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Despite the trade war, some consumer prices are better in Canada than in the U.S.

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At Walmart, some of the items that are cheaper to buy in Canada include Tylenol and cans of Coca-Cola.

CHRISTOPHER KATSAROV/THE CANADIAN PRESS

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Apple's release of new iPhones this week confronted Canadians with a long

familiar problem: sky-high prices. The top-end version of the new iPhone Duo will cost over \$350 more in Canada than in the U.S. Such disparities have often turned Canadians into ambitious cross-border shoppers.

But, at this moment, the iPhone pricing is an anomaly.

After years of inflation, months of rising tariffs in the U.S. and a weak loonie, it is Canada that is now the haven for cheap buys.

Across a swath of goods – from home appliances to baby cribs, cashmere turtlenecks, Coca-Cola and pickup trucks – Canadian prices are consistently lower than those in the U.S.

Analysis: Why Trump's new trade barriers are more bark than bite

The Globe and Mail compared pretax prices this week for more than 40 goods using the websites of more than a dozen retailers that operate on both sides of the border. In some cases, such as the Storkcraft Beckett convertible crib in natural wood carried by Walmart, the same product is for sale in the U.S. for a higher sticker price than in Canada. Factor currency conversion, and Canadians can purchase that crib for nearly 40 per cent less.

In Canada, the price of a Tesla Model 3 premium rear-wheel drive is nearly 45 per cent lower. Microsoft has priced the base model Xbox Series X nearly 10 per cent cheaper. A men's Patagonia Nano Puff hoody is 15 per cent less. A base-model Ford F-150 pickup sells in Vancouver, B.C., for \$4,200 below the price in Vancouver, Wash., a difference of 8.5 per cent. For both a base-model Honda Civic and a top-spec GMC Terrain, Canadian prices are nearly 15 per cent lower.

Meanwhile in the U.S., Home Depot lists a KitchenAid over-the-range microwave for US\$1 more – making it 38 per cent pricier with the currency conversion. An LG French door fridge costs an additional 15 per cent. Banana Republic sells its featherweight cashmere Henley, a women's fitted top, for 10 per cent more and a pair of Nike Air Max 270 is 22 per cent costlier.

What's true for bigger items is true for smaller items as well

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The new foldable iPhone Duo is on display during Apple's event this week at the Steve Jobs Theater in Cupertino, Calif. The top-end version of the phone will cost over \$350 more in Canada than in the U.S.

CARLOS BARRIA/REUTERS

Triscuits are nearly a third cheaper at Safeway in Canada.

And a Swiffer WetJet mop at Walmart sells for 20 per cent more in the U.S., a 500-caplet bottle of Tylenol extra strength gets a premium of 27 per cent. Even a 12-pack of Coca-Cola cans at Walmart costs nearly 30 per cent more south of the border.

Retail pricing is fraught with complexity. Sticker tags reflect wholesale costs, logistics expenses and market conditions. For many years, those worked against Canada. Retail consultant Clay Parnell recalled working with shoe retailer Aldo in the late 2010s. At the time, Canada's immense geography and smaller market worked against it.

"Historically, Canadian prices have been higher," said Mr. Parnell, who is

chief executive of The Parker Avery Group.

No longer. At Aldo, the Kristof men's loafer is 14 per cent cheaper in Canada; the Ayrah women's ballet flat is 16 per cent less.

Decoder: What trade war? Suddenly, Canadian consumers are looking healthier than U.S. shoppers

Retailers in the U.S. have contended with higher rates of inflation and a blanket of tariffs, which have both raised import costs and offered cover for price hikes. "On the tariff side, most of it generally is being passed through," Mr. Parnell said. Some retailers, too, are raising prices even outside of tariff increases, padding profit margins.

In Canada, meanwhile, the economy has tended to be more sluggish than the U.S. in recent years, while Americans on average enjoy a higher disposable income.

Companies that sell across borders tend to price for local markets, "setting prices based on local consumer demand and purchasing power rather than strictly converting currency," said Hakan Yilmazkuday, a professor of economics at Florida International University.

He sees lower Canadian prices as a reflection of more straitened northern circumstances.

"If companies fully applied the exchange rate difference, Canadian sales volumes would collapse. To maintain their market share, these retailers potentially absorb some of the currency penalty by accepting lower profit margins in Canada," he said.

Six charts that explain Canada's countertariffs on U.S. goods

Currency matters, too, of course. When major retailers set prices for a given country, "they do not change them very frequently," said Jeffrey Campbell, an economist at the University of Notre Dame. When the loonie drops, U.S. prices tend to grow more expensive by comparison.

“It is tempting to look at Canadian domestic developments as a source of loonie weakness, but in this case the fault is really in the stars rather than with ourselves,” he said. The U.S. dollar remains a haven in times of risk, “so while the Iran war has been good for the price of oil, it has also been good for the greenback.”

Price disparities between the U.S. and Canada have cycled as circumstances change – and today’s price gaps will almost certainly be reshaped by shifting policies and economic performance on both sides of the border.

Here’s how Canada’s countertariffs could hit your wallet

This isn’t the first time, either, that Canadians have found themselves with a price advantage. In the early 1980s, around the time of price controls imposed under the National Energy Program, gas was considerably cheaper in Canada. And Americans flocked north.

“I remember my Dad taking us from Detroit to buy gas in Windsor during that time,” Prof. Campbell said.

Nearly a half-century later, a raft of different circumstances has again tilted the pricing landscape in favour of Canada – at least, outside of the fuel pump and the Apple store.

Add up the strong U.S. dollar, tariffs and less favourable economic circumstances in Canada, and the U.S. is now “the more expensive retail environment for many items,” Prof. Yilmazkuday said.

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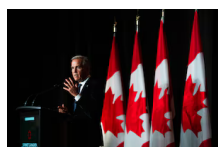
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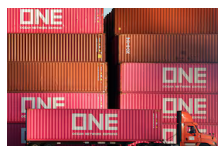
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