

# Inflation rose 3.2% as gas, food prices jump — with tomato prices up 45%

By Ariel Rabinovitch Global News | Posted June 22, 2026 8:25 am



Top News: Inflation in Canada jumps to 3.2% year-over-year in May

Higher **prices for gasoline**, food and other categories pushed overall **inflation** in May to 3.2 per cent compared with a year ago, according to Statistics Canada.

The agency released the latest **consumer price index** (CPI) Monday, which showed a 0.4 per cent increase in year-over-year inflation compared with April.

Gas prices alone increased 33.2 per cent last month compared with the same period a year earlier as **the Middle East conflict**, and, more specifically, the closure of **the Strait of Hormuz** led to global supply constraints for crude oil and other resources.

Statistics Canada says May saw consumers paying the highest prices for gasoline at the pumps since June 2022, amid Russia's invasion of Ukraine.

Travel inflation as a category saw a 0.7 per cent increase last month compared with a year earlier, with air transportation prices rising 7.4 per cent as airlines passed along higher operational costs, mainly for jet fuel.

**Food prices** also increased 4.4 per cent in May compared with the same month a year earlier, which was the 16th straight month that year-over-year food inflation outpaced the headline figure, Statistics Canada said.

Within the food category, the produce aisle saw some of the fastest price growth last month.

Fresh vegetable prices overall increased nine per cent compared with a year earlier, while fresh fruit prices increased 5.3 per cent, with price growth in the category mainly coming from more expensive grapes and berries.

Meanwhile, tomato prices increased the most last month.

### **Why tomato prices are surging**

Statistics Canada said tomato prices increased a whopping 45.2 per cent last month compared to a year earlier, and mainly due to ongoing supply issues in Mexico related to the weather and other factors.

Food economist Mike von Massow at the University of Guelph says produce in general being more expensive this time of year in Canada is typical because it's harder to grow fruit and vegetables during the colder months.

This means Canada has to import a lot of items, and since that requires more fuel to transport, higher fuel costs can get passed on to consumers.

"Produce is the most transportation intensive product that we see in grocery stores, and because of its perishability, we see those impacts almost immediately," says von Massow.

"Even though the distances are getting shorter, that things are getting shipped, I think we're seeing some transportation, some freight fuel cost impacts across the board."

With tomatoes specifically, von Massow says there is a "perfect storm" of cost pressures.

"Over the last year, we've seen a 40 per cent increase in the price of tomatoes and that's kind of a perfect storm of production issues and it gives us a little bit of a sense of the risk of depending on single source for production at given times of year," he says.

"We know that Mexico had a difficult year in producing tomatoes and this time of year a lot of our tomatoes come from Mexico."

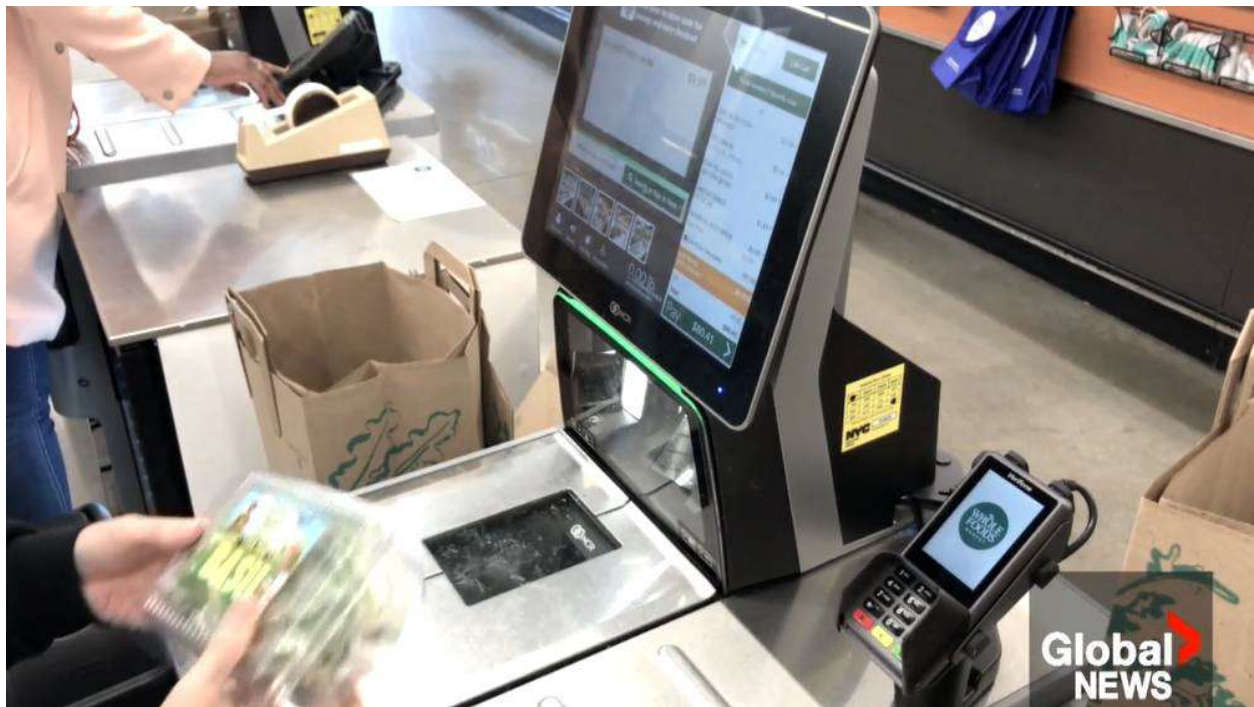
On top of weather being a factor for fewer tomatoes in Mexico, there was also "a reduction in planted acreage following the implementation of US tariffs," said Statistics Canada.

The U.S. currently has a tariff of roughly 17 per cent added to imports of tomatoes from Mexico, which often raises prices for consumers. But those same consumers may not buy tomatoes at those elevated prices, which can lead to a drop in demand.

Although these tariffs don't directly affect Canadian imports of the same tomatoes from Mexico, the uncertainty for Mexican farmers means Canadians may be paying an indirect price for those tariffs through reduced supply and higher prices as a result.

"They [Mexico] planted fewer acres because of that uncertainty, because of the potential decrease in demand, and also because of potential decrease price," he says.

"That affects not only the U.S. Market, but then there are the same number of distributors competing for a smaller number of tomatoes and that will also raise the price."



Several economists note that the CPI report does show some hot spots in consumer prices, but many sources of those increases are outside Canada's borders.

"The rise in headline inflation remained relatively narrowly based and continued to be concentrated in higher energy costs coming from abroad rather than domestically driven price growth," economist Abbey Xu at Royal Bank of Canada said in a statement.

"The May report suggests headline inflation remains heavily influenced by energy prices while underlying inflation trends continue to move broadly in line with the Bank of Canada's inflation target."

When removing energy and food categories from the report, which are considered more volatile, inflation in May was up 1.6 per cent compared with a year earlier, and up a more modest 0.1 per cent from April's report.

The **Bank of Canada** has a two per cent target for inflation, including these core measures that highlight underlying trends by stripping away volatile sectors. The central bank said earlier this month that there has been **limited evidence that higher energy prices have translated to higher costs for other things so far.**

Shelter cost increases cooled slightly last month, which includes rent, mortgage interest, Realtor commissions, and costs to rebuild or repair structural components of a home.

Overall, shelter prices ticked up by 1.7 per cent in May compared with the same period a year ago, which is down from 1.8 per cent in April.

Economist Jasleen Trehan at the Canadian Chamber of Commerce said in a statement that the May CPI report showed that the energy shock from the Middle East conflict left "its fingerprints across the economy."

"Higher prices are increasingly showing up in groceries, fresh produce, air travel and vacations. Inflation is becoming more visible in everyday spending, though it has yet to resemble the broad-based price pressures that defined the post-pandemic surge," Trehan said.

"Beneath the headline, the picture remains more reassuring. Shelter costs continue to cool, rent inflation has slowed to its weakest pace in more than four years, and the Bank of Canada's core inflation measures remain close to target."