

Consumer Price Index, May 2021

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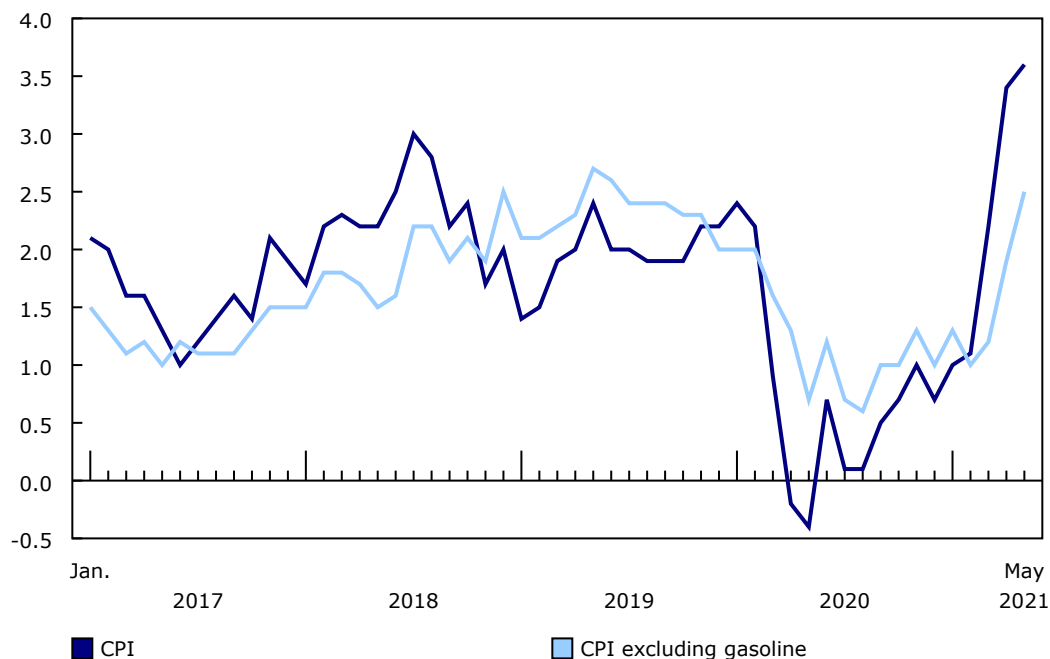
The Consumer Price Index (CPI) rose 3.6% on a year-over-year basis in May, up from a 3.4% gain in April. This was the largest yearly increase since May 2011. Excluding gasoline, the CPI rose 2.5% year over year.

Although base-year effects continue to impact the 12-month price movement for some specific consumer goods, such as gasoline, furniture and beef products, the increase in year-over-year price growth in May was led by rising prices for shelter and passenger vehicles. Unlike March and April 2021, when most of the year-over-year gains in the CPI were characterized by the large upward base-year effects caused by price declines falling out of the 12-month movement, base-year effects affected the 12-month price movement for only a few key goods and services in May 2021. While prices began to recover in May 2020 from the initial pandemic-related declines, they remained below pre-pandemic levels. In May 2021, these lower prices were the basis for the year-over-year comparison, contributing to the 3.6% year-over-year increase in the CPI.

The monthly CPI rose 0.5% in May 2021, the same growth rate as in April. On a seasonally adjusted monthly basis, the CPI rose 0.4% in May.

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

12-month % change



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

Highlights

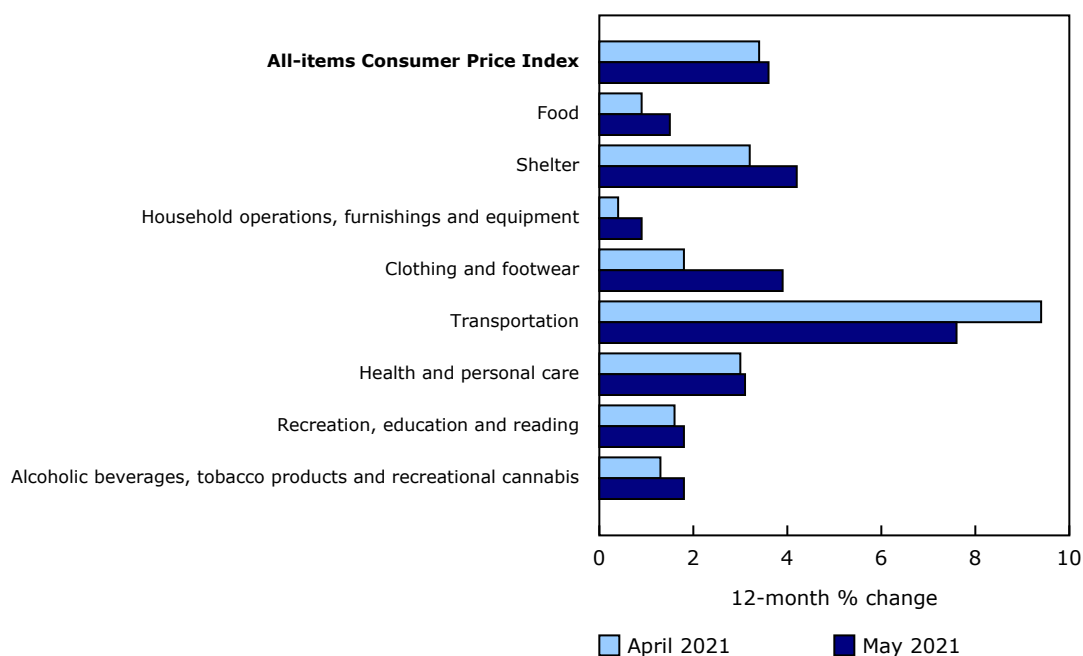
Prices rose in every major component on a year-over-year basis. Shelter prices rose 4.2% year over year in May, the largest yearly increase since September 2008. Prices for durable goods rose 4.4% year over year, the fastest pace since 1989, against the backdrop of rising consumer confidence and low interest rates.



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Chart 2
Prices rise in every major component



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

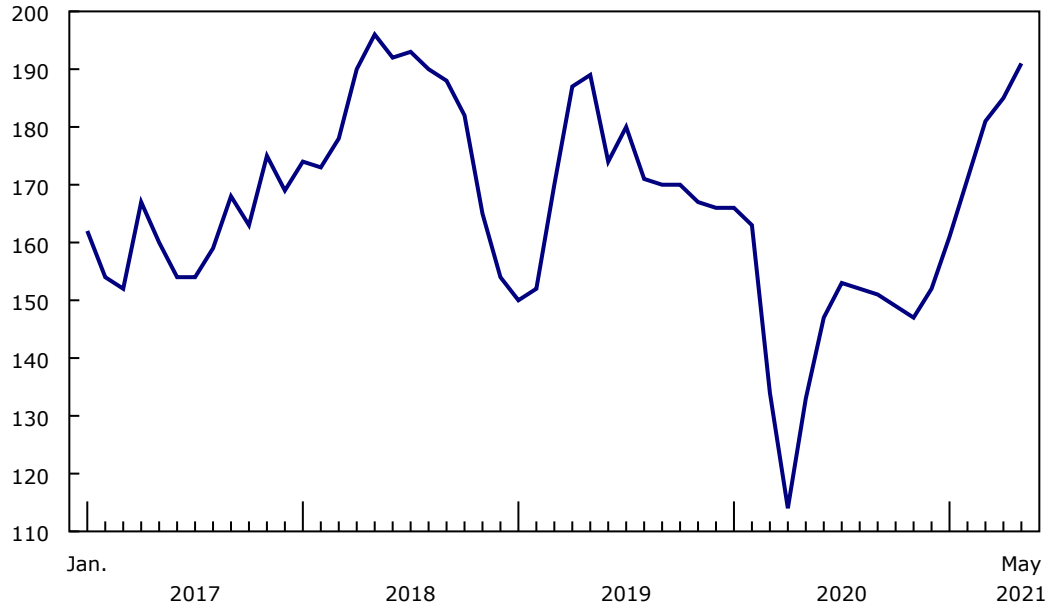
Gasoline prices rise at a slower pace in May

Year over year, prices for gasoline rose at a slower pace in May (+43.4%) than in April (+62.5%). Higher prices in May 2020, when gasoline prices began to recover from the initial impacts of the COVID-19 pandemic, were used as the basis for the year-over-year comparison, contributing to the slowdown in year-over-year growth. In May 2020, gasoline prices rose 16.9% month over month, recovering from March (-17.8%) and April (-15.2%), when both supply- and demand-related factors contributed to significantly lower prices at the gas pumps.

On a monthly basis, gasoline prices were up 3.2% compared with April 2021. Much of this gain was driven by supply disruptions to pipelines in the United States and the maintenance of production cuts by international oil producers.

Chart 3
Gasoline prices continue to rise

index (2002=100)



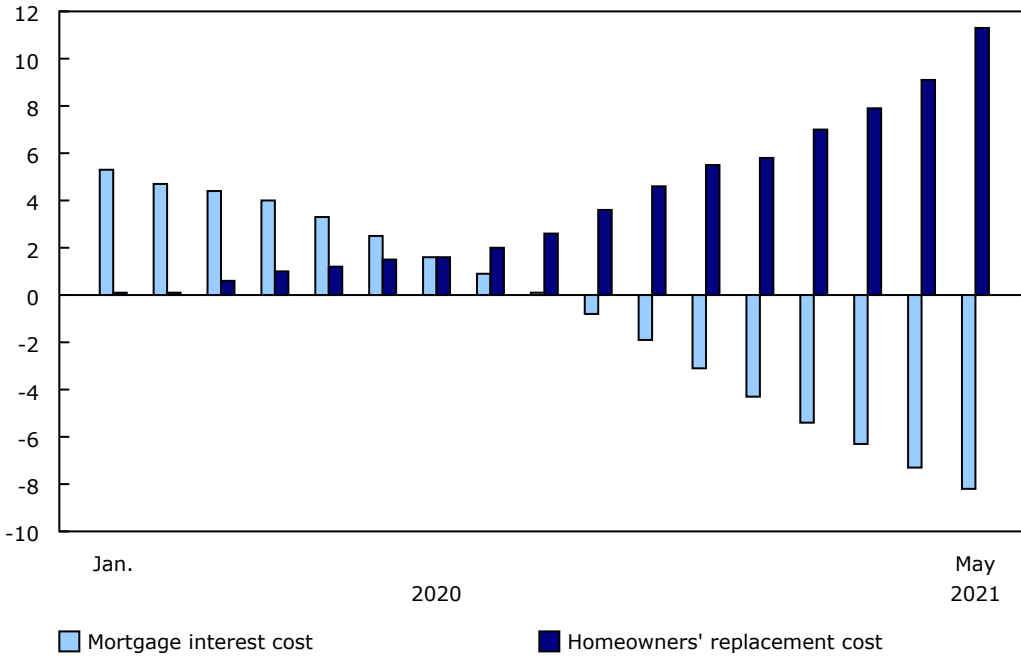
Source(s): Table [18-10-0004-01](#).

Homeowners' replacement cost index rises at fastest pace since 1987

Year over year, the homeowners' replacement cost index rose 11.3%, the largest yearly increase since 1987. Prices have risen year over year for 16 consecutive months, as prices for new homes continue to be influenced by shifting consumer preferences and higher construction costs.

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

12-month % change



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

Spotlight on housing prices

The housing sector is an integral part of the Canadian economy. Residential real estate accounts for about 1/10 of Canadian gross domestic product.

The measurement of shelter costs is one of the more complex components of the CPI. There is no consensus on the optimal approach; instead, a few methods are used internationally, depending on the use of the CPI and the available data. The Canadian CPI uses a variant of the user cost approach, and this means that the CPI does not include the purchase price of a property. This is because a house is considered an asset rather than a consumer good. Instead, the CPI measures all the costs associated with owning and living in a property, such as the homeowners' replacement cost, the mortgage interest cost, property taxes, homeowners' home and mortgage insurance, homeowners' maintenance and repairs, and other owned accommodation expenses, such as commission and legal fees on the sale of real estate.

These costs are captured in the owned accommodation price index, which accounts for 16.80% of the 2017 CPI basket.

Over the course of the COVID-19 pandemic, Canadians have [sought out more living space](#) and outdoor amenities, as they have adapted to spending more time at home. This change in preferences, among other factors, has in part driven the average Canadian home price up, influencing the CPI in a few ways.

For instance, prices for owned accommodation (+3.5%) rose higher year over year. Higher prices for new homes contribute to higher costs associated with the upkeep of a property, or the homeowners' replacement cost (+11.3%). Higher home prices also tend to raise other owned accommodation expenses (+9.7%). In contrast, lower interest rates bring borrowing costs down. Many Canadians have renewed or initiated mortgages at historically low interest rates since the onset of the pandemic—measured in the CPI through the mortgage interest cost index (-8.2%), which includes both new and resale home prices.

Statistics Canada will continue to monitor developments in the Canadian housing market and their impact on consumer price inflation. For more information and data on home price inflation in Canada, please see the [housing and construction price indexes](#).

Consumers pay more for durable goods, led by higher prices for passenger vehicles

Prices for passenger vehicles led the increase in prices for durable goods, rising 5.0% year over year in May, the largest yearly gain in the purchase of passenger vehicles index since September 2016. The increase was partly the result of supply chain issues related to a global shortage of semiconductor chips.

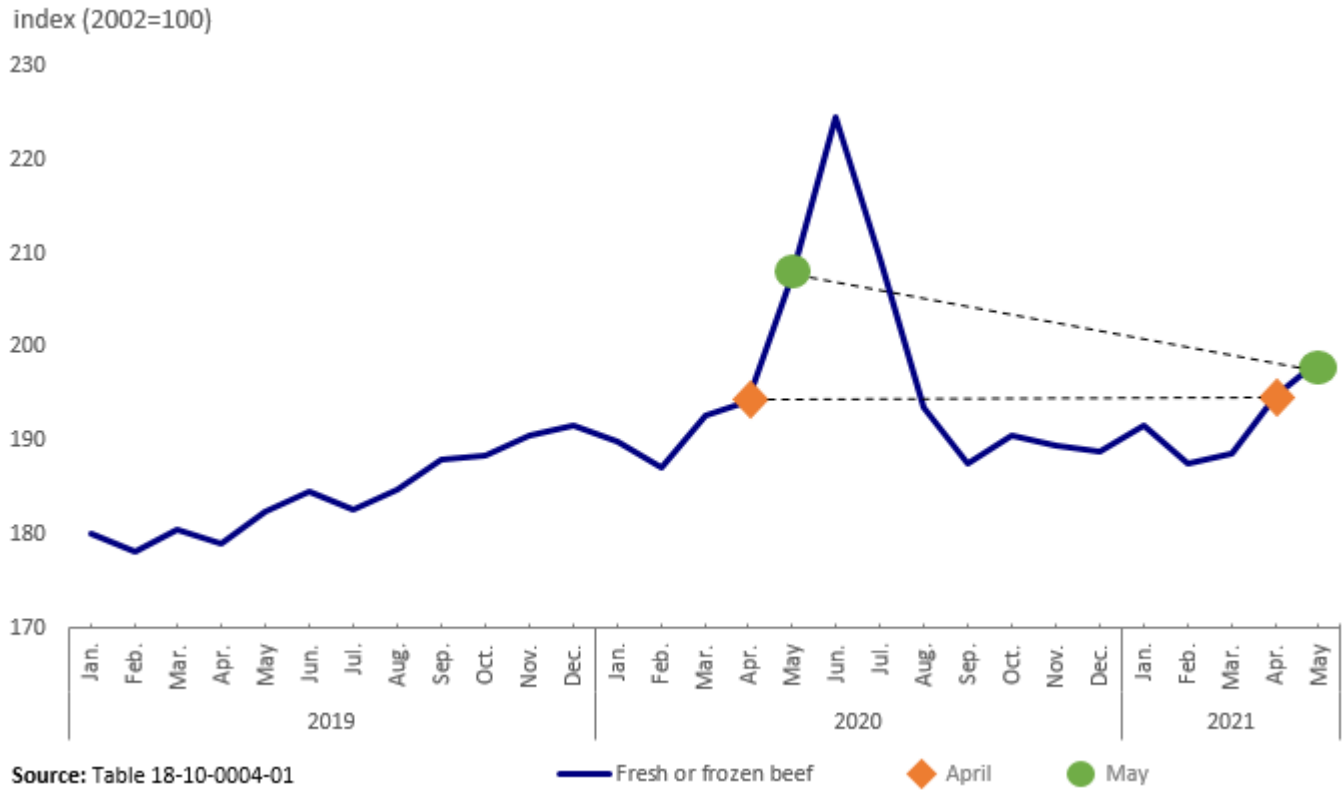
Furniture prices (+9.8%) posted their fastest growth rate since 1982, with prices for upholstered furniture (+10.3%) contributing the most to the increase. The gain in furniture prices was mainly driven by a base-year effect. In May a year earlier, when retail stores were temporarily closed as in-person shopping was suspended, prices fell because of large discounts. While the furniture price index grew at a faster pace primarily as a result of a base-year effect, higher costs of inputs such as lumber also contributed.

Meat prices increase at a slower pace in May

Year over year, prices for meat products rose at a slower pace in May (+1.1%) than in April (+2.1%), driven by beef prices. Prices for fresh or frozen beef fell 4.3% on a year-over-year basis, mainly the result of a base-year effect. Higher prices in May 2020, when supply was disrupted by plant closures and capacity reductions related to COVID-19, had a downward impact on the fresh or frozen beef price index in May 2021.

In contrast, prices for fresh or frozen chicken rose 5.0% compared with May 2020, partly contributing to the yearly increase in meat prices.

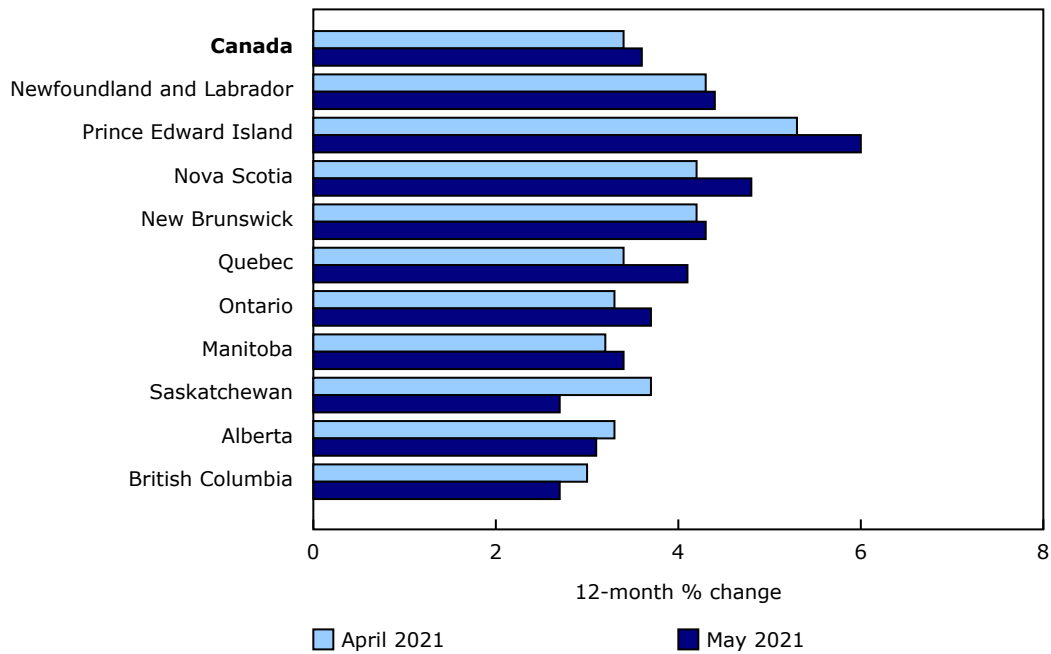
Infographic 1 – Beef prices fall year over year in May because of base-year effect



Regional highlights

Year over year, prices rose more in May than in April in seven provinces. Year-over-year price growth was strong in the Atlantic provinces, as prices for fuel oil and rent increased.

Chart 5
The Consumer Price Index rises at a faster pace in seven provinces



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

Traveller accommodation prices increase month over month

Month over month, traveller accommodation prices rose 6.7% in May, up from a 1.5% increase in April—the largest increase recorded since the onset of the pandemic. While prices for traveller accommodation rose on a monthly basis in most provinces, the largest increase was observed in British Columbia (+13.0%), largely driven by increased tourism within designated regional travel zones.

Upcoming CPI basket update: Helping to shape Canada's post-pandemic economic recovery

The COVID-19 pandemic has had an undeniable impact on the way Canadians spend their money, and capturing these shifts in purchasing patterns is critical to evidence-based decision making. As Canada continues to chart a path to economic recovery, Statistics Canada is updating its methods to ensure its core statistical programs, including the Consumer Price Index (CPI), are accurate, timely and of the highest quality.

CPI basket update in July 2021

The CPI is based on a fixed basket of goods and services designed according to international standards and methods. Since the introduction of the 2009 basket, the agency has updated the basket of goods and services every two years using Canadian household expenditure data.

As a result of the unexpected and profound changes in consumption habits because of the pandemic, the basket weight update, planned for February 2021, was delayed. This delay has allowed the impact of COVID-19 on consumer spending behaviours to be better understood, and enabled more recent national [household final consumption expenditure \(HFCE\)](#) data (reference year 2020), the main source for the basket weights, to be obtained. At the same time, the development of the [adjusted price index](#) provided a complementary measure of consumer price inflation based on a more timely set of weights from alternative sources of expenditure data, such as those from the Bank of Canada.

On July 21, 2021, the new basket weights for the goods and services used in the calculation of the CPI will be made available in table 18-10-0007-01. The new basket weight reference period will be 2020, based on national HFCE data, in addition to data from the [Survey of Household Spending](#) and [provincial HFCE](#) series. Alternative data for 2020 will be used to account for pandemic-related shifts at more detailed levels of geography and CPI components. More information on the methods and data sources used in the CPI basket update will also be made available on July 21, 2021.

One week later, on July 28, 2021, the June 2021 CPI will be released, based on the updated basket weights and CPI classification.

For general information on basket updates, consult [The Canadian Consumer Price Index Reference Paper](#), chapter 8, "Weights and basket updates."

Why are the CPI basket weights being updated now?

The current basket weights reflect 2017 spending patterns. Although 2020 expenditures represent an unusual period, the shifts in spending because of the pandemic may lead to more permanent changes as more people continue to work from home, shop online and spend more for shelter. In addition, post-pandemic consumer spending patterns will take some time to stabilize, as reopening and recovery are likely to be gradual and staggered, depending on the region.

When will the CPI basket weights be updated again?

As the pandemic subsides, Statistics Canada will continue to monitor consumer expenditure patterns during the reopening and recovery period. Another weight adjustment is planned for 2022, to account for post-pandemic spending and to ensure an even greater degree of relevance. Going forward, Statistics Canada will move towards annual weight updates based on the most recent household expenditure data available. Improvements to the [adjusted price index](#) are also underway, with the next publication planned towards the end of 2021.

Note to readers

The COVID-19 pandemic and the Consumer Price Index

For more information about the impact of the COVID-19 pandemic on the Consumer Price Index (CPI) during the first year of the pandemic, please consult the research document entitled "[The Consumer Price Index and COVID-19: A One-Year Retrospective](#)," published as part of the Prices Analytical Series ([62F0014M](#)). This publication explores the sources of pandemic-related price change and the ongoing impact of base-year effects on the headline CPI.

Goods and services in the CPI that were not available to consumers in May because of COVID-19 restrictions received special treatments, which effectively removed their impact on the monthly CPI. The values for the following sub-indexes were imputed from the monthly change in the all-items index: travel tours, some 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 were excluded from the May CPI calculation because passengers were ultimately unable to consume them. As a result, select sub-components of the air transportation index were imputed from the parent index (air transportation).

The details of these treatments from April 2020 to March 2021 are provided in technical supplements available through the Prices Analytical Series ([62F0014M](#)). Details and treatments for May 2021 are available upon request.

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 for the average Canadian household—the 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.

Planned maintenance

The [Consumer Price Index Data Visualization Tool](#) will be temporarily unavailable from July 21 to 28, 2021, because of planned maintenance.

Real-time data tables

The real-time data table (18-10-0259-01) will be updated on June 28. For more information, consult the document "[Real-time tables](#)."

Next release

The CPI for June will be released on July 28.

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

	Relative importance ^{1,2}	May 2020	April 2021	May 2021	April to May 2021	May 2020 to May 2021
	%	(2002=100)			% change	
All-items	100.00	136.1	140.3	141.0	0.5	3.6
Food	16.48	154.3	155.4	156.6	0.8	1.5
Shelter	27.36	145.6	150.7	151.7	0.7	4.2
Household operations, furnishings and equipment	12.80	123.6	124.7	124.7	0.0	0.9
Clothing and footwear	5.17	91.5	94.9	95.1	0.2	3.9
Transportation	19.95	139.7	149.5	150.3	0.5	7.6
Gasoline	3.13	132.8	184.6	190.5	3.2	43.4
Health and personal care	4.79	128.4	132.5	132.4	-0.1	3.1
Recreation, education and reading	10.24	115.5	116.8	117.6	0.7	1.8
Alcoholic beverages, tobacco products and recreational cannabis	3.21	172.1	174.4	175.2	0.5	1.8
Special aggregates						
All-items excluding food	83.52	132.7	137.4	138.0	0.4	4.0
All-items excluding food and energy	77.01	131.5	134.2	134.6	0.3	2.4
All-items excluding alcoholic beverages, tobacco products and smokers' supplies and recreational cannabis	96.79	135.0	139.2	139.9	0.5	3.6
All-items excluding energy	93.50	135.5	137.9	138.5	0.4	2.2
All-items excluding gasoline	96.87	135.8	138.6	139.2	0.4	2.5
Energy ³	6.50	137.0	170.2	173.2	1.8	26.4
Goods	44.29	121.0	126.8	127.9	0.9	5.7
Durable goods	12.94	92.3	95.6	96.4	0.8	4.4
Semi-durable goods	6.63	94.9	97.6	97.7	0.1	3.0
Non-durable goods	24.72	144.8	153.5	155.1	1.0	7.1
Services	55.71	151.1	153.7	154.0	0.2	1.9

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}	May 2020	April 2021	May 2021	April to May 2021	May 2020 to May 2021
	%	(2002=100)			% change	
Canada	100.00	136.1	140.3	141.0	0.5	3.6
Newfoundland and Labrador	1.31	138.2	143.5	144.3	0.6	4.4
Prince Edward Island	0.33	136.1	143.2	144.2	0.7	6.0
Nova Scotia	2.31	136.5	142.3	143.1	0.6	4.8
New Brunswick	1.76	135.6	140.3	141.4	0.8	4.3
Quebec	20.72	131.9	136.2	137.3	0.8	4.1
Ontario	39.83	137.5	141.8	142.6	0.6	3.7
Manitoba	3.16	136.8	140.6	141.5	0.6	3.4
Saskatchewan	2.98	139.9	143.9	143.7	-0.1	2.7
Alberta	12.15	144.1	147.7	148.6	0.6	3.1
British Columbia	15.27	131.5	135.2	135.1	-0.1	2.7
Whitehorse	0.08	133.1	137.8	138.0	0.1	3.7
Yellowknife	0.07	137.7	140.5	141.2	0.5	2.5
Iqaluit (Dec. 2002=100)	0.03	131.4	133.2	133.3	0.1	1.4

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

	March 2021	April 2021	May 2021	March to April 2021	April to May 2021
	(2002=100)			% change	
All-items	139.2	140.0	140.5	0.6	0.4
Food	155.1	155.6	156.3	0.3	0.4
Shelter	150.0	150.7	151.7	0.5	0.7
Household operations, furnishings and equipment	123.3	124.3	124.6	0.8	0.2
Clothing and footwear	93.2	93.8	94.2	0.6	0.4
Transportation	148.3	148.9	149.0	0.4	0.1
Health and personal care	130.6	132.3	132.2	1.3	-0.1
Recreation, education and reading	115.9	117.2	116.7	1.1	-0.4
Alcoholic beverages, tobacco products and recreational cannabis	173.6	173.9	174.6	0.2	0.4
Special aggregates					
All-items excluding food	136.1	137.2	137.5	0.8	0.2
All-items excluding food and energy ²	133.0	134.1	134.6	0.8	0.4

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}

	February 2021	March 2021	April 2021	May 2021
	% change			
CPI-common ^{3,5}	1.3	1.5	1.7	1.8
CPI-median ^{4,6}	2.0	2.1	2.3	2.4
CPI-trim ^{4,7}	1.9	2.1	2.3	2.7

- 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

	May 2020 to May 2021
	% change
Main contributors to the 12-month change	
Main upward contributors	
Gasoline	43.4
Homeowners' replacement cost	11.3
Purchase of passenger vehicles	5.0
Other owned accommodation expenses	9.7
Rent	2.5
Main downward contributors	
Mortgage interest cost	-8.2
Telephone services	-12.5
Passenger vehicle insurance premiums	-4.4
Fresh vegetables	-2.9
Traveller accommodation	-4.2
	April to May 2021
	% change
Main contributors to the 1-month change, not seasonally adjusted	
Main upward contributors	
Purchase of passenger vehicles	1.5
Gasoline	3.2
Homeowners' replacement cost	2.0
Rent	0.7
Traveller accommodation	6.7
Main downward contributors	
Passenger vehicle insurance premiums	-2.7
Air transportation	-3.5
Mortgage interest cost	-1.1
Telephone services	-1.8
Women's clothing	-1.2

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).