

Dear clients,

Some good news and relief for rates, hopefully.

Canada's inflation rate decelerated to 3.8 per cent in September, down from four per cent in August.

The figure, which was reported by Statistics Canada on Tuesday, was lower than economists were expecting.

The data agency said the deceleration in the cost of living was "broad-based" and stemmed from lower prices for a variety of goods and services, including travel, durable goods and some grocery items.

On a monthly basis, the cost of living actually declined in September, by 0.1 per cent.

Gasoline prices fell by 1.3 per cent during the month, but they're still up by 7.5 per cent in the past year, which is why fuel costs were one of the biggest factors pushing up the annual rate.

If gasoline is stripped out of the inflation numbers, the rate would have been 3.7 per cent. That's down from 4.1 per cent the month before.

The rising cost of living has more families relying on school food programs, but those services are also feeling the pinch from skyrocketing grocery prices.

Grocery prices continued to increase, but at a much slower rate. Year over year, the cost of filling up a grocery basket has risen by 5.8 per cent. That's down from more than 11 per cent this time last year.

Large monthly gains in September 2022, when grocery prices increased at the fastest pace in 41 years, fell out of the 12-month movements and put downward pressure on the indexes.

We are not out of the woods yet, however, I believe this is a good sign that the Bank of Canada will halt any further prime rate increases in the short term.

If you have any questions, please feel free to reach out.

Sincerely,

