



Cost of Living for Canadians Could Surge After Russo-Ukrainian War: Here's What You Should Know

Description

The rifle fire and missile strikes shaking Ukrainian cities has resounded in every corner of the world, provoking sanctions and aid from countries as near as those receiving refugees and as far as countries in the Pacific. It's a war that's quickly become global, even if only two nations are fighting on the ground, and countries involved only from a distance are feeling the effects up close.

Canada is one of those countries. War never arrives at a "good time," but it has certainly made a bad situation worse for Canadians. Already choked by a global shortage of nearly everything, the war in Ukraine and sanctions against Russia are drawing the last breaths out of a supply chain that has long been missing vital links.

What can Canadians expect in the coming months? At the very least, the same two problems — food and gas — will become more problematic. Here's what you should know.

Food

Ukraine is Europe's third-largest producer of wheat and the ninth largest in the world. According to 2019 numbers (the most recent data), Ukraine produced over 26.2 million tonnes of wheat for that year. And to make matters worse: the largest producer of wheat in Europe (and third largest in the world) is Russia, with a whopping 85.8 million tonnes.

Both countries sell massive quantities of wheat to the world. Not only that, but they also sell other key commodities, such as sugar, sunflower oil, corn, and legumes. And with both countries wrapped up in a conflict, they could produce, not to mention export less, to European and North American nations.

This will have a major impact on products that use wheat as a crucial ingredient, such as bakery items and cereals. That's for the short term. Over the long term, it will have an impact on another supply-choked item: meat.

With wheat prices high now, farmers and ranchers will pay more to feed cows, pigs, chickens, and

other livestock. That will, in turn, raise the price of meat as well as dairy. Vegetables will likely be more expensive, too, as fertilizers for plants are also becoming more expensive.

What can you do about it? At the very least, sign up for rewards program that helps you earn money back on your groceries. These include cash-back apps and [cash-back credit cards](#), which, when used together, can help you double-dip rewards and earn more. In addition to earning money back on higher grocery bills, you can download apps that help you curate grocery coupons. When combined together, these three can help you push back on inflation, even if inflation pushes your budget to the limits.

Gas

Sanctions on Russia have not been good for gas prices.

And they're likely not going to get better, either. In both Vancouver and Ontario, prices have slowly approached \$2 per litre. Nationwide we're paying prices between 1.68 to \$1.78 per litre, with \$1.74 being the average.

Russia is one of the world's largest producers of oil (second behind Saudi Arabia). They're not a member of OPEC, but they are a part of OPEC+. In much the same way as Ukraine is the E.U.'s breadbasket, Russia is their oil well: without Russia as a supplier, the nations of the E.U. are forced to buy oil from the same list of producers — a list that the United States and Canada is also using to buy theirs.

This only makes matters worse for Canadians, who were already paying high gas prices to begin with. Whatever the outcome of the war, gas prices are likely to climb higher, especially as we get closer to summer.

As with food, using a cash-back credit card with rewards programs and cash-back apps might help you make up in savings what you lose to inflation. Other solutions might include car-pooling to work, practicing fuel-efficient driving methods, and reducing how long you drive.

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