



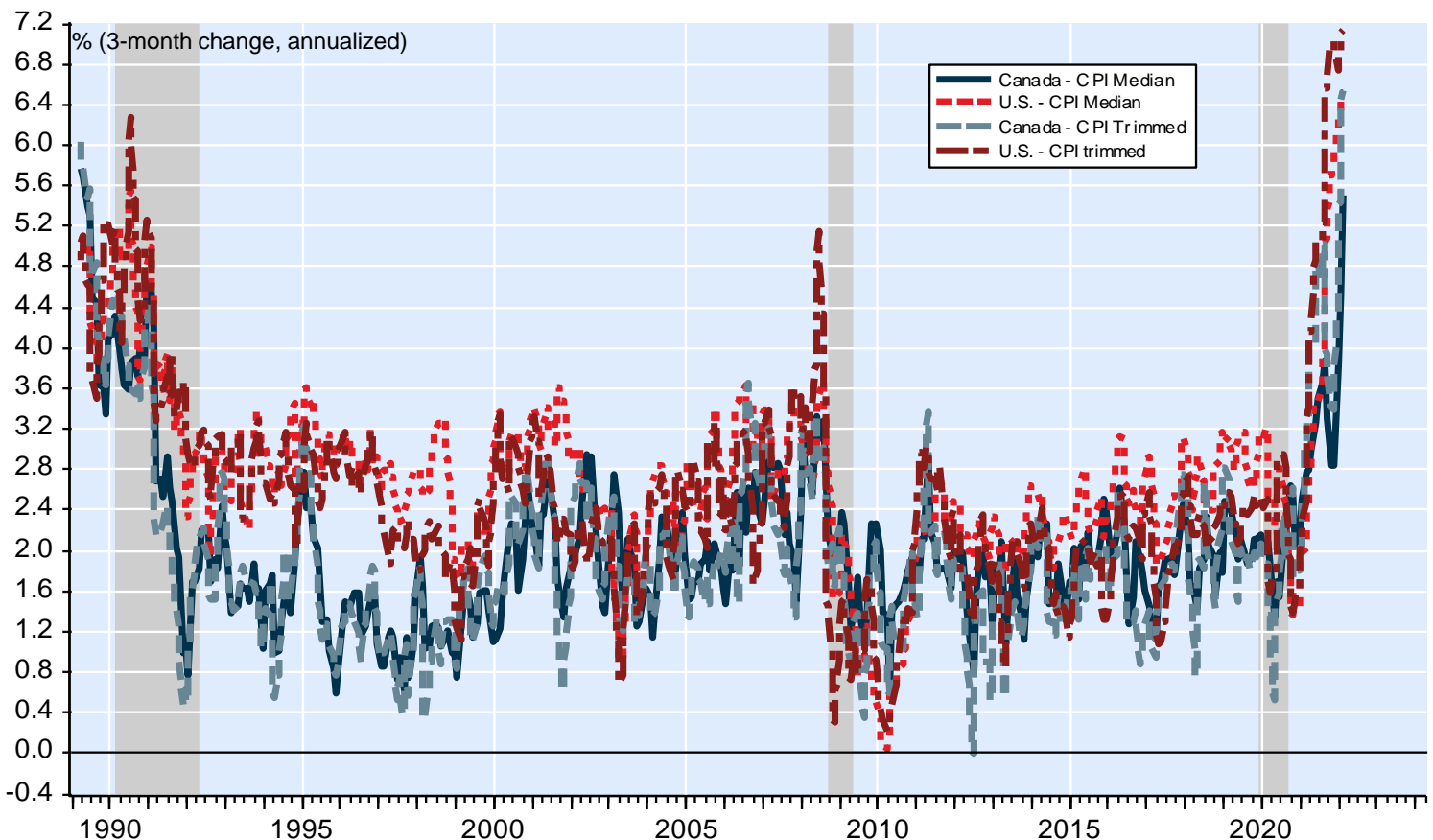
## Canada Watch

By Stéfane Marion and Matthieu Arseneau

Assessing the short-term dynamics of inflation is important for central banks. Yet the Bank of Canada continues to rely solely on year-over-year comparisons for core CPI. Consider the March data released earlier today which showed CPI-common at 2.8%, CPI-trimmed at 4.7% and a CPI-median at 5.5% (see our economic news [here](#)). While these numbers are still lower than the U.S. (CPI-median at 4.9% and CPI-trimmed at 6%), they don't provide critical information about near-term dynamics because Statistics Canada, unlike the Federal Reserve, only publishes the numbers as an annual percentage change. Fortunately, if you are brave enough to do the calculations yourself, Statistics Canada provides data to construct an index for the median CPI and the trimmed CPI that allows for a comparison between Canada and the United States. According to our calculations, both the median and trimmed CPI rose 0.6 percent in March, the largest increases on record and higher than the 0.5 percent increase in the United States for both measures. As today's Hot Chart shows, core CPI momentum has increased significantly over the past three months in Canada and is rapidly converging with that in the U.S. In our view, the Bank of Canada should insist that Statistics Canada publish both CPI-median and CPI-trimmed as an index as in the U.S. to better inform investors on core inflation trends in Canada.

### Canada: BoC should insist that this data be published

Median and trimmed CPI: Canada vs. the U.S.



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