

Over the past few weeks I've written about inflation and how the numbers Statistics Canada is giving us seem to be wrong. Officially, inflation was 1.4% year-over-year to the end of September, but only if we don't eat food, watch television, require medical attention, read books or clean our homes. All of these items are up 5% on average, and the overall inflation number is as low as it is, because the cost of transportation to and from work, hotels, suits and dresses and airline tickets have come down significantly since Covid-19 ground everything to a halt. As the PDF <[here](#)> summarizes it, the stuff we want is dearer, while the stuff we don't is cheaper. What this means is that for most people, the true rate of inflation is several times greater than the base rate. This makes a huge difference when mapping out income needs at retirement, as the question of what's your personal inflation rate? is what is relevant to you, not an arbitrary benchmark.



We've always known this of course, it's just that a pandemic has a way of requiring us to focus on things that otherwise we wouldn't, because of the magnitude of the situation. Teetotalers would be shocked to discover that the price of beer and wine has gone up 350% over the past 35 years. That's 10% a year -but still not usurious enough to deter lovers of west coast Pinot Noirs their occasional glass of Heaven! Much of this increase is from government taxes, but nonetheless, a person who prefers a tall cool glass of water has avoided the massive hike in the cost of indulgence. Same thing for those that abhor putting cranberries with their Thanksgiving turkey. Yes cranberries are part of the CPI, but not necessarily part of your PPI -your personal price index.

We can't simply stop eating or avoiding chiropractors, physiotherapists or prescription drugs just because their costs go up well beyond that of the core rate of inflation. But if you have the time, take note of those items that are discretionary and perhaps re-think their priority and put them in the want, not need category. This is one way to stretch your dollar out further as we wait for a vaccine to arrive. More to say about that topic in future issues of Around The World (ATW), so stay tuned.

Thanks for reading!

Be safe, be well!

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