

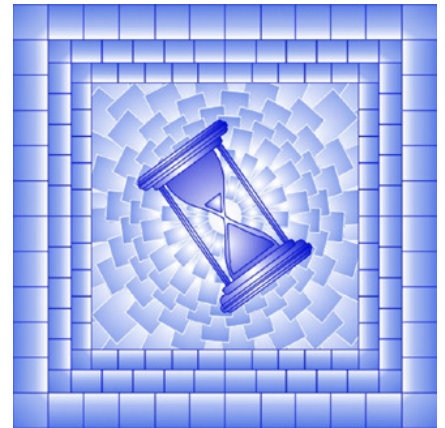
Catalogue no. 62F0014M
ISSN 2818-6370
ISBN 978-0-660-99848-0

Prices Analytical Series

An Analysis of the 2026 Consumer Price Index Basket Update, Based on 2025 Expenditures

by Rebekah Howlett

Release date: June 15, 2026



Statistics
Canada

Statistique
Canada

Canada

How to obtain more information

For information about this product or the wide range of services and data available from Statistics Canada, visit our website, www.statcan.gc.ca.

You can also contact us by

Email at infostats@statcan.gc.ca

Telephone, from Monday to Friday, 8:30 a.m. to 4:30 p.m., at the following numbers:

- | | |
|---|----------------|
| • Statistical Information Service | 1-800-263-1136 |
| • National telecommunications device for the hearing impaired | 1-800-363-7629 |
| • Fax line | 1-514-283-9350 |

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, the Agency has developed standards of service which its employees observe in serving its clients. To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on www.statcan.gc.ca under "Contact us" > "[Standards of service to the public](#)."

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.

Published by authority of the Minister responsible for Statistics Canada

© His Majesty the King in Right of Canada, as represented by the Minister of Industry, 2026

Use of this publication is governed by the Statistics Canada [Open Licence Agreement](#).

An [HTML version](#) is also available.

Cette publication est aussi disponible en français.

Table of contents

Introduction..... 4

Data sources..... 5

Composition of the CPI basket..... 5

Analysis of basket weights..... 7

 Considerations 7

 Analysis of basket weights..... 7

Conclusion 9

Appendix 10

An Analysis of the 2026 Consumer Price Index Basket Update, Based on 2025 Expenditures

by Rebekah Howlett

Introduction

The Consumer Price Index (CPI) is the most recognized and widely reported measure of price change in Canada, offering key insights into broader economic conditions within the country. It measures changes in consumer prices over time by comparing the cost of a fixed basket of goods and services. The methodology used to calculate the CPI follows accepted international standards (see International Monetary Fund - [Consumer Price Index Manual, Concepts and Methods, 2020](#)), and is subject to regular review, both internally and by external experts, and is adjusted to ensure it follows internationally recognized best practices.

Private and public pension programs, income tax deductions and some government social payments are adjusted using the CPI. The index is used as a deflator of various economic statistics to obtain estimates at constant prices, and as a tool for setting and monitoring economic policy. The CPI is also often used for indexation and contract escalation, in addition to being used as a gauge of economic health.

Each good or service in the CPI basket is assigned a weight that is proportional to its share of expenditures by Canadian households. The larger the basket weight, the more a price change of a given good or service will impact the headline CPI. For instance, Canadians, on average, spend a much larger share of their total expenditure on rent than on apples. As a result, a 10% increase in rent prices will have a greater impact on the all-items CPI than an equivalent increase in the price of apples.

The CPI is a Laspeyres-type¹ price index, meaning that basket quantities are fixed to the reference period of the basket weights, which are estimates of consumer expenditures used for upper-level aggregation. To ensure the CPI remains representative of the price change experienced by Canadians, the basket weights must reflect how Canadians are spending their money. A fixed-basket price index, such as the CPI, can only account for shifts in consumer spending when the basket weights are updated. Therefore, scheduling basket updates at regular intervals allows the CPI to capture changing expenditure patterns. For example, DVD players, DVD recorders and video cameras were removed in the 2022 basket update due to their small basket share, reflecting a notable decline in consumer spending. When cannabis was legalized in Canada, both medicinal and recreational cannabis were added in the 2017 basket update.

The May 2026 CPI, to be released on June 22, will mark the introduction of updated basket weights used in the calculation of the CPI. The 2026 basket update uses 2025 expenditures, replacing the 2024 expenditures which were introduced in June 2025 for reference month May 2025. The continuity of the CPI series is maintained by chain linking² the corresponding indices obtained from consecutive baskets. This is done separately for each aggregate series, which is defined as the intersection of a product and a geographic area.

-
1. The Laspeyres formula is a common method for calculating price indices and is consistent with the CPI's fixed basket concept. It expresses the change between period 0 and period t in the cost of buying a fixed basket of products, by aggregating the prices of products in the basket using quantities consumed from the price reference period 0 as weights.
 2. Chain linking is the process of chaining a fixed-basket index to another fixed-basket index in order to create a continuous time series. This process ensures that period-over-period percentage changes in a chain-linked index will only reflect price change and not changes in the fixed quantities.

Data sources

The updated basket weights were derived primarily using consumer expenditures from the 2025 national [Household Final Consumption Expenditure \(HFCE\)](#)³ series, replacing those derived from the 2024 national HFCE series. Household expenditures reported in the Survey of Household Spending (SHS) continued to be used to supplement the HFCE expenditure data, mainly providing expenditure detail at lower levels of aggregation, including geographic aggregation.

Additional data sources were used to better inform expenditure weights for specific aggregates, or where HFCE or SHS data were unavailable. The use of retail scanner data was expanded with the 2025 basket and is now the primary data source for the food from stores component weights. The updated basket weights reflect the highest quality expenditure data available, while still meeting timeliness requirements. Examples of supplemental data sources include:

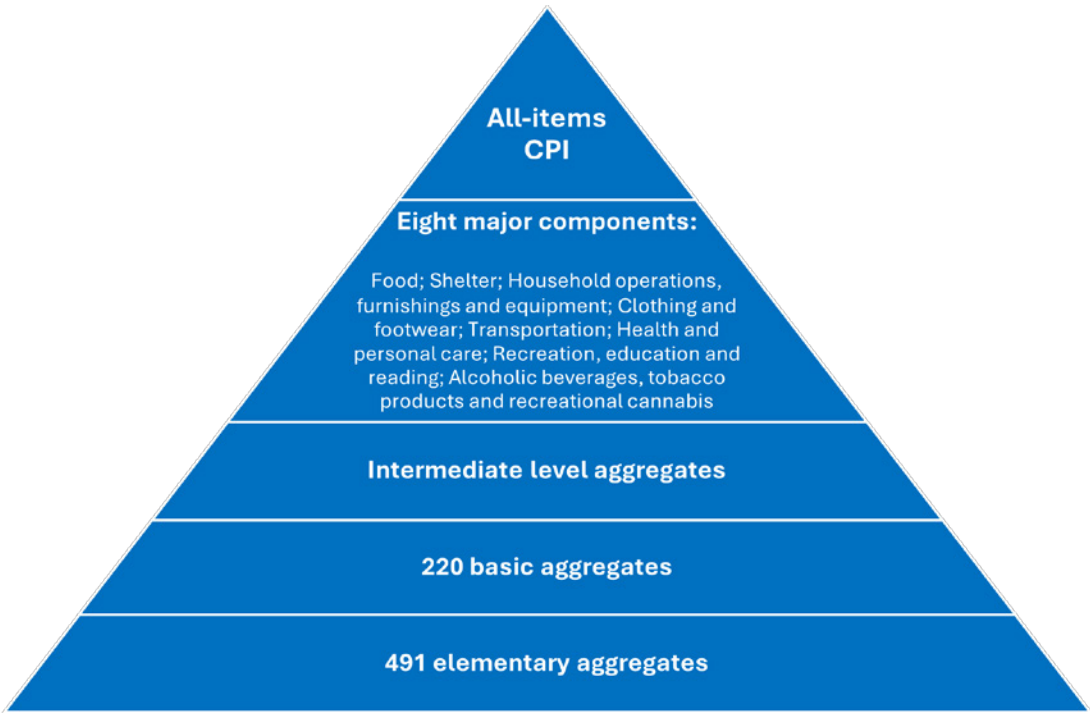
- Monthly Retail Trade Survey
- Office of the Superintendent of Financial Institutions
- Tourism performance indicators
- Inter-Urban Transit Survey
- Streaming and cable service usage reports
- Goods and Services Tax data
- Retail Commodity Survey
- Canada Mortgage and Housing Corporation
- Canadian Real Estate Association
- New Motor Vehicle Sales Survey
- Monthly Urban Transit Survey
- Tuition enrolment
- Petroleum statistics
- Census of Population

Composition of the CPI basket

The CPI classification of goods and services is organized in a layered, top-down structure (see diagram below). At the top of the structure is the all-items CPI, which contains eight major components. Below the eight major components are intermediate-level aggregates, such as meat and rented accommodation, which provide more detailed insight into the sources of monthly and annual price change. Below these are basic aggregates and elementary aggregates. Basic aggregates are the lowest level published series (or unpublished sibling indexes of published series) and elementary aggregates are the lowest level indexes for which basket weights are assigned. Most elementary aggregates are not published; however, some are also basic aggregates, which are not aggregated below the published level. Currently there are 220 basic aggregates and 491 elementary aggregates.

3. CPI basket shares may differ from HFCE shares of total expenditure (and SHS shares of total expenditure for basket weights using 2017 expenditures or earlier) due to differences in item classification. Furthermore, some consumer expenses that fall within the scope of the CPI are not included in the HFCE. In addition to the HFCE, data from other expenditure sources such as other System of National Accounts data, retail sales and the Census of Population are included in the calculation of the CPI basket weights.

Figure 1
Classification structure of the Consumer Price Index



Source: Statistics Canada, Consumer Prices program.

In addition to the review of the expenditure weights, a basket update also provides an opportunity to review and update other aspects of the CPI. This includes changing the CPI classification to ensure it best reflects consumer spending and the evolving range of products and services available for purchase. Elementary aggregates are added or deleted from the basket as consumption patterns change over time. No changes were made to the aggregate classification structure of the basket; however, several elementary sample improvements were made, expanding the use of retail scanner data.

At the elementary aggregate level, the classification includes a sample of items that are chosen to characterize all products in that class. Representative products⁴ are chosen with emphasis on items that are widely available and known to be among the most popular with consumers, ensuring that the items selected are representative of consumer purchases. The number of representative products assigned to an elementary aggregate can vary based on the basket weight of the aggregate, as well as the price variability and heterogeneity of products in that class. For instance, when pricing certain dry grocery products, such as pasta, representative products typically include both brand-name and store-brand items. In contrast, there is only one representative product priced under the bananas aggregate.

Table 2 in the appendix provides additional details on the CPI major components, including the basket weights, the number of elementary product classes and the total basket weight of the elementary aggregates that correspond to services.

4. For a list of representative products in the CPI basket, please consult the document [The Representative Products of the Consumer Price Index](#).

Analysis of basket weights

Considerations

Expenditure share is a relative measure. Basket weight changes are a function of the expenditure growth within a given category, as well as the growth rate of all other expenditures in scope of the CPI. The basket share for a given good or service may either increase, decrease or remain unchanged from one period to the next, corresponding with the change in its proportion of overall expenditures. If spending in a specific category grows more slowly than overall spending, its share of the basket will likely decline despite higher spending than before. For example, although consumer spending on shelter increased in 2025, the shelter basket share decreased because spending in this category rose less than overall consumer spending.

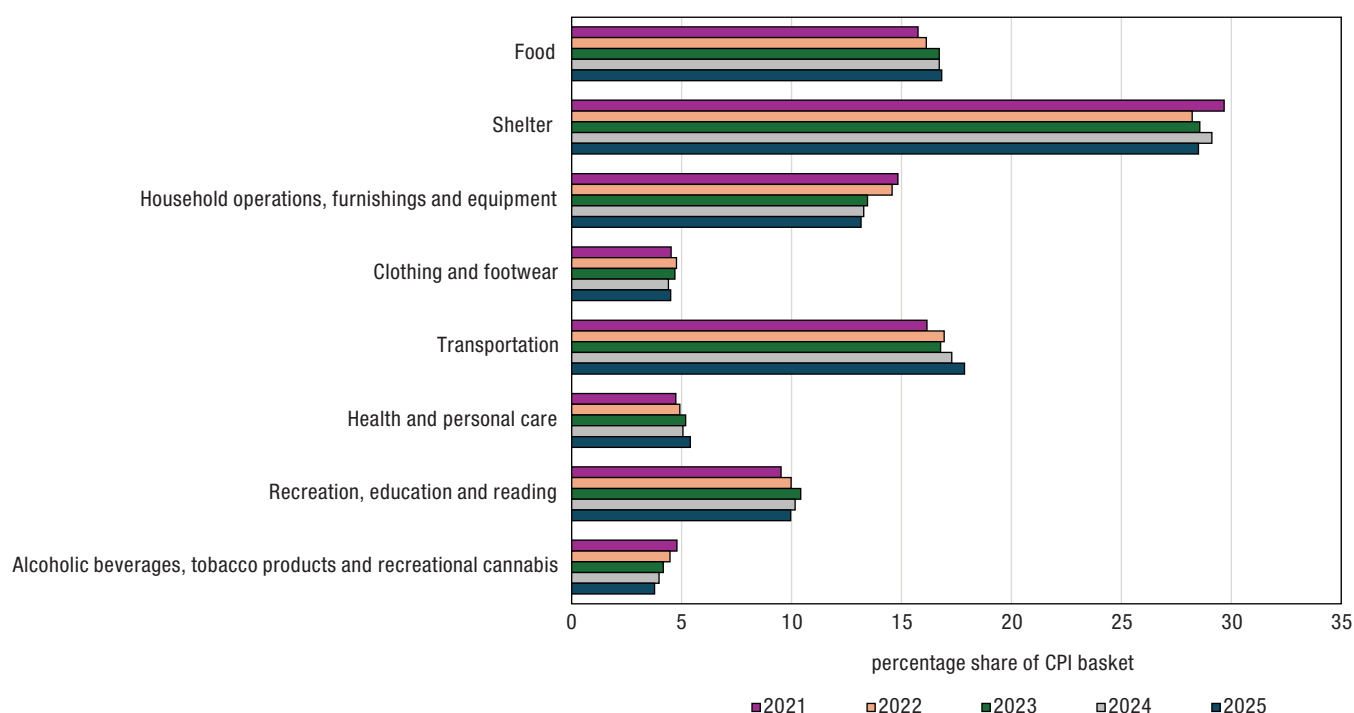
Given that basket shares are rounded and published at the second decimal place, minor changes in expenditure share may not be apparent. Basket share changes of smaller magnitudes are accounted for in the CPI, as full precision⁵ expenditure weights are used in its calculation.

Statistics Canada publishes two sets of basket weights for the CPI: weights at **basket reference period** prices and weights at **basket link month** prices. Weights at basket reference period prices are calculated for each reference period separately based on expenditure shares. Weights at basket link month prices are obtained by price-updating⁶ the weights at basket reference period prices to obtain the hybrid expenditures expressed at prices of the link month.⁷ The following analysis focuses on weights at basket reference period prices, as this best reflects the actual change in expenditure shares between basket reference periods.

Analysis of basket weights

Chart 1

Basket share by major component, Canada, 2021 to 2025



Note: Weights are expressed as proportions of total household consumption expenditures in scope of the CPI in the weight reference period dollars.

Source: Statistics Canada, Table 18-10-0007-01 - Basket Weights of the Consumer Price Index.

5. All basket shares are calculated to several decimal places. They are then rounded to two decimal places when published.

6. Price updating is a procedure whereby the quantities of an earlier period are revalued at the prices of a later period. The result is hybrid expenditure weights. This procedure is necessary in order to hold quantities constant when expenditures (not quantities) are the only source of data available for deriving basket weights.

7. For more information on how basket link month prices are calculated please consult paragraphs 8.17-8.18 of [Chapter 8 in the Canadian CPI Reference Paper](#).

While expenditures increased for all eight major components, resulting basket shares rose in four major components. Changes in basket shares from 2024 to 2025 were relatively small, compared with the changes in weights during, and shortly following, the Covid-19 pandemic period.

The largest gain in basket share was in the transportation component, which increased from 17.29% in 2024 to 17.87% in 2025. Basket shares for health and personal care rose 34 basis points⁸ to 5.40% in 2025 while those for food (16.83%) and clothing and footwear (4.50%) increased 11 and 10 basis points, respectively.

Despite higher expenditures, the basket share for shelter decreased from 29.12% in 2024 to 28.51% in 2025. Basket shares for recreation, education and reading (9.96%), and alcoholic beverages, tobacco products and cannabis (3.77%) both declined approximately 20 basis points in 2025 compared with 2024. The relative importance of household operations, furnishings and equipment in the 2025 CPI basket declined 12 basis points to 13.16%. This was the fifth consecutive decline for both the alcoholic beverages, tobacco products and cannabis and household operations, furnishings and equipment components.

Amid continued growth in automobile sales⁹, the transportation component took on greater importance in the CPI basket with this update, yet its share remained below pre-pandemic basket levels. The purchase of passenger vehicles index increased in weight from 6.23% in 2024 to 6.67% in 2025. The basket weight increased for both the purchase of new passenger vehicles (4.20%) and the purchase of used passenger vehicles (2.47%). Passenger vehicle insurance premiums had a larger basket share, up to 2.45% in 2025 from 2.03% in 2024. The growth was moderated by a lower basket share for gasoline in 2025 (3.30%) compared with 2024 (3.71%) as expenditures declined in 2025, due, in part, to the removal of the consumer carbon levy in April 2025.¹⁰

Expenditure shares for the health and personal care component increased from 5.06% in 2024 to 5.40% in 2025. The larger basket share resulted from gains in the health care component, rising from 2.51% in 2024 to 2.83% in 2025, with a higher proportion of spending being allocated to medicinal and pharmaceutical products.

The relative importance of food purchased in stores returned to its 2023 share (10.82%) in 2025 after a small decline to 10.75% in 2024. Basket shares increased for dairy products and eggs (1.70%) and other food products and non-alcoholic beverages (3.21%). Conversely, expenditure shares for meat declined for the fifth consecutive basket update, to 1.74% in 2025. Price-adjusted expenditures¹¹ declined for fresh or frozen beef in 2025 amid higher prices.¹² The basket weight for food purchased from restaurants rose slightly to 6.02% in 2025.¹³

Basket shares rose for clothing and footwear from 4.40% in 2024 to 4.50% in 2025. Consumers directed a slightly higher share of spending to clothing in 2025 (2.91%) compared with 2024 and the same share of spending towards footwear in both years (0.64%).

The basket weight for the shelter component decreased in 2025, mainly resulting from lower spending on mortgage interest costs in 2025 (5.23%) compared with 2024 (5.65%). The Bank of Canada cut the policy interest rate four times in 2025¹⁴, resulting in downward pressure on mortgage rates¹⁵. In addition, the removal of the consumer carbon levy on April 1st 2025, lowered expenditures for natural gas, resulting in lower basket shares for the index. Offsetting these declines, expenditure shares for rent rose for the third consecutive year, increasing to 7.45% in 2025 from 7.19% in 2024.

8. Basis points are a unit of measurement used to describe changes in percentages. 1 basis point equals 0.01%. 100 basis points equal 1%.

9. Retail automobile sales at constant prices rose 2.7% in 2025, after increasing 3.0% in 2024.

Source: Statistics Canada. [Table 20-10-0067-01 - Monthly retail sales, price, and volume, seasonally adjusted](#)

10. The consumer carbon levy was removed April 1st, 2025, accounting for 17.6 cents per litre for gasoline.

Source: Department of Finance Canada. [Removing the consumer carbon price, effective April 1, 2025 - Canada.ca](#)

11. Price-adjusted expenditures refer to expenditures in constant dollars which are adjusted to eliminate the impact of price changes.

12. On an annual average basis, price for fresh or frozen beef increased 13.5% in 2025 compared with 2024.

Source: Statistics Canada. [Table 18-10-0005-01 - Consumer Price Index, annual average, not seasonally adjusted](#)

13. Annual sales of food services and drinking places totalled \$101.4 billion in 2025, up 5.6% from 2024.

Source: Statistics Canada. [The Daily — Food services and drinking places, December 2025](#)

14. The policy rate was 3.35% at the beginning of 2025 and decreased to 2.25% by the end of the year.

Source: Bank of Canada. [Policy interest rate](#)

15. In 2025, the average conventional mortgage rate for a 5-year term was 5.11%, down from 5.84% in 2024.

Source: Statistics Canada. [Table 34-10-0145-01 - Canada Mortgage and Housing Corporation, conventional mortgage lending rate, 5-year term](#)

Alcoholic beverages, tobacco products and recreational cannabis made up a smaller share of the 2025 CPI basket, continuing a downward trend in basket share observed since the beginning of the pandemic. Its basket share decreased from 3.98% in 2024 to 3.77% in 2025, coinciding with a decline in sales of alcohol.¹⁶ The basket share for cigarettes fell for the fifth consecutive basket update to 0.75% in 2025.

Consumers directed a smaller share of spending towards recreation, education and reading, with a basket share of 10.16% in 2024 decreasing to 9.96% in 2025. This decline was concentrated in lower spending for travel tours, with the basket share falling 23 basis points to 1.01% in 2025, coinciding with fewer Canadian-resident trips abroad.¹⁷ Partially offsetting the downward contribution of travel tours was a 7-basis point increase in the basket weight of traveller accommodation to 0.69% in 2025, as consumers travelled more domestically.

Conclusion

Statistics Canada continues to update and enhance the CPI to ensure it remains the highest quality measure of price change. The 2026 basket update using 2025 expenditures incorporates weight changes based on the most current and relevant expenditure data, ensuring the CPI remains as representative as possible of the price changes experienced by Canadians.

Statistics Canada continues to prioritize data accuracy, quality and timeliness. Working with price experts, other national statistical organizations and partners ensures that the data and methods used in the calculation of the CPI are aligned with international standards and best practices. The agency will continue to explore new potential sources of expenditure information for future basket updates and to adopt the most appropriate methods to keep the CPI relevant for Canadians.

16. On average, Canadians of legal drinking age purchased the equivalent of 8.0 standard alcoholic beverages per week in 2024/2025, down from 8.7 the previous fiscal year and 9.7 a decade ago.

Source: Statistics Canada. [The Daily — Control and sale of alcoholic beverages and cannabis, April 1, 2024 to March 31, 2025](#)

17. Canadian-resident trips abroad declined 16.7% year over year, with return trips from the United States falling 25.4% in 2025 compared with 2024.

Source: Statistics Canada. [The Daily — Travel between Canada and other countries, December 2025](#)

Appendix

Table 1
Basket share (percent) by major component, Canada, 2013 - 2025

Major components, selected product groups	Basket reference year								
	2013	2015	2017	2020	2021	2022	2023	2024	2025
	percent								
Food	16.07	16.45	16.31	16.44	15.75	16.13	16.72	16.72	16.83
Food purchased from stores	11.36	11.54	11.28	11.90	10.93	10.62	10.82	10.75	10.82
Food purchased from restaurants	4.71	4.92	5.03	4.54	4.82	5.51	5.90	5.97	6.02
Shelter	26.19	26.79	26.92	29.78	29.67	28.22	28.57	29.12	28.51
Rent	5.67	6.20	6.24	6.59	6.72	6.67	6.86	7.19	7.45
Mortgage interest cost	4.03	3.50	3.30	3.68	3.11	3.46	5.20	5.65	5.23
Homeowners' replacement cost	4.52	4.80	5.18	5.24	6.24	5.64	4.74	4.64	4.56
Other owned accommodation expenses	1.60	1.64	1.96	4.01	4.16	3.06	2.63	2.30	2.08
Household operations, furnishings and equipment	12.92	13.01	12.98	15.21	14.84	14.57	13.46	13.28	13.16
Furniture and household textiles	1.35	1.46	1.41	2.18	2.20	2.16	1.82	1.66	1.68
Household equipment	1.78	1.84	1.81	2.43	2.43	2.28	2.00	1.92	1.93
Other household goods and services	3.86	3.82	3.88	5.31	5.21	5.11	4.59	4.59	4.63
Financial services	1.00	1.14	1.21	2.40	2.44	2.44	2.37	2.43	2.45
Communications	3.45	3.51	3.55	3.03	2.77	2.79	2.93	3.01	2.96
Telephone services	2.42	2.37	2.39	1.77	1.50	1.75	1.74	1.46	1.66
Internet access services	0.89	0.97	1.06	1.07	1.04	0.83	0.99	1.33	1.05
Clothing and footwear	6.25	5.68	5.39	4.08	4.52	4.77	4.70	4.40	4.50
Transportation	20.01	19.48	19.72	15.34	16.16	16.94	16.78	17.29	17.87
Private transportation	17.85	17.42	17.70	14.61	15.30	15.61	15.08	15.50	15.99
Purchase of passenger vehicles	6.68	7.08	7.60	6.11	5.91	5.55	5.43	6.23	6.67
Purchase of new passenger vehicles	..	..	..	..	3.96	3.59	3.53	3.88	4.20
Purchase of used passenger vehicles	..	..	..	..	1.95	1.96	1.90	2.35	2.47
Gasoline	4.77	3.49	3.34	2.84	3.47	4.27	3.86	3.71	3.30
Passenger vehicle maintenance and repair services	1.17	1.60	1.54	0.98	1.02	1.08	1.09	0.99	0.96
Passenger vehicle insurance premiums	2.88	2.80	2.68	1.93	2.12	2.17	2.31	2.03	2.45
Public transportation	2.16	2.06	2.02	0.72	0.85	1.33	1.70	1.79	1.88
Local and commuter transportation	0.69	0.65	0.66	0.25	0.30	0.35	0.43	0.46	0.48
Inter-city transportation	1.34	1.29	1.23	0.30	0.37	0.83	1.15	1.18	1.25
Air transportation	1.25	1.19	1.14	0.26	0.31	0.73	1.06	1.08	1.15
Health and personal care	4.75	4.98	4.86	4.76	4.74	4.92	5.18	5.06	5.40
Recreation, education and reading	11.07	11.02	10.66	9.53	9.52	9.98	10.42	10.16	9.96
Traveller accommodation	1.12	1.16	1.13	0.43	0.54	0.59	0.58	0.62	0.69
Travel tours	1.00	1.25	1.31	0.48	0.30	1.25	1.29	1.24	1.01
Purchase and operation of recreational vehicles	1.25	1.13	0.95	1.57	1.70	1.66	1.73	1.49	1.47
Other cultural and recreational services	2.45	2.49	2.28	1.70	1.78	1.88	1.90	1.93	1.94
Home entertainment equipment, parts and services	0.61	0.57	0.40	1.07	0.95	0.75	0.70	0.55	0.52
Video equipment	0.33	0.30	0.26	0.66	0.59	0.43	0.39	0.27	0.26
Purchase of digital media	0.15	0.12	0.07	0.23	0.20	0.18	0.13	0.13	0.12
Alcoholic beverages, tobacco products and recreational cannabis	2.74	2.58	3.16	4.86	4.79	4.47	4.17	3.98	3.77
Alcoholic beverages	1.63	1.66	1.74	2.94	2.92	2.90	2.68	2.57	2.49
Tobacco products and smokers' supplies	1.11	0.92	0.87	1.37	1.29	1.18	1.08	1.01	0.87
Cigarettes	1.04	0.89	0.82	1.27	1.17	1.08	0.91	0.88	0.75
Recreational cannabis	..	..	0.55	0.55	0.59	0.38	0.41	0.40	0.41

.. not available for a specific reference period

Note: Figures may not add to 100% due to rounding. Weights are expressed as proportions of all-items CPI in the weight reference period dollars. Basket weights are at basket weight reference year price.

Source: Statistics Canada, [Table 18-10-0007-01](#) - Basket Weights of the Consumer Price Index.

Table 2
Additional basket details by major component

CPI major component	Weight at basket link month prices ¹		Elementary product classes ²		Proportion of services ³	
	2024	2025	2024	2025	2024	2025
	percent		number		percent	
Food	16.91	16.93	144	144	35.79	35.90
Shelter	29.41	28.30	19	19	92.07	91.70
Household operations, furnishings and equipment	13.25	12.8	74	74	58.17	57.34
Clothing and footwear	4.38	4.50	81	81	3.62	3.20
Transportation	16.90	18.54	32	32	34.96	34.70
Health and personal care	5.05	5.40	42	42	37.28	36.92
Recreation, education and reading	10.12	9.81	83	83	59.25	58.44
Alcoholic beverages, tobacco products and recreational cannabis	3.99	3.73	16	16	19.38	20.87
Total	100.00	100.00	491	491	55.55	54.45

1. The basket weight (in percent) refers to the introduction of the basket, at the link month. Figures may not add up to 100% as a result of rounding.

2. Not all elementary product classes are available in all lowest level geographical regions.

3. The proportion of services refers to the total basket weight of the elementary product classes that correspond to services.

Source: Statistics Canada, Consumer Prices Division.