

Consumer Price Index, March 2021

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The Consumer Price Index (CPI) rose 2.2% on a year-over-year basis in March, up from a 1.1% gain in February. A significant proportion of this increase was attributable to a steep decline in prices in March 2020, as the monthly CPI rose 0.5% in March 2021. On a seasonally adjusted monthly basis, the CPI increased 0.1% in March. Excluding energy, the CPI rose 1.1% on a year-over-year basis.

As Canada marked the end of the first year of the COVID-19 pandemic, price growth in March 2021 was accentuated by what is known as base-year effects, originating in March 2020. The broad decline in prices in spring 2020, when headline CPI growth slowed to 0.9% in March 2020, had an upward impact on consumer inflation in March 2021. As the upward impact of these temporary base-year effects will influence the 12-month movement over the next few months, the historical movements affecting current growth trends will be examined.

Base-year effects and the CPI: The COVID-19 experience

The Consumer Price Index (CPI) is a standard measure of the price of a representative basket of goods and services. The headline consumer inflation is measured as the percentage change between the CPI in the current month (March 2021) and the CPI in a base month or the same calendar month of the previous year (March 2020).

A base-year effect refers to the impact that price movements from 12 months earlier have on the current month's headline consumer inflation. When a large downward price change in the base month stops influencing—or falls out of—the 12-month price movement, this has an upward effect on the headline CPI in the current month. Conversely, a large upward price change in the base month creates downward pressure on the current month's measure.

In spring 2020, the global economy was dramatically affected by the COVID-19 pandemic, and Canadian consumers experienced a significant decline in prices from February to April 2020. Headline consumer inflation slowed from +2.2% in February 2020 to +0.9% in March and -0.2% in April, the largest two-month slowdown in year-over-year CPI growth since 1992. The broad decline in prices at the onset of the pandemic, led by prices for energy products and travel services, had an upward impact on the year-over-year rate of consumer inflation in March 2021 because significantly lower prices from March 2020 were used as the basis for year-over-year comparisons.

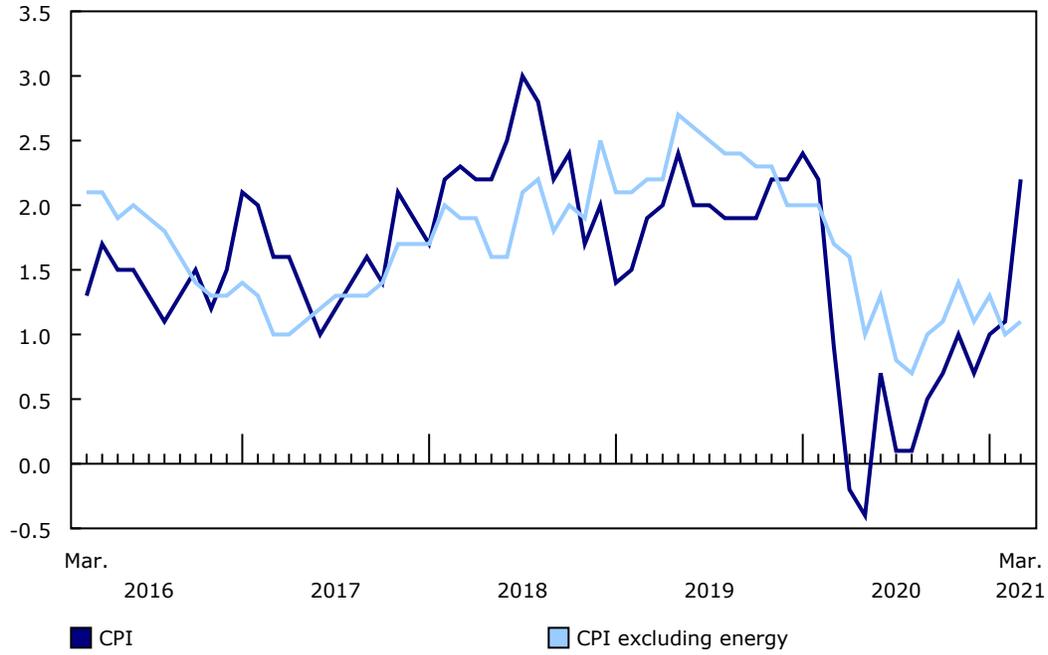
For instance, gasoline prices were 35.3% higher in March 2021 compared with March 2020, when prices reached a four-year low in the early weeks of the pandemic.

The upward impact of these base-year effects will be temporary. In the coming months, the price declines observed in March and April 2020 will fall out of the 12-month price movement. Users should consider the impact of base-year effects when interpreting the 12-month price movement in the coming months.



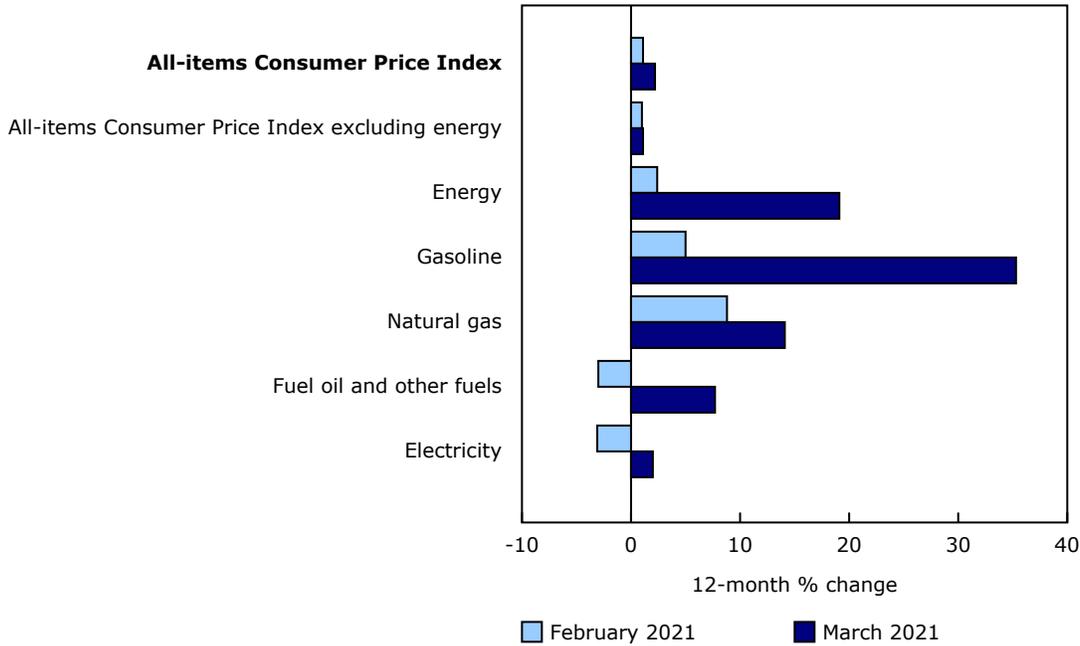
Chart 1
The 12-month change in the Consumer Price Index (CPI) and CPI excluding energy

12-month % change



Source(s): Table (18-10-0004-01).

Chart 2
Energy prices rise in March



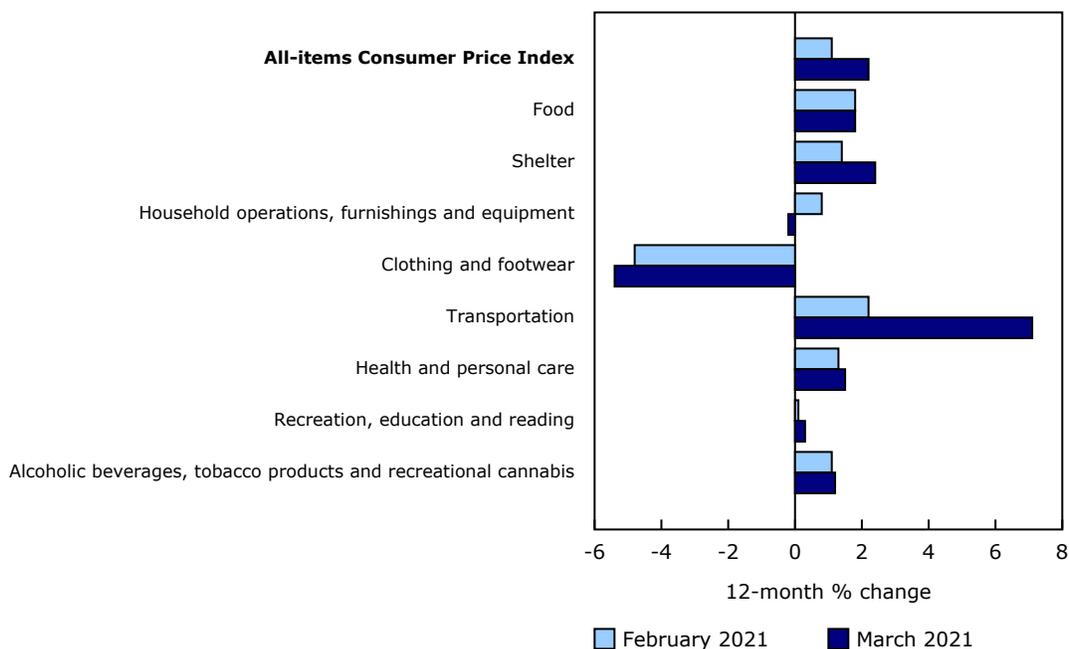
Source(s): Table (18-10-0004-01).

Highlights

Year over year, consumer price growth increased within a context of [rising consumer confidence](#) and [improving employment conditions](#) as COVID-19 restrictions eased in many regions of the country.

In March, prices rose in five of the eight major components year over year, with transportation (+7.1%) and shelter (+2.4%) prices contributing the most to CPI growth. Compared with March 2020, consumers paid less for clothing and footwear (-5.4%) and for household operations, furnishings and equipment (-0.2%).

Chart 3
Prices rise in five of eight major components



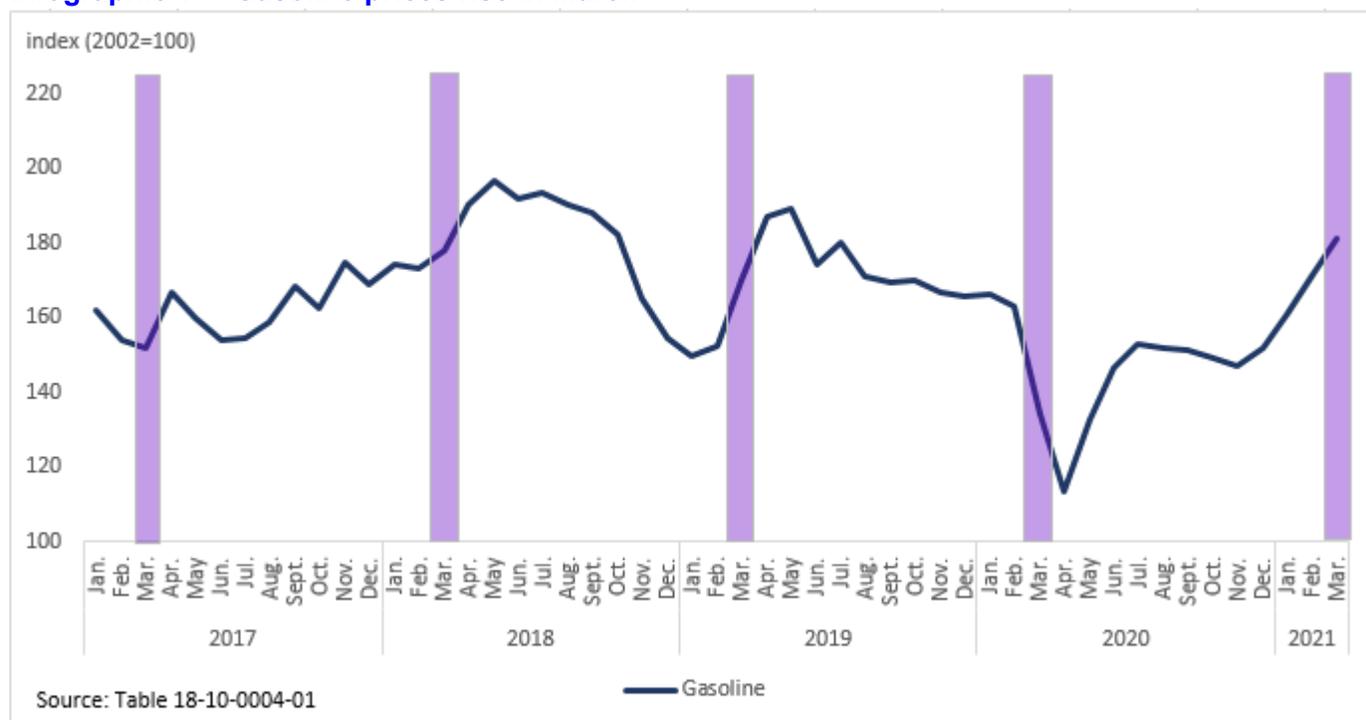
Source(s): Table (18-10-0004-01).

Energy prices rise on higher demand and lower supply

Gasoline prices led the increase in consumer energy prices, rising 35.3% year over year in March, the largest gain in gasoline prices since March 2000. The price increase was mainly driven by growing global oil demand, as well as the continuation of production cuts by the Organization of the Petroleum Exporting Countries Plus.

Lower prices for gasoline in March 2020 also contributed to the year-over-year increase in March 2021 as a result of the base-year effect. Crude oil prices fell significantly at this time in the previous year as demand for oil dropped because of COVID-19 lockdown measures, leaving an oversupply in the market. As this historical year-over-year decrease ceased to impact the 12-month movement, an additional temporary upward effect influenced the pace of the year-over-year increase in the gasoline index this March.

Infographic 1 – Gasoline prices rise in March



Similarly, prices for natural gas (+14.1%) and fuel oil and other fuels (+7.7%) increased year over year in March.

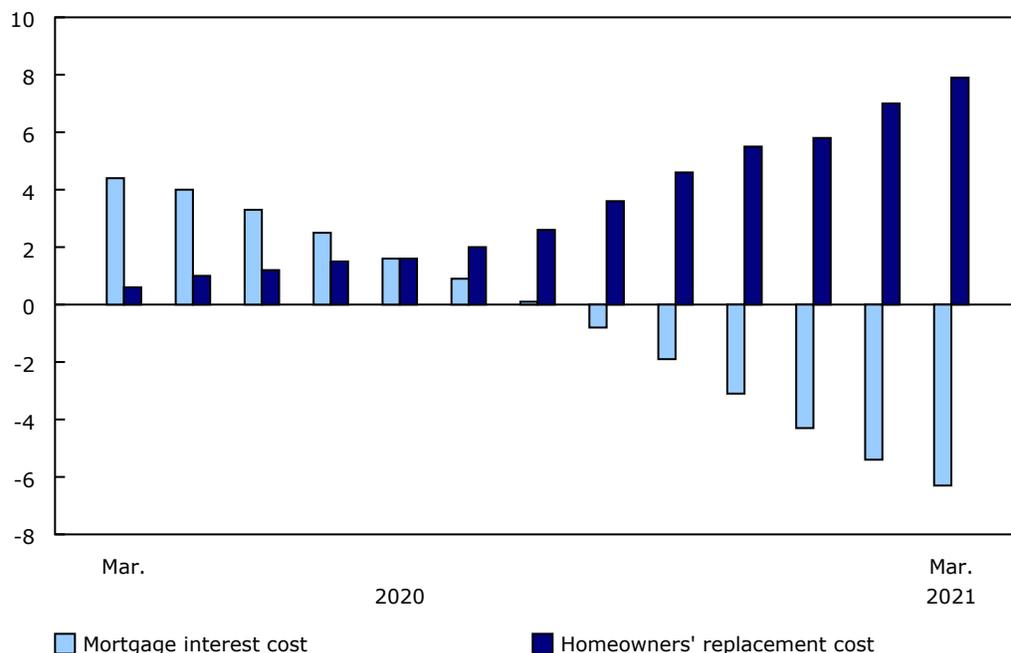
Homeowners' replacement costs push shelter prices higher

Shelter prices rose 2.4% on a year-over-year basis in March. As costs for building materials and demand for single-family homes continued to grow, the homeowners' replacement cost index, linked to new home prices, increased 7.9% year over year. The rise in the homeowners' replacement cost index, which comprises about 5% of the CPI basket weight, was partially offset by a drop in the mortgage interest cost index.

The mortgage interest cost index, which makes up about 4% of the CPI basket weight, fell 6.3% year over year.

Chart 4 Yearly price changes in mortgage interest cost and homeowners' replacement cost

12-month % change



Source(s): Table (18-10-0004-01).

Consumers pay more for eggs and dairy products in March

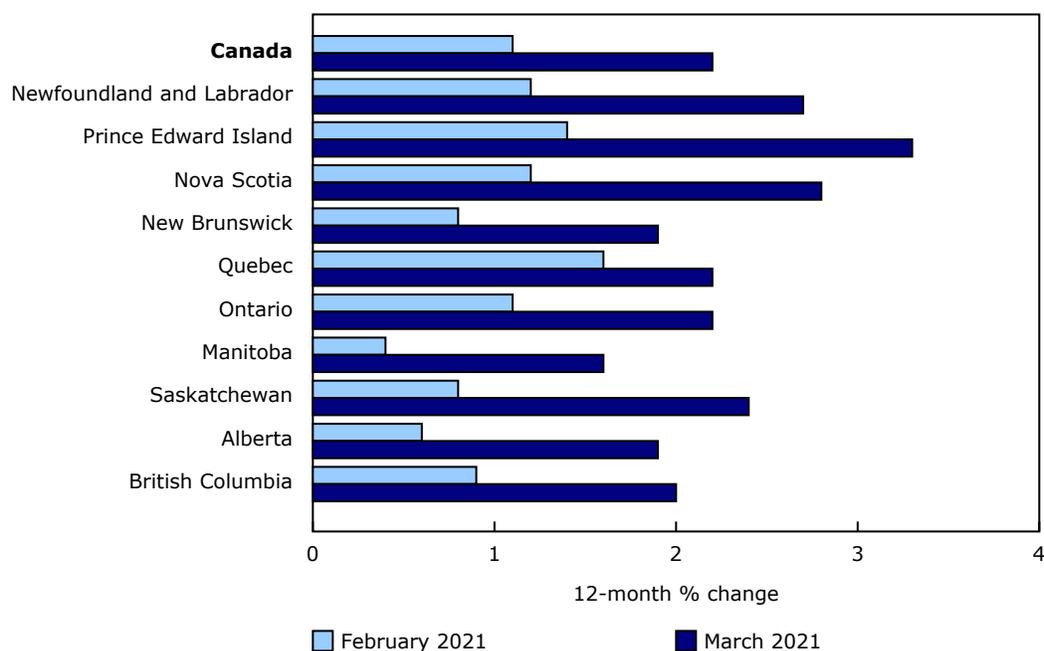
Year-over-year growth in the food purchased from stores index remained steady at 1.3% in March, the same increase reported in February. Consumers paid 11.4% more for eggs year over year and 2.4% more for dairy products. Although these products contributed the most to the increase in prices of food purchased from stores, the increase was mainly attributable to lower prices in March 2020. During the early days of the pandemic, demand for eggs plummeted, with the closure of restaurants and other food services causing a surplus in the market.

By contrast, prices for fresh or frozen beef fell 2.1% year over year in March, following a 0.3% gain in February, because of increased supply.

Regional highlights

Year over year, prices rose at a faster pace in March than in February in every province, primarily because of higher gasoline prices.

Chart 5
The Consumer Price Index rises at a faster pace in every province



Source(s): Table (18-10-0004-01).

Energy prices rise in Alberta and Ontario

In Alberta, prices for natural gas were up 35.6% compared with March 2020, when prices declined because of lower demand during the early stages of the pandemic.

Electricity prices in Ontario were up 4.9% on a year-over-year basis. On January 1, 2021, following a province-wide lockdown to reduce COVID-19 infections, the provincial government set all time-of-use electricity prices to the off-peak rate. This fixed pricing ended on February 22, 2021, resulting in higher prices for on-peak and mid-peak electricity consumption.

Rent prices increase in Atlantic Canada

Rent prices rose in all four Atlantic provinces year over year in March: New Brunswick (+4.8%), Prince Edward Island (+2.9%), Newfoundland and Labrador (+2.2%), and Nova Scotia (+2.0%). Higher demand as a result of increased migration and fewer homes for sale contributed to the increase.

Note to readers

COVID-19 and the Consumer Price Index

Statistics Canada continues to monitor the impacts of the novel coronavirus (also known as COVID-19) on Canada's Consumer Price Index (CPI).

Goods and services in the CPI that were not available to consumers in March because of COVID-19 restrictions received special treatments, effectively removing their impact on the monthly CPI. The following sub-indexes were imputed from the monthly change in the all-items index: travel tours, components of spectator entertainment, recreational services, personal care services in some areas, and some components of use of recreational facilities and services in some areas.

The price indexes for beer served in licensed establishments, wine served in licensed establishments and liquor served in licensed establishments were imputed in several regions, using the indexes to which consumers likely redirected their expenditures: beer purchased from stores, wine purchased from stores and liquor purchased from stores.

Consistent with previous months affected by the COVID-19 pandemic, prices for suspended flights are excluded from the March CPI calculation because passengers were ultimately unable to consume them. As a result, selected sub-components of the air transportation index were imputed from the parent index (air transportation).

Detailed documentation is available in the "[Technical Supplement for the March 2021 Consumer Price Index](#)," within the Prices Analytical Series ([62F0014M](#)). It provides further details on the imputations used to compile the March 2021 CPI.

Explore the Consumer Price Index

Check out the [Personal Inflation Calculator](#)! This interactive calculator allows you to enter dollar amounts in the common expense categories to produce a personalized inflation rate, which you can compare with the official measure of inflation that represents the average Canadian household—the Consumer Price Index (CPI).

Visit the [Consumer Price Index portal](#) to find all CPI data, publications, interactive tools, and announcements highlighting new products and upcoming changes to the CPI in one convenient location.

Check out the [Consumer Price Index Data Visualization Tool](#) to access current and historical CPI data in a customizable visual format.

Real-time data tables

Real-time data table (18-10-0259-01) will be updated on May 3, 2021. For more information, consult the document "[Real-time CANSIM tables](#)."

Next release

The Consumer Price Index for April will be released on May 19, 2021.

Table 1
Consumer Price Index, major components and special aggregates, Canada – Not seasonally adjusted

	Relative importance ^{1,2}	March 2020	February 2021	March 2021	February to March 2021	March 2020 to March 2021
	%	(2002=100)			% change	
All-items	100.00	136.6	138.9	139.6	0.5	2.2
Food	16.48	152.8	155.6	155.5	-0.1	1.8
Shelter	27.36	146.5	148.8	150.0	0.8	2.4
Household operations, furnishings and equipment	12.80	123.7	124.3	123.5	-0.6	-0.2
Clothing and footwear	5.17	99.0	92.7	93.7	1.1	-5.4
Transportation	19.95	138.9	147.1	148.8	1.2	7.1
Gasoline	3.13	134.0	171.3	181.3	5.8	35.3
Health and personal care	4.79	128.6	130.5	130.5	0.0	1.5
Recreation, education and reading	10.24	116.0	116.1	116.4	0.3	0.3
Alcoholic beverages, tobacco products and recreational cannabis	3.21	171.5	173.2	173.6	0.2	1.2
Special aggregates						
All-items excluding food	83.52	133.5	135.8	136.5	0.5	2.2
All-items excluding food and energy	77.01	132.2	133.1	133.4	0.2	0.9
All-items excluding alcoholic beverages, tobacco products and smokers' supplies and recreational cannabis	96.79	135.5	137.8	138.5	0.5	2.2
All-items excluding energy	93.50	135.8	137.1	137.3	0.1	1.1
All-items excluding gasoline	96.87	136.3	137.6	138.0	0.3	1.2
Energy ³	6.50	140.6	160.4	167.4	4.4	19.1
Goods	44.29	122.0	125.2	126.2	0.8	3.4
Durable goods	12.94	92.2	95.4	95.5	0.1	3.6
Semi-durable goods	6.63	100.7	96.1	96.8	0.7	-3.9
Non-durable goods	24.72	144.7	150.9	152.6	1.1	5.5
Services	55.71	151.1	152.6	152.9	0.2	1.2

1. 2017 Consumer Price Index (CPI) basket weights at December 2018 prices, Canada, effective with the January 2019 CPI.

2. Figures may not add up to 100% as a result of rounding.

3. The special aggregate "energy" comprises electricity; natural gas; fuel oil and other fuels; gasoline; and fuel, parts and accessories for recreational vehicles.

Source(s): Tables (18-10-0004-01) and (18-10-0007-01).

Table 2
Consumer Price Index for the provinces and for Whitehorse, Yellowknife and Iqaluit – Not seasonally adjusted

	Relative importance ^{1,2}	March 2020	February 2021	March 2021	February to March 2021	March 2020 to March 2021
	%	(2002=100)			% change	
Canada	100.00	136.6	138.9	139.6	0.5	2.2
Newfoundland and Labrador	1.31	139.2	142.0	142.9	0.6	2.7
Prince Edward Island	0.33	137.5	140.8	142.1	0.9	3.3
Nova Scotia	2.31	138.0	140.8	141.8	0.7	2.8
New Brunswick	1.76	136.6	138.7	139.2	0.4	1.9
Quebec	20.72	132.5	135.3	135.4	0.1	2.2
Ontario	39.83	137.9	140.2	141.0	0.6	2.2
Manitoba	3.16	137.4	138.9	139.6	0.5	1.6
Saskatchewan	2.98	140.0	142.4	143.3	0.6	2.4
Alberta	12.15	144.1	146.4	146.9	0.3	1.9
British Columbia	15.27	132.3	134.1	134.9	0.6	2.0
Whitehorse	0.08	135.1	136.4	136.6	0.1	1.1
Yellowknife	0.07	140.0	139.6	139.9	0.2	-0.1
Iqaluit (Dec. 2002=100)	0.03	132.7	132.0	132.0	0.0	-0.5

1. 2017 Consumer Price Index (CPI) basket weights at December 2018 prices, effective with the January 2019 CPI.

2. Figures may not add up to 100% as a result of rounding.

Source(s): Tables (18-10-0004-01) and (18-10-0007-01).

Table 3
Consumer Price Index, major components and special aggregates – Seasonally adjusted¹

	January 2021	February 2021	March 2021	January to February 2021	February to March 2021
	(2002=100)			% change	
All-items	138.8	139.0	139.1	0.1	0.1
Food	154.4	154.9	155.1	0.3	0.1
Shelter	148.4	148.8	150.0	0.3	0.8
Household operations, furnishings and equipment	124.9	124.2	123.3	-0.6	-0.7
Clothing and footwear	93.9	93.5	93.1	-0.4	-0.4
Transportation	145.8	147.4	148.2	1.1	0.5
Health and personal care	130.3	130.4	130.6	0.1	0.2
Recreation, education and reading	118.7	116.0	115.8	-2.3	-0.2
Alcoholic beverages, tobacco products and recreational cannabis	172.9	173.4	173.5	0.3	0.1
Special aggregates					
All-items excluding food	135.7	135.8	136.0	0.1	0.1
All-items excluding food and energy ²	133.4	132.9	133.0	-0.4	0.1

1. A seasonally adjusted series is one from which seasonal movements have been eliminated. Each month, the previous month's seasonally adjusted index is subject to revision. On an annual basis, the seasonally adjusted values for the last three years are revised with the release of January data. Users employing Consumer Price Index (CPI) data for indexation purposes are advised to use the unadjusted indexes. For more information on the availability and uses of seasonally adjusted CPI data, please see the "Definitions, data sources and methods" section of survey 2301.

2. The special aggregate "energy" comprises electricity; natural gas; fuel oil and other fuels; gasoline; and fuel, parts and accessories for recreational vehicles.

Source(s): Table (18-10-0006-01).

Table 4
Consumer Price Index statistics, preferred measures of core inflation – Bank of Canada definitions, year-over-year percent change, Canada^{1,2}

	December 2020	January 2021	February 2021	March 2021
	% change			
CPI-common ^{3,5}	1.3	1.3	1.3	1.5
CPI-median ^{4,6}	1.9	2.0	2.0	2.1
CPI-trim ^{4,7}	1.9	2.0	2.0	2.2

- For more information on these measures of core inflation, please consult the [methodology](#) and [general information](#) documents found in the "Definitions, data sources and methods" section of survey [2301](#).
- The Bank of Canada's preferred measures of core inflation, CPI-common, CPI-median and CPI-trim, are subject to revision. In the case of CPI-median and CPI-trim, this results from the fact that these measures are based on seasonally adjusted price index series. In the case of CPI-common, revisions are due to the statistical technique used, as the factor model is estimated over all available historical data. The table 18-10-0259-01 contains the historical release data for these three measures and will be updated every month.
- This measure is based on the Consumer Price Index (CPI) series adjusted to remove the effect of changes in indirect taxes.
- This measure is based on CPI series that have been treated to remove the effect of changes in indirect taxes and that have been seasonally adjusted.
- CPI-common is a measure of core inflation that tracks common price changes across categories in the CPI basket.
- CPI-median is a measure of core inflation corresponding to the price change located at the 50th percentile (in terms of CPI basket weights) of the distribution of price changes in a given month.
- CPI-trim is a measure of core inflation that excludes CPI components whose rates of change in a given month are located in the tails of the distribution of price changes.

Source(s): Table ([18-10-0256-01](#)).

Table 5
Main contributors to the 12-month and 1-month change in the Consumer Price Index

	March 2020 to March 2021
	% change
Main contributors to the 12-month change	
Main upward contributors	
Gasoline	35.3
Homeowners' replacement cost	7.9
Purchase of passenger vehicles	3.5
Food purchased from restaurants	2.8
Other owned accommodation expenses	6.0
Main downward contributors	
Telephone services	-17.6
Mortgage interest cost	-6.3
Women's clothing	-8.3
Traveller accommodation	-17.2
Men's clothing	-7.0
	February to March 2021
	% change
Main contributors to the 1-month change, not seasonally adjusted	
Main upward contributors	
Gasoline	5.8
Air transportation	6.9
Homeowners' replacement cost	1.4
Electricity	2.6
Rent	0.6
Main downward contributors	
Telephone services	-7.0
Fresh vegetables	-4.9
Purchase of passenger vehicles	-0.5
Mortgage interest cost	-0.7
Digital computing equipment and devices	-3.6

Source(s): Table ([18-10-0004-01](#)).

Available tables: [18-10-0001-01](#), [18-10-0002-01](#), [18-10-0004-01](#), [18-10-0006-01](#) and [18-10-0256-01](#).

Definitions, data sources and methods: survey number [2301](#).

The "[Consumer Price Index Data Visualization Tool](#)" is available on the Statistics Canada website.

More information on the concepts and use of the Consumer Price Index (CPI) is available in *The Canadian Consumer Price Index Reference Paper* ([62-553-X](#)).

For information on the history of the CPI in Canada, consult the publication *Exploring the First Century of Canada's Consumer Price Index* ([62-604-X](#)).

Two videos, "[An Overview of Canada's Consumer Price Index \(CPI\)](#)" and "[The Consumer Price Index and Your Experience of Price Change](#)," are available on Statistics Canada's YouTube channel.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).