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Food inflation has soared to a 41-year high — and people are going hungry

Canadians are now paying 10.9 per cent more than they did a year earlier at grocery stores. That's the highest annual food inflation rate since August 1981.



By [Josh Rubin](#) Business Reporter

Tue., Sept. 20, 2022 timer 4 min. read

Inflation might be edging a bit lower, but it sure doesn't feel like it at the grocery store.

Statistics Canada announced Tuesday morning that the Consumer Price Index rose by 7.0 per cent in August, compared to a year earlier. That's down from 7.6 per cent in July, and lower than the 7.2 per cent most economists had expected. In June, inflation had jumped to a 39-year high of 8.1 per cent.

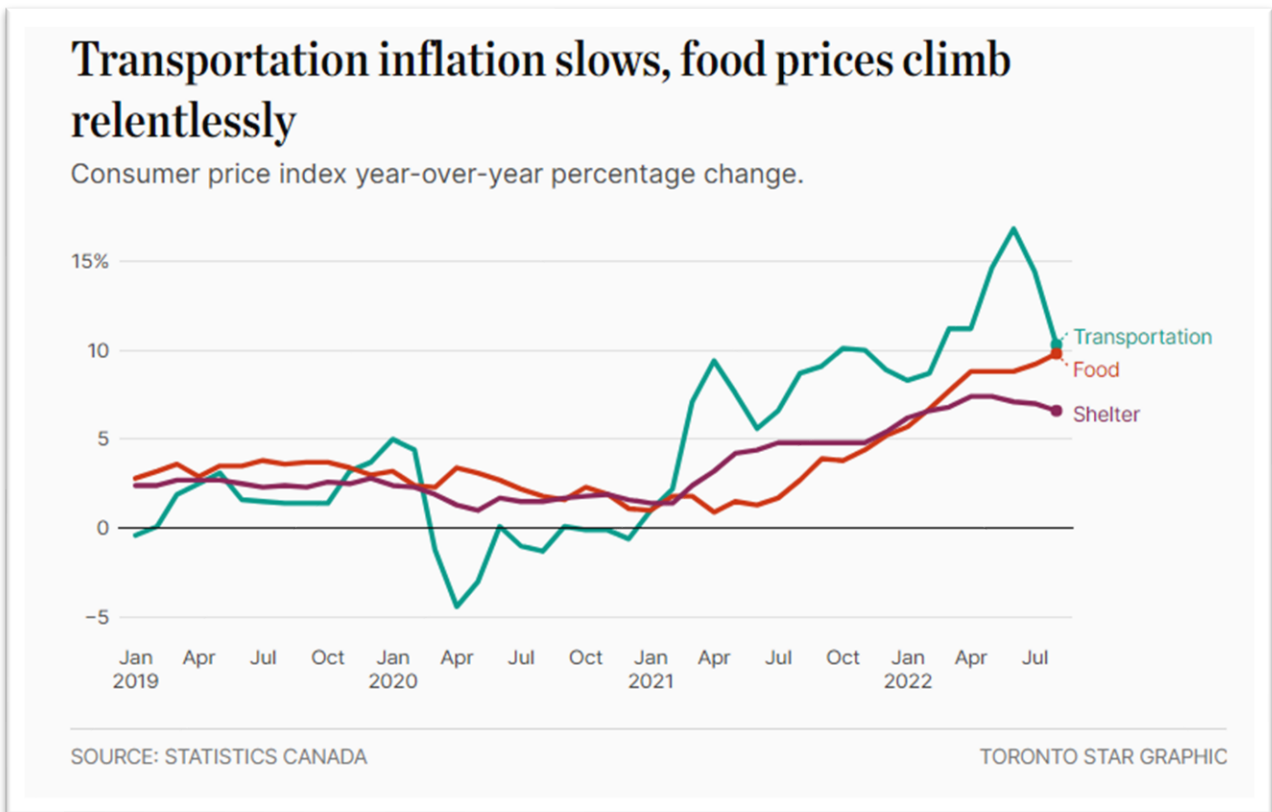
But while the main "headline" number dropped, food prices kept on soaring, with Canadians paying 10.9 per cent more than they did a year earlier at grocery stores. That's the highest annual food inflation rate since August 1981.

Anti-poverty activists, economists and food industry analysts say that means Canadians are having to make painful choices about what they can afford to buy.

"It means people are going hungry. They're missing meals because they can't afford to eat every day," said Leila Sarangi, national director of Campaign 2000, a coalition of groups working to end child and family poverty.

"Families are continuing to have to make a choice between paying their rent,

buying healthy food, getting prescription medication, getting clothes and supplies for their kids.”



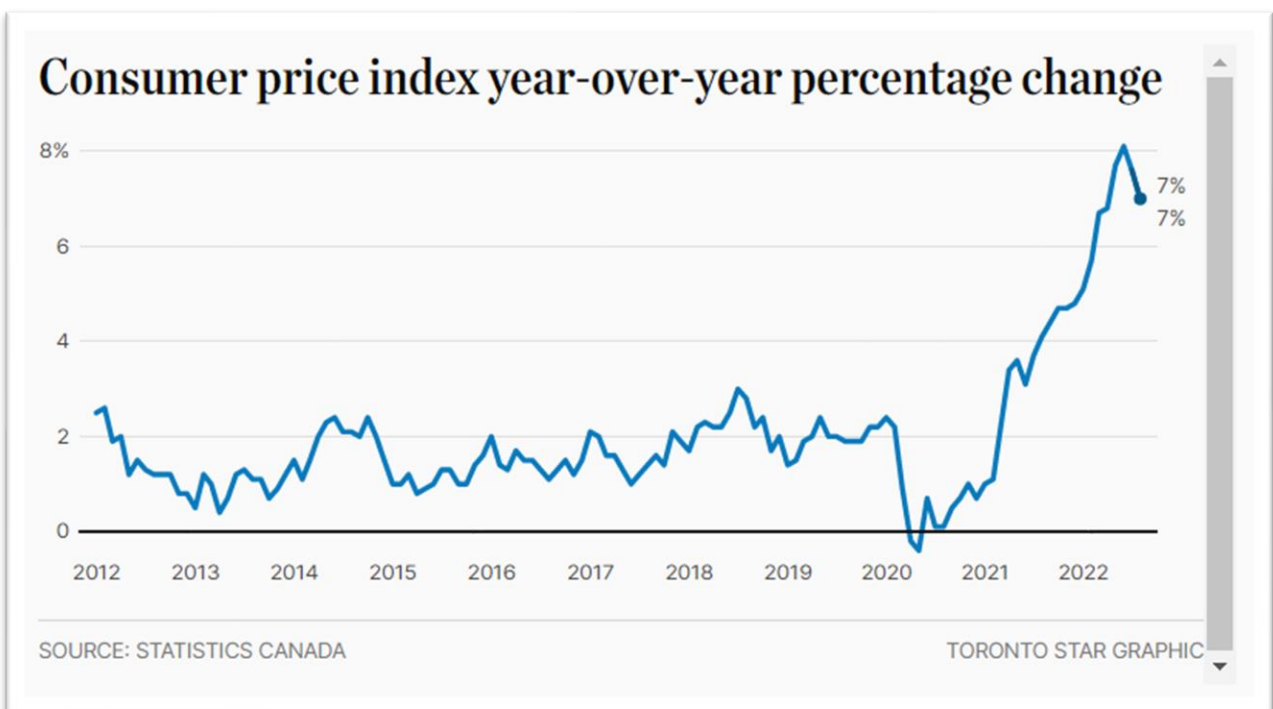
Already in 2021, almost six million Canadians were living in food-insecure households, including 1.4 million children, Sarangi said. And food inflation is pushing those numbers even higher, she warned.

“Those numbers are already shockingly high ... and I think we’re just going to see it getting worse. It’s a real problem, with long-term consequences,” said Sarangi.

In a report released Tuesday morning, almost three quarters of Canadian households said they’d changed their food shopping habits because of higher prices. The report found that roughly a quarter of households were simply buying less food.

“People are making dietary compromises,” said report author Sylvain Charlebois, director of the AgriFood Analytics lab at Dalhousie University. Sometimes, that means less food. Other times, it means swapping some things out.

“People are buying less fresh, and more canned and frozen, whether it’s fruit and vegetables or meat and meat substitutes,” said Charlebois. “I think people are buying less organic produce. Anything where there’s a price premium, they’re trying to avoid.”



As food prices have shot up, food banks have seen a sharp rise in usage. At Toronto’s Daily Bread Food Bank, the number of visits each month has risen to 182,000, a 50 per cent increase since January, said CEO Neil Hetherington.

And people who visit food banks are coming from a broader economic spectrum than they used to, Hetherington said.

“We’re seeing a lot more working poor than we used to. And even people with decent, full-time jobs. But it’s just becoming so unaffordable in this city that they have no choice,” said Hetherington.

The food inflation is a double whammy for Daily Bread, said Hetherington. In addition to seeing more clients, the food bank is also paying more for the food it distributes. While monthly visits have roughly tripled since 2019, the food bank’s annual budget has shot from \$1.6 million in 2019 to \$13 million this year, an increase of 713 per cent.

“We get a lot of food donated, but for the stuff we pay for, it’s a lot more expensive,” said Hetherington.



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“What is driving up the prices of groceries on the grocery shelf is the food price increases that our grocers face from vendors, (food manufacturers, processors and wholesalers) which are unprecedented and essentially across the board,” said Michelle Wasylyshen. “In turn, vendors are facing all kinds of price increases from their suppliers, including farmers and importers, due to supply chain disruptions, extreme weather events and the invasion of Ukraine.”

Pedro Antunes, chief economist at the Conference Board of Canada, said that while headline inflation might be starting to ease off, that's of little comfort to Canadians on fixed or low incomes.

“For low-income Canadians to be paying over 10 per cent more for food today than they were a year ago, that's taking a huge bite out of their purchasing power,” said Antunes.

Still, pointed out Doug Porter, chief economist at BMO, things are even worse south of the border.

“In the U.S., food inflation is 13 per cent. This is not just a Canadian story,” said Porter, who nonetheless said there's evidence inflation might finally be easing downwards.

“I wouldn't say it's cause for celebration yet but there are some signs we've passed through the worst of it,” said Porter.

Headline inflation dropping for the second straight month means the Bank of Canada has less reason to raise interest rates again, said David Macdonald, senior economist at the Canadian Centre for Policy Alternatives. But, he fears, they still might, for the sixth time this year.

“The Bank's own forecasts said we'd be at eight per cent inflation through the summer. We're well below that. So empirically, there's no reason to raise rates again,” said Macdonald.

The Bank has raised its key overnight lending rate five times this year as it attempts to bring inflation under control. But for the Bank, sending a message is sometimes as important as economic fundamentals, Macdonald argued.

“I think it’s more of a confidence play rather than anything data-based,” said Macdonald.

While gasoline prices were 22.1 per cent higher than a year ago, they dropped 9.6 per cent since July.

In the U.S., inflation fell to 8.3 per cent in August, the U.S. Bureau of Labor Statistics reported last week. While that’s lower than the 8.5 per cent in July and June’s eye-popping 9.1 per cent, most analysts had expected the rate to fall faster.



[Josh Rubin](#) is a Toronto-based business reporter.