

Canada's inflation rate holds steady at 2.2 per cent in December

By Steve Scherer

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Canada's annual inflation rate held steady at 2.2 per cent in December, Statistics Canada said on Wednesday, supported by higher energy prices and balanced out by slower cost gains in food and cars.

The number is in line with a Reuters analysts' poll. Energy prices were 5.5 per cent higher in December compared with the same month last year, and were up 1.5 per cent over the previous month.

In 2019, consumer inflation averaged 1.9 per cent, down from 2.3 per cent in 2018, Statscan said.

Higher mortgage interest costs drove 2019 inflation, gaining 7.6 per cent, while gasoline prices helped offset that by declining 6.1 per

cent. Fresh vegetable prices jumped 12.7 per cent last year, Statscan said.

Wednesday's data comes the same day the Bank of Canada is due to announce its next overnight rate decision, which it has held steady since October 2018 even as several of its international counterparts have eased.

The central bank aims to keep inflation at 2 per cent. Money markets expect the central bank to hold rates unchanged again on Wednesday.

CPI common, which the central bank says is the best gauge of the economy's underperformance, was at 2.0 per cent, while CPI median, which shows the median inflation rate across CPI components, was at 2.2 per cent. CPI trim, which excludes upside and downside outliers, was at 2.1 per cent.