

Economics

ECONOMIC FLASH!

economics.cibccm.com

April 20, 2026

Canadian CPI (Mar): A smaller-than-expected jump

by **Andrew Grantham** andrew.grantham@cibc.com

Consumer price index (% chg)	25:Q4	26:Q1	Jan	Feb	Mar
Year/year rate (unadjusted)	2.2	2.2	2.3	1.8	2.4
Monthly rate (unadjusted)	-	-	0.0	0.5	0.9
Monthly rate (SA)	-	-	0.1	0.2	0.5
Three-month rate (SAAR)	-	-	2.4	2.2	2.9
CPI-trim (year/year rate)	2.9	2.3	2.4	2.3	2.2
CPI-median (year/year rate)	2.8	2.4	2.5	2.3	2.3

Source: Statistics Canada

- Everyone knew that inflation jumped in March due to higher gasoline prices, the only question remaining was how high? As it turned out, the jump in headline inflation wasn't quite as high as expected, and core measures continued to show little sign of inflationary pressure outside of the surge in fuel prices. Pass-through from higher energy prices into core measures of inflation may become more evident closer to the summer months, particularly in areas such as air fares, but slack within the Canadian economy should prevent those measures from reaccelerating too much, enabling the Bank of Canada to remain on the sidelines through 2026.
- The 2.4% headline reading, driven by a 0.9% NSA m/m increase (0.5% after seasonal adjustment), was actually slightly below the consensus expectation (2.6%) albeit still a sharp acceleration from 1.8% in the prior month. Of course, higher fuel prices, specifically gasoline, were the primary driver of the acceleration, and ex-energy inflation actually decelerated modestly on the month. Food prices rose by 0.4% m/m on a seasonally adjusted basis, up from 0.2% in the prior month, and firmer monthly figures could be seen for a while due to a pass through of higher transportation costs.
- However, so far there's little sign of pass through from higher oil and gasoline prices into other areas of inflation...yet. While air transportation saw a 4.9% increase in unadjusted terms, that's not outside of the range typically seen during the month of March. While we know air fares have been increased due to the surge in fuel costs, those fares will enter the CPI print in the months when the flights are taken, and because of that we expect greater sign of inflationary pressure from this item over the summer.
- If anything aggregate measures of core inflation were tamer than expected during March, with four measures (CPI-Trim, Median, CPI-X and ex food/energy) averaging 0.1% m/m, 1.4% on a 3-month annualized basis, and 2.3% y/y. Telephone services saw a big decline on the month, which had a strong downward impact on the CPI-X and ex food/energy measures of core inflation. Mortgage interest costs edged down for the fourth consecutive month, although the series for rents posted a 0.5% increase to partly offset the declines seen in the previous two months.

Implications & actions

Re: Economic forecast — Looking forward, a further rise in gasoline prices will see headline inflation jump further in April, potentially surpassing 3%. Thereafter, inflation should hopefully cool slightly, assuming the recent partial pull back in global oil prices holds, and partly helped by the temporary suspension of the federal fuel excise tax (worth about -0.2%-pts to headline inflation for May). Core measures of inflation could well reaccelerate slightly over the

summer months as signs of pass-through in areas such as air fares become more obvious, but continued slack within the economy should keep domestically-driven services inflation tame and we continue to see the Bank of Canada holding interest rates at their current level throughout 2026.

Re: Markets — Bond yields fell following the release as investors scaled back bets of interest rate hikes from the Bank of Canada this year.

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce (“CIBC”), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC’s Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at www.cibccm.com/fxdisclosure. Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors (“MII”) (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) (“FSMA”) including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 (“FPO”) and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely or act on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient’s particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient’s convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.

CIBC Capital Markets – PO Box 500, 161 Bay Street, Brookfield Place, Toronto, Canada M5J 2S8 – Bloomberg @ CIBC