

Loblaw Food Inflation Report

April 2026

Inflation Trends Show Energy Prices Directly Impacting the Food System – Less So Now, Moreso Into the Future

Based on the latest StatsCan data, inflation climbed to 2.4% year over year in March, following a 1.8% increase the month prior. StatsCan attributes roughly 20 basis points of the March result to the ongoing crisis in the Middle East.

The price of *food purchased from stores* rose in March as well, to 4.4%, with the price of fresh vegetables (+7.8%) seeing its largest increase in over two and a half years. Tighter supply and weather contributed to this result.

While global conflicts continue to impact affordability, the specifics are often misunderstood. For instance, **oil price hikes affect gasoline and groceries differently**. Gasoline prices react quickly to crude oil supply changes. But existing supplier agreements and the current supply of materials (e.g. most farmers have already purchased fertilizer for the coming growing season) will likely temper the short-term impact on food prices. Longer-term? Sustained high energy costs could impact upcoming food production, processing and transportation expenses for suppliers.

Additionally, not all groceries are equally affected by rising oil prices.

Perishable produce may be pre-purchased and shipped quickly under contracts set before price surges, while processed goods rely on global ingredients and are sensitive to transport costs or droughts. Locally grown items face increased domestic fuel costs, whereas imports absorb oil-related expenses throughout their journey.

It's also important to note that **oil is only one driver of prices**. Extreme weather can devastate crops, political instability disrupts supply chains, trade policies shift food sources at added cost, and currency changes affect daily business economics – all influencing final pricing.

All of these realities frequently arise during supplier negotiations. Loblaw will continue to push back when cost increases cannot be justified, taking into consideration that, as noted, many of these influences are already reflected in existing supplier agreements.

Tomato Prices Up As Supply Tightens

Seasonal shifts in production and climate-related concerns are impacting Canada's tomato market.

The challenge is supply: spring arrived late in Canada; freezing temperatures in Florida have affected crops; and Canadian imports from Mexico are down 28%.

As a result, April's demand is far exceeding what's available, and Canada's domestic supply is not enough to meet consumer needs. At time of publication, Spot Market prices for tomatoes were running at 3-5X those of contracted prices.

Alone or combined, each of these factors are contributing to higher prices on store shelves.



– Commodities and Factors To Watch –

Soybean Oil

Since Feb 28: **+9%**
YoY: **+53%**

Drivers & Impact:

- Increased demand for soybean oil as a biofuel feedstock lifts veg. oil prices
- Thousands of products contain vegetable oil – including snacks, margarine, among others



Freight

Since Feb 28: **+47%**
YoY: **+66%**

Drivers & Impact:

- Diesel directly linked to crude oil prices
- Inbound and Outbound impacts, with Ocean at risk as well



Fertilizer

Since Feb 28: **+55%**
YoY: **+84%**

Drivers & Impact:

- Middle East conflict sharply tightening global supply
- Fertilizer-intensive crops (corn, wheat, barley, rice, soybean, canola), and meat & dairy (feed costs), would be exposed

