

# The rise in prices for wheat-based food products

The food supply chain consists of many essential steps that move products from producers to consumers. Canadians paid more for bread, pasta and cereal at the grocery store in March 2022 amid higher costs to produce and move wheat-based products.

## Year-over-year cost increases in the food supply chain in March 2022

### Production

Canadian farmers grappled with rising input costs, resulting in the price for grains rising **65.1%**.

#### Inputs

Pesticides and other agricultural chemicals **+33.9%**  
 Energy **+27.8%**  
 Agricultural wages **+8.3%**

### Processing and packaging

Food manufacturers paid **63.8%** more for raw wheat.

#### Inputs

Plastic bags **+7.2%**  
 Paperboard containers **+15.4%**  
 Manufacturing wages **+6.6%**

### Transportation

#### Inputs

Diesel fuel **+76.5%**  
 Truck transportation **+20.6%**  
 Freight rail (grain and fertilizer) **+7.5%**

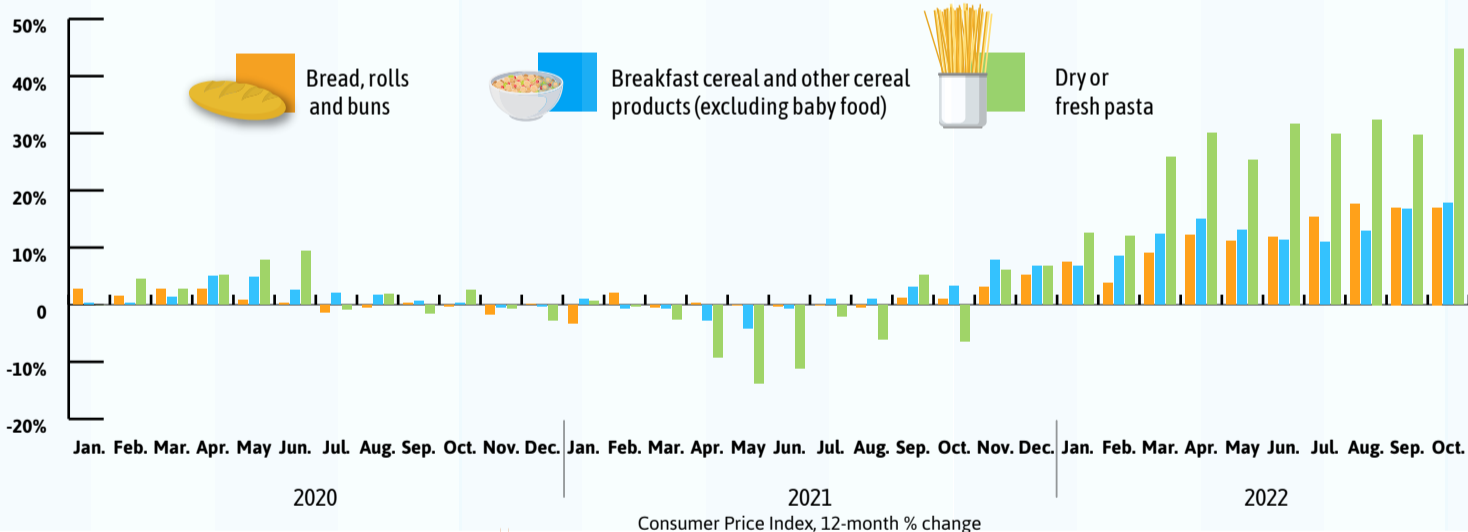
### Wholesale and retail

#### Inputs

Wholesale food margins **+11.8%** (Q1 2022)  
 Retail grocery store margins **+8.8%** (Q1 2022)  
 Wholesale and retail trade wages **+6.9%**

## Consumer prices

Following higher input costs, Canadian shoppers **paid more** for wheat-based food products year over year, with prices remaining elevated into the summer and fall of 2022.

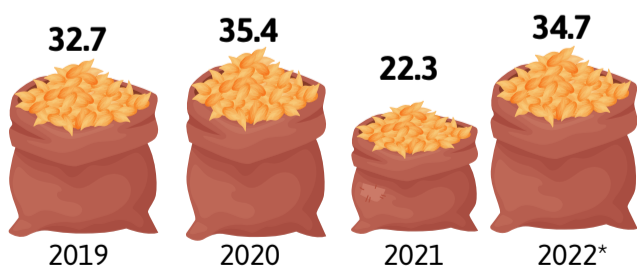


## External factors

### Low supply

Lower production in 2021 (-37.1% year over year), caused by drought conditions in the Prairies, lowered supply.

Canadian wheat production (million tonnes)



\* Data for 2022 are a preliminary estimate.

Sources: Statistics Canada, Estimated production of principal field crops, Employee wages by industry (average hourly wage rate), Farm Product Price Index, Industrial Product Price Index, Raw Materials Price Index, Wholesale Services Price Index, Retail Services Price Index, For-hire Motor Carrier Freight Services Price Index, Freight Rail Services Price Index, Consumer Price Index.

### Russia's invasion of Ukraine

With both countries being major wheat producers, this conflict created uncertainty in the global wheat market.

