DATA COMMENTARY · JUNE CPI

July 20, 2026

Inflation falls to 2.8% on lower gas prices.

Jay Zhao-Murray
Chief Economist

THE TAKE

> "Inflation fell after the US and Iran's interim peace deal sent global energy prices tumbling, but the resurgence of the conflict means relief is likely temporary. Domestically, World Cup-related demand drove up the prices of hotels and rental cars, while core inflation now tracks below 2%."

— JAY ZHAO-MURRAY · CHIEF ECONOMIST · SIBLEY CREEK

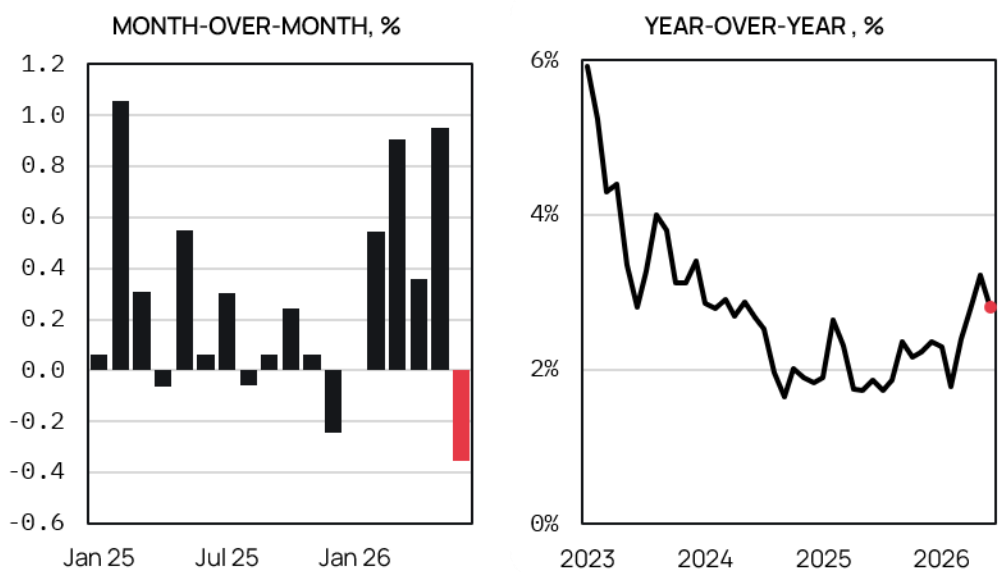
Read the full commentary on the next page →

Inflation cools as gas prices ease

Inflation fell to 2.8% in June, returning back within the Bank of Canada's control band after breaking out to 3.2% the month before. On a monthly basis, prices declined outright by 0.4%. Gasoline prices, which were the main driver of the upward pressures over the last few months, flipped to being a drag on price growth as prices at the pump fell 10% month-over-month following the announcement of an interim ceasefire agreement in the Middle East.

Excluding gasoline and other volatile components, the bank's preferred measures of core inflation all eased as well, with core-median and median each down two tenths to 1.9% and 1.8%. Stripping out seasonal effects, prices edged down 0.1% in June.

Inflation returns to 2.8% after brief excursion above 3%.



Source: Statistics Canada, Sibley Creek calculations. Seasonally adjusted.

World Cup drives tourism-tied prices higher

StatCan noted that the World Cup had an effect on prices, with hotels and other traveller's accommodation charging about 20% more in Ontario and British Columbia than a year ago, driven of course by Toronto and Vancouver. Rental car prices and travel tours rose about 7% from last year as well. All in all, the "recreation, education, and reading" category gained 1.5% month-over-month after seasonal adjustment, the biggest gain of any subcategory.

The central bank will of course be pleased with this inflation report, with both of its preferred core measures now tracking below 2%. Cooling core inflation supports the bank's holding stance. Of course, with the conflict flaring back up again, oil prices have risen, and now sit about $14 per barrel above the lows recorded two weeks ago. So, whatever the bank does, the near-term inflation picture is out of its hands.

Contact

Jay Zhao-Murray
Chief Economist
(613) 883-0774
jay@sibleycreek.ca

Thompson Richards
Economist
(819) 328-2809
thompson@sibleycreek.ca

Khoi Pham
Research Analyst
(506) 897-2466
khoi@sibleycreek.ca

`

Disclaimer