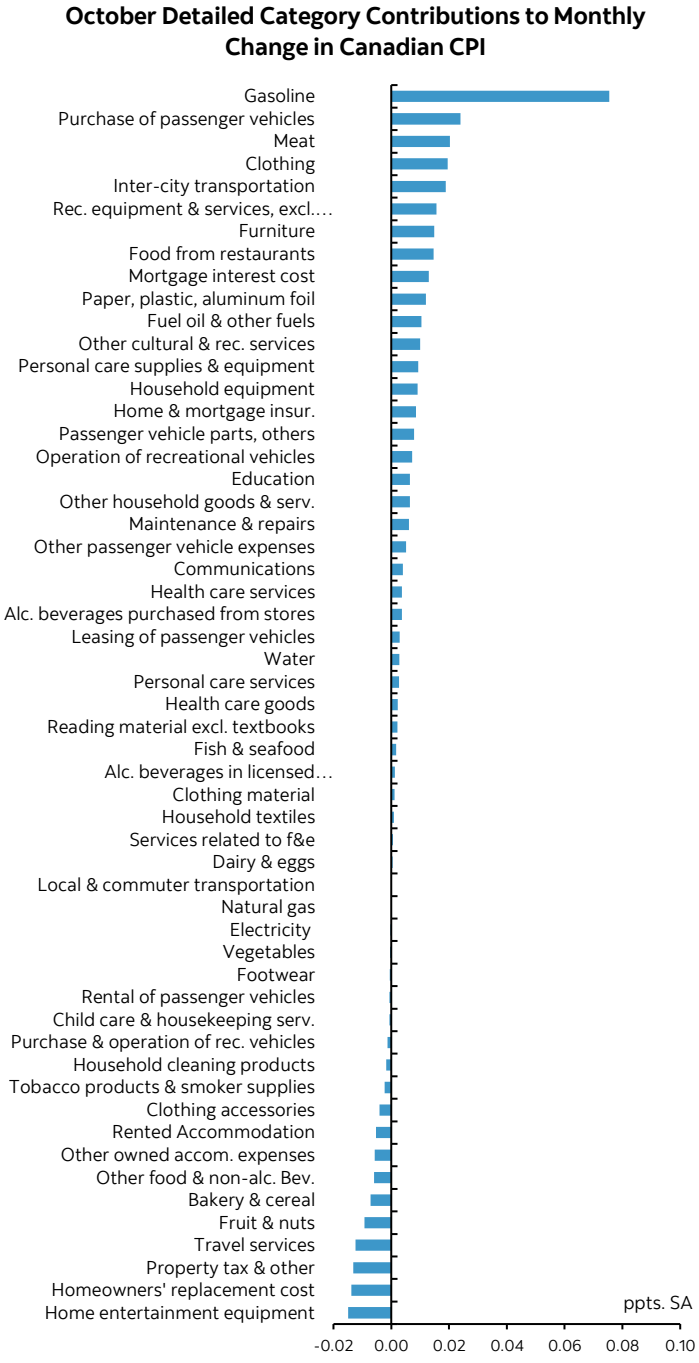
Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 19



Sources: Scotiabank Economics, Statistics Canada.

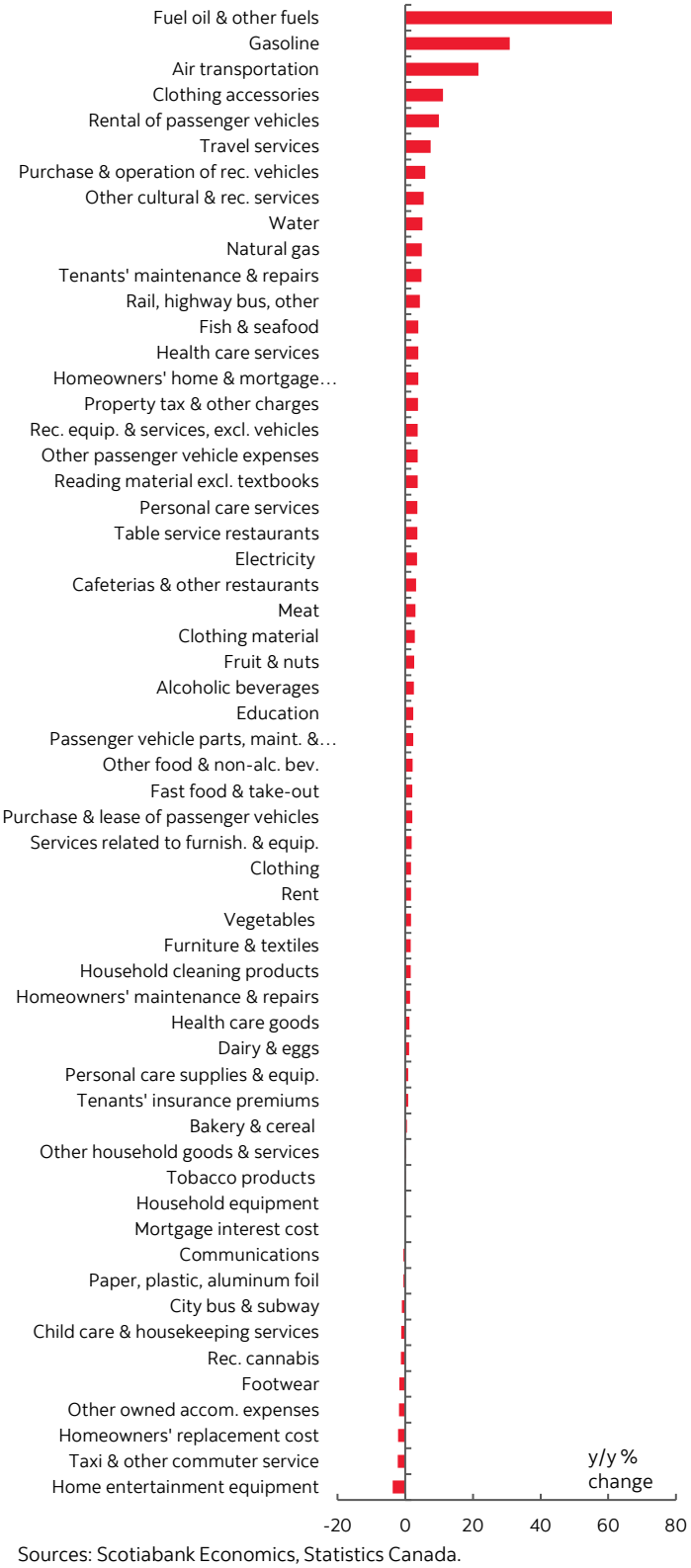
Chart 20



Sources: Scotiabank Economics, Statistics Canada.

Chart 21

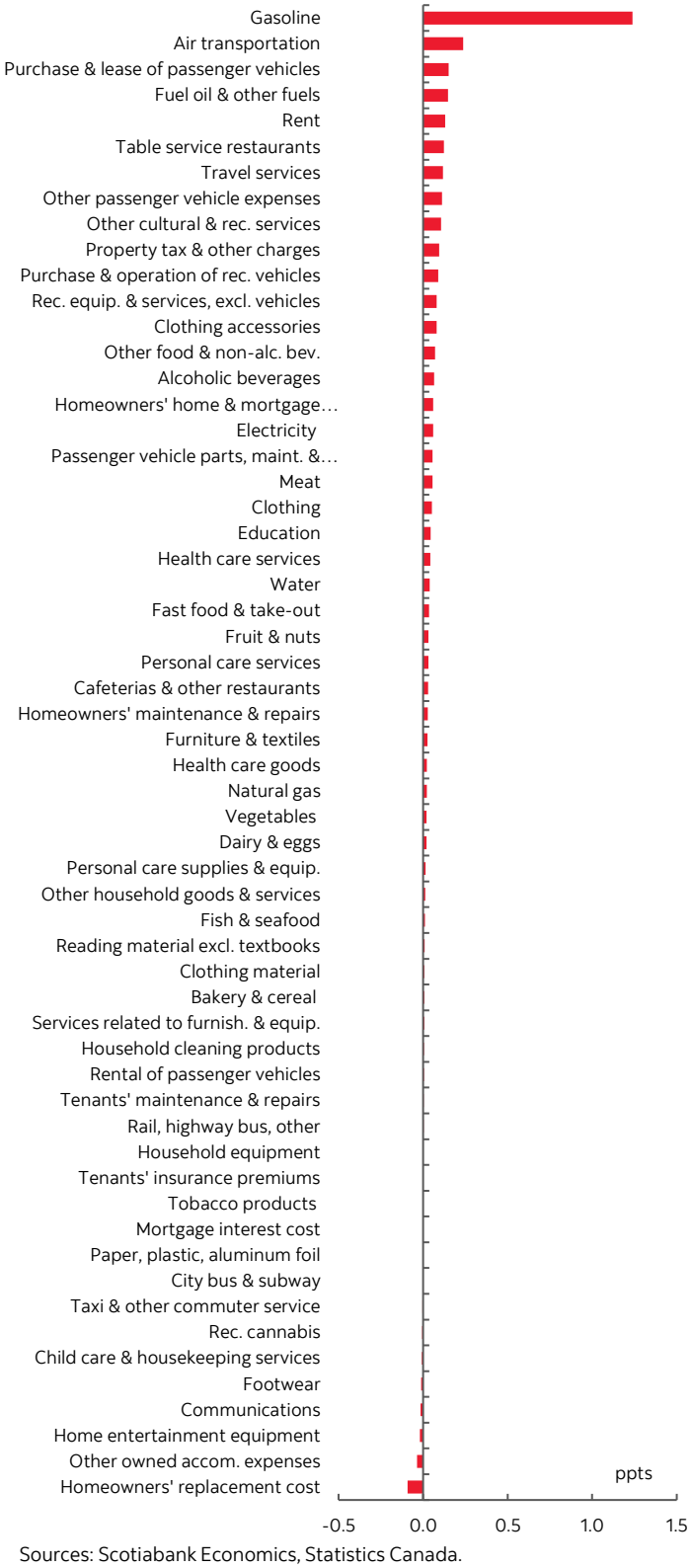
October Detailed Category 12-Month Change in Canadian CPI



Sources: Scotiabank Economics, Statistics Canada.

Chart 22

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



Sources: Scotiabank Economics, Statistics Canada.

Oct 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	2.4			-0.1	0.1	16.93	0.40	-0.02	2.1	1.7	0.2	2.2	1.5	0.2
Food, stores	2.0			-0.3		10.85	0.22	-0.03	1.7	2.4	0.1	2.0	2.0	0.0
Meat	3.1			1.4	1.1	1.79	0.05	0.02	2.5	3.6	0.2	3.4	3.6	-0.1
Fish & seafood	3.9			0.6	0.7	0.26	0.01	0.00	2.9	1.4	0.7	2.8	2.5	0.4
Dairy products & eggs	1.2			-0.3	0.0	1.68	0.02	-0.01	0.2	1.5	0.6	0.6	1.5	0.4
Bakery & cereal products	0.5			0.0	-0.5	1.44	0.01	0.00	0.5	2.1	0.0	1.2	2.3	-0.3
Fruit, fruit prep. & nuts	2.6			-2.2	-0.8	1.22	0.03	-0.03	1.8	4.4	0.2	2.0	3.5	0.2
Vegetables & vegetable prep.	1.7			-1.6	0.0	1.21	0.02	-0.02	4.9	6.4	-0.5	3.6	5.8	-0.3
Other food & non-alcoholic beverages	2.2			-0.3	-0.2	3.24	0.07	-0.01	1.0	1.5	0.7	1.3	1.7	0.5
Food purchased from restaurants	3.1			0.3	0.2	6.08	0.19	0.02	3.0	0.7	0.2	2.6	0.7	0.7
Table service restaurants	3.5			0.2		3.46	0.12	0.01	2.9	0.6	1.2	2.6	0.6	1.5
Fast food & take-out	2.1			0.5		1.68	0.04	0.01	3.2	1.2	-0.9	2.6	1.2	-0.5
Cafeterias & other restaurants	3.2			0.3		0.93	0.03	0.00	3.0	0.6	0.4	2.6	0.7	0.8
Shelter	1.4			0.3	0.3	28.30	0.40	0.09	1.8	0.6	-0.6	1.7	0.8	-0.4
Rented accommodation	1.8			-0.1	-0.1	7.66	0.13	0.00	1.3	0.8	0.6	1.3	0.6	0.7
Rent	1.7			-0.1		7.45	0.13	0.00	1.3	0.8	0.6	1.3	0.6	0.7
Tenants' insurance premiums	0.9			0.1		0.12	0.00	0.00	1.1	1.6	-0.1	0.3	1.6	0.3
Tenants' maintenance & repairs	4.8			0.7		0.09	0.00	0.00	2.2	1.0	2.5	2.6	2.2	1.0
Owned accommodation	0.3			0.5		17.52	0.05	0.09	2.3	0.4	-4.7	1.7	0.8	-1.7
Mortgage interest cost	0.0			0.3	0.2	5.21	0.00	0.01	2.1	3.6	-0.6	-0.1	3.6	0.0
Homeowners' replacement cost	-2.1			-0.3	-0.3	4.38	-0.09	-0.01	1.9	1.7	-2.4	2.1	1.5	-2.9
Property tax & other charges	3.8			3.8	-0.5	2.48	0.09	0.09	2.4	0.6	2.4	2.8	0.7	1.5
Homeowners' home & mortgage insurance	3.8			-0.1	0.6	1.56	0.06	0.00	5.2	2.3	-0.6	4.5	2.6	-0.2
Homeowners' maintenance & repairs	1.5			0.3	0.3	1.89	0.03	0.01	2.0	1.1	-0.5	2.0	1.4	-0.4
Other owned accomodation expenses	-1.8			-0.6	-0.3	2.00	-0.04	-0.01	2.0	1.2	-3.1	2.4	2.0	-2.2
Water, fuel, & elec.	7.8			0.4		3.13	0.24	0.01	0.8	2.1	3.3	2.5	3.4	1.6
Electricity	3.5			-0.1	0.0	1.67	0.06	0.00	1.2	4.4	0.5	2.5	3.8	0.3
Water	5.1			0.0	0.4	0.78	0.04	0.00	3.7	0.9	1.5	4.9	1.4	0.1
Natural gas	4.9			0.1	0.0	0.44	0.02	0.00	-1.3	9.0	0.7	0.4	10.6	0.4
Fuel oil & other fuels	61.1			4.4	4.4	0.24	0.15	0.01	-0.1	15.5	3.9	5.1	14.2	3.9
Household operations, furniture & equipment	0.1			0.4	0.1	12.80	0.02	0.05	1.2	1.0	-1.0	1.4	0.9	-1.5
Household ops.	-0.1			0.3		8.72	-0.01	0.03	1.3	1.1	-1.3	2.1	1.3	-1.8
Communications	-0.5			0.1	0.1	2.79	-0.01	0.00	0.0	2.8	-0.2	1.5	2.9	-0.7
Child care & housekeeping services	-1.1			0.1	-0.1	0.64	-0.01	0.00	3.4	1.4	-3.3	3.3	1.3	-3.4
Household cleaning products	1.6			0.8	-0.5	0.34	0.01	0.00	1.3	1.9	0.2	0.8	1.9	0.4
Paper, plastic, aluminum foil	-0.6			5.3	2.8	0.43	0.00	0.02	2.2	2.2	-1.2	2.0	2.0	-1.3
Other household goods & services	0.3			0.0	0.1	4.53	0.01	0.00	1.8	0.5	-3.2	2.4	1.1	-2.0
Household furnishings & equip.	1.0			0.4		4.08	0.04	0.02	0.8	1.7	0.1	0.1	1.6	0.6
Furniture & textiles	1.6			1.2		1.64	0.03	0.02	0.4	2.1	0.6	-0.3	2.1	0.9
Household equipment	0.1			-0.1	0.5	1.93	0.00	0.00	0.9	1.7	-0.5	0.0	1.8	0.0
Services related to furnishings & equipment	1.9			0.0	0.2	0.36	0.01	0.00	2.4	1.8	-0.3	2.7	2.9	-0.3
Clothing & footwear	2.7			2.3	0.4	4.5	0.12	0.10	0.6	1.2	1.8	0.3	1.4	1.7
Clothing	1.8			3.4	0.7	2.92	0.05	0.10	0.5	1.6	0.8	-0.3	2.1	0.9
Footwear	-1.7			1.1	-0.1	0.62	-0.01	0.01	0.4	1.2	-1.8	0.1	1.4	-1.3
Clothing accessories	11.2			-0.5		0.71	0.08	0.00	1.0	1.8	5.7	2.3	2.6	3.5
Clothing material	2.8			0.4		0.26	0.01	0.00	2.2	0.7	0.9	2.7	1.2	0.1

Oct 2026					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic		
CA INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	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	**8.9**		**0.1**	**0.4**	**18.5**	**1.66**	**0.01**	**1.7**	**3.1**	**2.3**	**2.3**	**3.0**	**2.2**
Private trans.	**8.5**		**-0.1**		**16.7**	**1.42**	**-0.01**	**1.3**	**3.2**	**2.2**	**2.2**	**3.2**	**2.0**
Purchase, lease, rental of passenger vehicles	2.2		1.0		7.29	0.16	0.07	2.3	1.5	-0.1	1.9	1.6	0.2
Purchase & lease of passenger vehicles	*2.1*		*1.0*		*7.24*	*0.15*	*0.07*	*2.3*	*1.5*	*-0.2*	*1.9*	*1.6*	*0.1*
Rental of passenger vehicles	*10.0*		*0.0*	*-1.3*	*0.05*	*0.00*	*0.00*	*1.4*	*5.2*	*1.7*	*1.2*	*4.1*	*2.1*
Operation of passenger vehicles	13.5		-0.9		9.44	1.28	-0.09	0.7	5.7	2.3	2.4	5.4	2.1
Gasoline	*30.9*		*-2.5*	*1.9*	*4.01*	*1.24*	*-0.10*	*-0.6*	*13.5*	*2.3*	*3.0*	*12.2*	*2.3*
Passenger vehicle parts, maintenance & repairs	*2.3*		*0.5*	*0.3*	*2.39*	*0.06*	*0.01*	*1.9*	*0.3*	*1.1*	*1.6*	*0.8*	*0.9*
Other passenger vehicle expenses	*3.7*		*0.2*	*0.2*	*3.04*	*0.11*	*0.01*	*2.4*	*2.2*	*0.6*	*2.6*	*2.0*	*0.6*
Public trans.	**13.4**		**1.2**		**1.81**	**0.24**	**0.02**	**4.8**	**3.9**	**2.2**	**3.4**	**3.7**	**2.7**
Local & commuter transportation	-1.3		0.0	0.1	0.47	-0.01	0.00	1.5	0.5	-5.8	2.2	1.2	-3.1
City bus & subway	*-1.0*		*0.0*		*0.30*	*0.00*	*0.00*	*2.1*	*0.7*	*-4.1*	*2.8*	*1.4*	*-2.6*
Taxi & other commuter service	*-2.2*		*0.0*		*0.17*	*0.00*	*0.00*	*0.1*	*0.8*	*-2.9*	*0.9*	*1.2*	*-2.5*
Inter-city transportation	19.9		1.6	1.6	1.19	0.24	0.02	6.2	5.7	2.4	3.9	5.8	2.8
Air transportation	*21.6*		*1.6*		*1.10*	*0.24*	*0.02*	*6.5*	*6.2*	*2.5*	*4.0*	*6.4*	*2.7*
Rail, highway bus, other	*4.4*		*1.3*		*0.09*	*0.00*	*0.00*	*2.7*	*1.8*	*0.9*	*2.0*	*4.2*	*0.6*
Health & personal care	**2.1**		**0.3**	**0.4**	**5.40**	**0.1**	**0.01**	**1.4**	**0.4**	**1.7**	**1.3**	**0.9**	**0.9**
Health care	**2.3**		**0.1**		**2.83**	**0.1**	**0.00**	**1.3**	**0.6**	**1.8**	**1.1**	**0.8**	**1.5**
Health care goods	1.3		0.1	0.1	1.72	0.0	0.00	0.5	0.7	1.1	-0.1	1.1	1.3
Health care services	3.9		0.0	0.3	1.11	0.0	0.00	2.5	0.6	2.5	2.9	0.8	1.3
Personal Care	**1.9**		**0.4**		**2.56**	**0.0**	**0.01**	**1.5**	**0.5**	**0.8**	**1.5**	**1.2**	**0.4**
Personal care supplies & equipment	0.9		0.6	0.6	1.68	0.0	0.01	0.4	0.9	0.6	0.5	1.6	0.3
Personal care services	3.6		0.0	0.3	0.88	0.0	0.00	2.9	0.7	1.0	2.7	1.4	0.6
Recreation, education & reading	**4.2**		**-0.1**	**0.1**	**9.81**	**0.4**	**-0.01**	**1.7**	**0.8**	**3.3**	**1.3**	**0.9**	**3.5**
Recreation	**4.7**		**-0.2**		**7.68**	**0.36**	**-0.01**	**1.4**	**1.0**	**3.3**	**0.6**	**1.2**	**3.3**
Recreational equipment & services, excl. vehicles	3.7		0.8	0.7	2.15	0.1	0.02	-0.8	1.6	2.9	-2.2	2.0	3.0
Purchase & operation of recreational vehicles	5.9		0.6	-0.1	1.51	0.1	0.01	2.6	1.8	1.8	1.9	2.0	2.1
Home entertainment equipment	-3.7		-3.5	-3.0	0.49	0.0	-0.02	-3.8	2.0	0.0	-4.9	2.2	0.5
Travel services	7.5		-2.0	-0.8	1.58	0.1	-0.03	0.8	2.9	2.3	0.4	2.8	2.5
Other cultural & rec. services	5.4		0.9	0.5	1.95	0.1	0.02	3.5	1.1	1.8	3.4	1.4	1.5
Educ. & reading	**2.5**		**0.5**		**2.12**	**0.05**	**0.01**	**2.5**	**1.4**	**0.0**	**3.0**	**1.1**	**-0.4**
Education	2.4		0.4	0.3	1.88	0.0	0.01	2.4	1.4	0.0	3.0	1.2	-0.5
Reading material excl. textbooks	3.6		0.9	0.9	0.24	0.0	0.00	3.8	2.8	-0.1	3.2	2.9	0.1
Alcoholic beverages, tobacco & rec. cannabis	**1.6**		**0.0**	**0.1**	**3.73**	**0.1**	**0.00**	**3.2**	**1.2**	**-1.3**	**2.7**	**1.3**	**-0.9**
Alcoholic beverages	**2.6**		**0.1**		**2.49**	**0.06**	**0.00**	**1.7**	**0.5**	**1.7**	**1.4**	**0.7**	**1.7**
Alc. beverages served in licensed establishments	3.0		0.0	0.2	0.78	0.0	0.00	1.8	0.6	2.0	2.0	0.7	1.5
Alc. beverages purchased from stores	2.4		0.2	0.2	1.71	0.0	0.00	1.7	0.7	1.1	1.1	1.1	1.2
Tobacco products	**0.1**		**0.0**		**0.85**	**0.00**	**0.00**	**5.6**	**2.1**	**-2.6**	**4.8**	**2.8**	**-1.7**
Cigarettes	0.3		0.0		0.74	0.0	0.00	5.6	2.1	-2.5	4.8	2.8	-1.6
Other tobacco products & supplies	-1.0		0.0		0.12	0.0	0.00	5.6	2.0	-3.3	4.9	2.6	-2.3
Rec. cannabis	**-1.3**		**-0.3**		**0.39**	**-0.01**	**0.00**						

*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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