

## ECONOMIC NEWS

# Canadian Inflation: April Showers Bring Expensive Flowers

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### HIGHLIGHTS

- ▶ Consumer prices rose 0.6% in April, pushing the annual rate of inflation up to 6.8% from 6.7% in March.
- ▶ Notable monthly increases continued in shelter (+1.1%), food (0.9%) and energy (+0.6%).
- ▶ Excluding food and energy, prices are 4.6% higher than they were a year earlier.
- ▶ The Bank of Canada's three core measures of inflation averaged 4.2% year-over-year, up sharply from 3.8% in March.

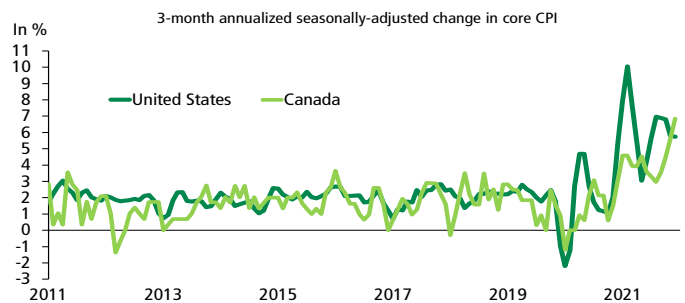
### COMMENTS

What went up still isn't coming down in Canadian inflation, and might not anytime soon. Consumer prices rose 0.6% in April, leaving the year-over-year rate of CPI growth accelerating to 6.8% from 6.7% in March. Another jump in food prices was seen as the economic impacts of the war in Ukraine continued to spill over into Canada. Strong inflationary tailwinds also showed up in core prices, with CPI excluding food and energy rising 0.5% in seasonally-adjusted terms. Prices excluding food and energy are up 4.6% from last April.

Inflation in services related sectors is accelerating. That's partly the result of the reopening of the economy, but also further increases in shelter prices. However, goods price inflation moderated only slightly in April to 9.1% year-over-year. Price growth excluding food and energy has been accelerating in Canada for a few months now, in contrast to the US. The three-month annualized change in seasonally adjusted prices excluding food and energy is running at 6.9% in Canada, whereas that same metric is 5.7% south of the border. The average of the Bank of Canada's three core measures also spiked in April, now averaging 4.2%.

### GRAPH

#### Core inflation is accelerating in Canada



Sources: Statistics Canada and Desjardins, Economic Studies

### IMPLICATIONS

No matter where you look inflation is rearing its ugly head. Despite eye-watering consumer price growth, the Bank of Canada poured cold water on anything larger than a 50bp hike at its upcoming rate decision. As a result, today's data will only solidify bets for consecutive 50bp moves in June and July.