

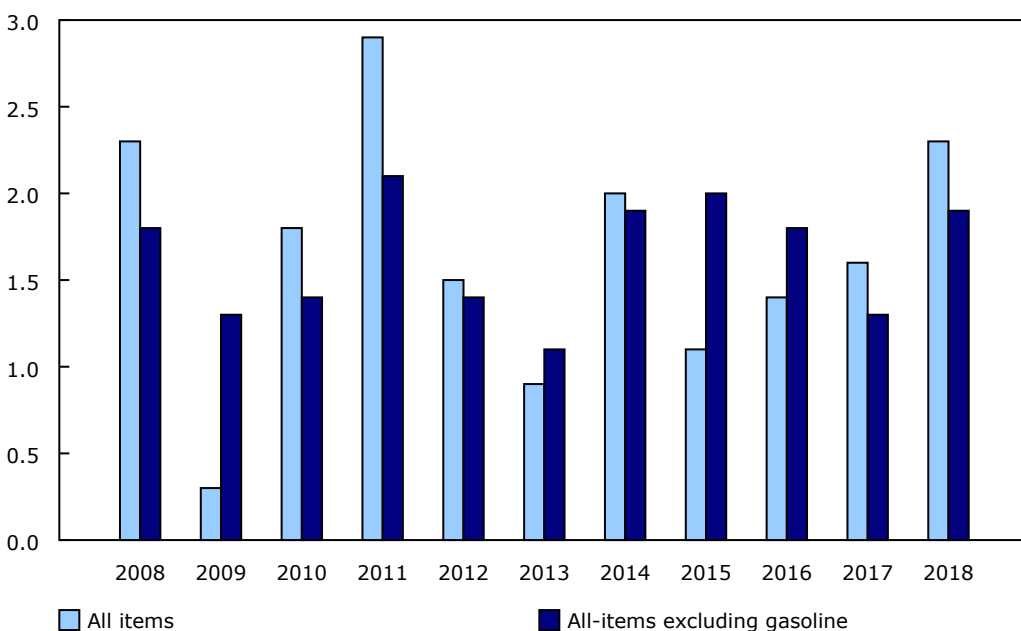
# Consumer Price Index: Annual review, 2018

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, January 18, 2019

The annual average increase in the Consumer Price Index (CPI) was 2.3% in 2018, following gains of 1.6% in 2017 and 1.4% in 2016. The increase in 2018 was the largest since 2011 and coincided with strong labour market conditions, including a low unemployment rate throughout the year and strong wage growth in the first half of the year. Excluding gasoline, the annual average CPI rose 1.9%.

**Chart 1**  
**Annual average change in the Consumer Price Index (CPI) and the CPI excluding gasoline, 2008 to 2018**

annual average % change



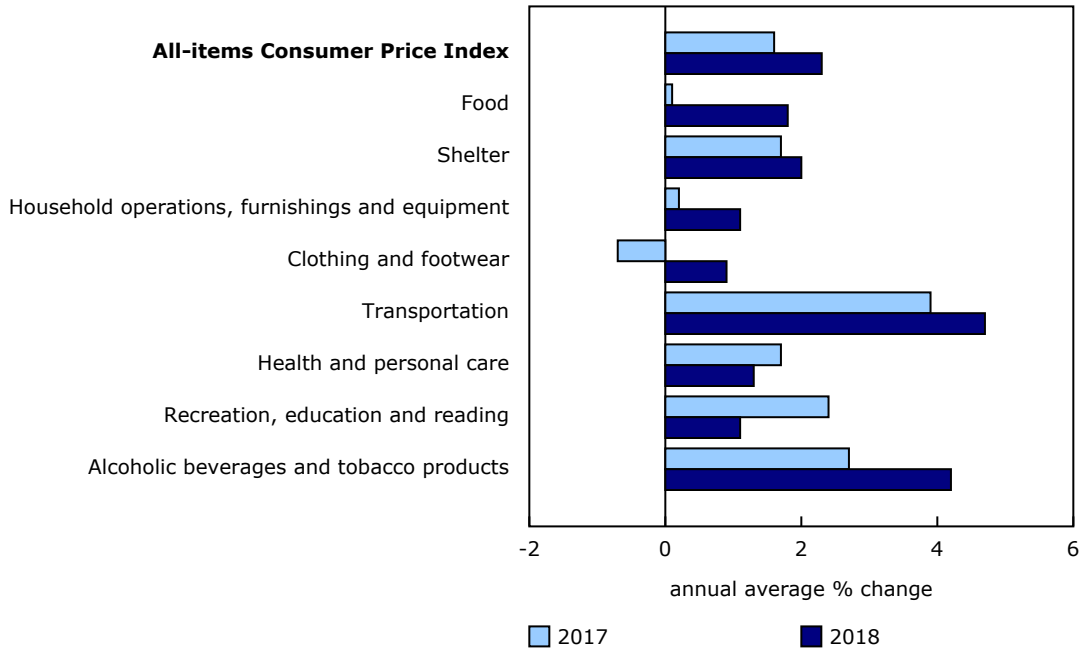
Source(s): Table 18-10-0005-01.

## Component highlights

Prices were up on an annual average basis in all eight major components in 2018. The transportation index (+4.7%) was the largest contributor to the increase.



**Chart 2**  
**Consumer prices increase in all major components**



Source(s): Table 18-10-0005-01.

The cost of energy increased 6.7% in 2018, following a 5.3% gain in 2017. Consumer prices for gasoline rose more in 2018 (+12.6%) than in 2017 (+11.8%), as an increase in global crude oil prices and exchange rate pressures led to higher prices at the pump. Likewise, consumers paid 18.5% more for fuel oil and other fuels compared with the previous year.

In 2018, the services index rose 2.7%. Following a series of interest rate increases by the Bank of Canada, which impacted the lending rates offered by commercial banks, the mortgage interest cost index rose 4.7% in 2018 after increasing 0.2% in 2017. At the same time, the homeowners' replacement cost index, which is related to the price of new homes, rose less in 2018 (+1.6%) than in 2017 (+4.0%). Consumers paid less for traveller accommodation in 2018 compared with 2017, when significant price increases coincided with celebrations related to Canada's 150th birthday.

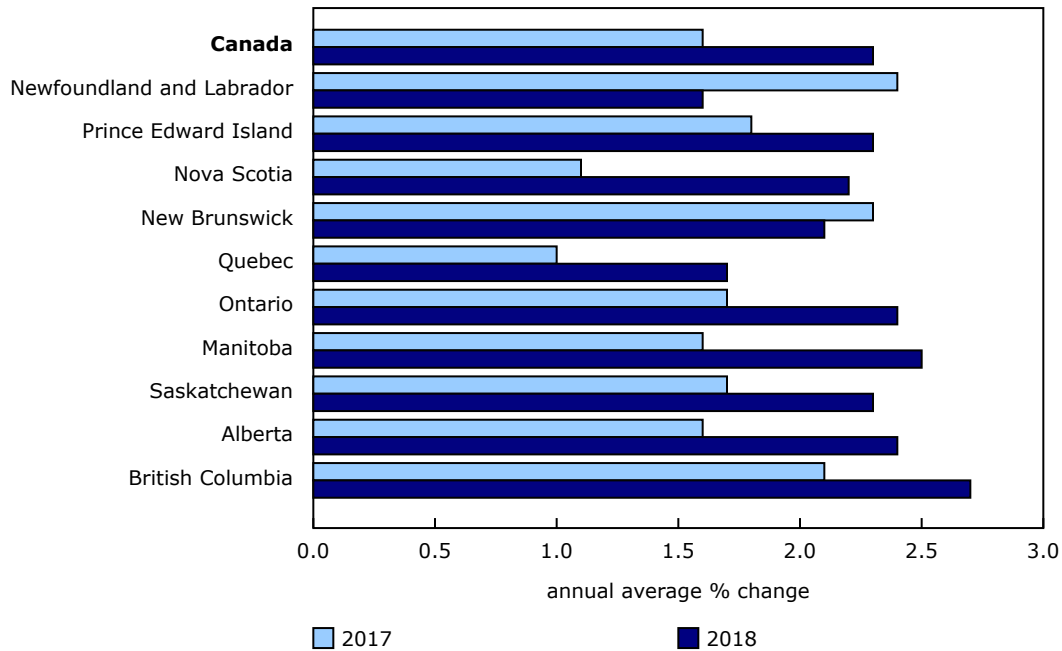
Prices for non-durable goods rose 2.8% in 2018, following a 1.4% gain in 2017. After a decline in 2017, prices for food purchased from stores rose 0.8% in 2018. The fresh vegetables index (+6.4%) contributed the most to the increase, following supply disruptions caused by severe weather patterns. Prices for eggs, meat and fresh fruit also increased after falling in 2017. Following a series of federal and provincial tax increases, consumers paid 8.1% more for cigarettes in 2018 compared with 2017. The cost of prescribed medicines fell 2.2% in 2018, after an agreement was reached between the generic drug industry and an alliance representing various public healthcare plans to reduce the price of generic medications.

Prices for durable goods (+0.2%) increased less in 2018 compared with 2017, as higher interest rates made it more expensive to finance large purchases. The purchase of passenger vehicles index (+1.5%) increased less in 2018 than in 2017. Prices for video equipment (-7.5%), furniture (-1.6%) and household appliances (-0.6%) declined in 2018.

## Regional highlights

The annual average CPI increased in every province in 2018. In eight provinces, the increases were larger in 2018 than in 2017.

### Chart 3 Consumer prices rise at a faster rate in eight provinces



Source(s): Table 18-10-0005-01.

Consumers in Ontario paid more for food purchased from restaurants (+6.5%), child care and housekeeping services (+9.9%) and personal care services (+5.1%) in 2018, following smaller gains in 2017. These increases coincided with a legislated minimum wage increase in January.

In Alberta, electricity prices rose 27.5% in 2018, which was the largest increase since 2011. At the same time, consumers paid 8.5% less for natural gas in 2018, as a surplus in the commodity market drove consumer prices lower.

#### Note to readers

*This release examines the percentage change between the annual average Consumer Price Index (CPI) in 2017 and 2018.*

*Annual average indexes are obtained by calculating the average of the 12 monthly index values over the calendar year. Annual average percent change should not be confused with the 12-month percent change that is published every month with the release of the CPI. Unlike the annual average change, the 12-month change compares the monthly index level with the level from the same month a year earlier.*

---

**Available tables: table [18-10-0005-01](#).**

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

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

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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).