

## Market Update Introduction

### UK KEY MARKET MOVERS (CPI)

#### Percentage change over 12 months

Milk, cheese and eggs	-1.8%
Oils and fats	11.5%
Breads and cereals	-0.2%
Vegetables	2.2%
Meat	1%
Sugar, jam and syrups	6%
Chocolate and confectionery	6%
Fish	-3%
Fruit	2.1%

The Consumer Prices Index (CPI) is a key measure of inflation in the UK. Movements in CPI give a high level overview of the key categories experiencing inflation. Below is a monthly snapshot of the top food commodity price inflation movements impacting the UK.

## UK Inflation Indices

Latest Inflation Figures as of August 2024*	
Foodservice Price Index (FPI) in July	3.1%
Food Price Inflation (CPI)	1.3%
Retail Price Index (RPI)	3.5%
Consumer Prices Index (CPI)	2.2%
Producer Price Index (PPI)	0.9%

\* Source: Office for National Statistics (ONS)

### Fish and Seafood

In anticipation of the Barent's Sea quota cuts and expected price rises on cod, Alaskan pollock, hake and coley remain good and versatile alternatives.

Chalkstream Trout is also a stable alternative to Salmon if prices start to spike.

### Meat and Poultry

As seasonal demand picks up on meat and poultry, pork and poultry remain the most competitive options to mitigate cost on menus.

### Fruit and Veg

UK root vegetables are plentiful so it's the perfect time of year to leverage in season carrots, swedes and parsnips.

### Dates for your Diary

- Nov: World Vegan Month
- 3 Nov: Sandwich Day
- 5 Nov: Bonfire Night
- 8 Nov: National Cappuccino Day
- 9 Nov: British Pudding Day
- 10 Nov: Remembrance Sunday
- 12 - 17 Nov: National School Meals Week
- 13 Nov: World Kindness Day
- 17 Nov: Homemade Bread Day
- 21 Nov: Cake4Kindness Day
- 23 Nov: National Espresso Day
- 29 Nov: Black Friday
- 30 Nov: St. Andrew's Day



## Inflation Outlook

Whilst overall inflation reduced in September (largely driven by household energy and fuel) food inflation saw an upward adjustment from 1.3% in August to 1.9% in September.

Strongest inflation pressure is coming from oils and fats, fruit, vegetables, sugar and soft drinks. Whilst the rate of food inflation has slowed, shoppers and businesses alike remain under financial pressure and continue to review opportunities to reduce costs in the food and drink basket. UK prices are also sitting at relatively elevated levels.

Looking ahead, the continued turmoil in the Middle East and subsequent pressure on oil prices, in addition to a further increase in the National Living Wage expected in 2025 will likely limit manufacturers ability to reduce supply chain costs.

## Fresh Produce

After the wettest September on record for some UK regions, rain has persisted into October and continued to effect harvests. A significant number of potatoes are still to be lifted so a full yield outlook is unclear – quality so far is looking good, though growers remain reticent that availability will improve versus this year.

Wet weather has also interrupted harvest and quality of late season brassicas – however transition to EU varieties should steady availability and quality going forward. UK Root vegetables are plentiful so it's the perfect time of year to leverage in season carrots, swedes and parsnips – crops are looking good and are great value option to bulk dishes. Likewise, there's great availability on UK apples and plenty of varieties to choose from.

The UK season ends for strawberries, raspberries and blueberries in October and alongside salad, spinach and chard, supply will switch to EU origins.

Availability is generally good, though we've seen some supply challenges on mushrooms due to compost temperature issues on the continent. Citrus has been prone to some quality issues as we reach the end of the South African season – however supply should firm up once the Spanish season is fully established.

## Dairy

The upward trajectory on milk prices continued into October with processors announcing further increases on the milk price. Processors cite strong demand coupled with low milk volumes as the driver behind the price increases. There is a seasonal dip in volumes at this time of year, however wholesale dairy product prices (and low EU availability) is also supporting prices.

ADHB figures indicate butter pricing increased 81% on the year in September with bulk cream prices similarly high at +91% YoY. Increasing demand into Christmas will continue to support these prices. Whilst the increases are less marked on the wider dairy categories, cheese and milk powders are also following the upward trajectory.

Whilst we've seen successive increases on the farmgate prices, this has not prompted supply to catch up – this is in part due to the legacy of last season's weather, however other factors such as labour challenges and environmental restrictions are potentially disincentivising farmers. A reduction in supply from Ireland, the UK's largest import trade partner is also impacting prices and will continue to influence the ongoing market dynamics.

## Fish & Seafood

Some of the best seasonal picks from a value and sustainability perspective for November are mackerel, smoked haddock, mussels and farmed cod. Whilst cod has historically been wild caught, cod farming is a way of producing this protein with a lower carbon footprint and ensuring wild cod stocks are protected.

Salmon stocks are good at the moment and prices have been reasonable this year, however demand is firming up as we move into Christmas and we can expect this to support prices.

Ahead of the anticipated Barent's Sea quota cuts next year, prices on haddock and cod are remaining firm and we will undoubtedly see further pressure on this market going forward. Escalating sea freight costs have also challenged frozen cod and haddock prices in addition to objections to Russian raw material. Pollock and Coley remain good and versatile alternatives, though may also be impacted by the wider white fish market going forward.



## Meat and Poultry

### Beef

Autumn sees demand shift to heartier dishes and hot nutritious meals as the darker nights draw in, diced beef, minced beef and slow-roasting joints are popular now and offer great value for menus that need to meet budgets.

As we steadily head towards Christmas, seasonal demand is out pacing supply, and the prime cattle price is easing upwards. The beef market has also been buoyed by strong export demand, with volumes +10% YoY.

Whilst we will pricing develop, products like brisket, diced chuck, and braising steaks remain good value.



### Pork

Pork prices are currently stable with belly pork and pork shoulder joints remaining at great value – it's likely that demand for pork legs to support Christmas gammon production may tighten the supply and force prices upwards versus where they are today.

### Lamb

Lamb prices continue to be a challenge and difficult to make a profit on – the best value will be to use lamb shoulders for roast dinner days and can be used for dicing for casserole and lamb stews.

### Chicken

Chicken prices are trading around 7% higher vs. last year as supply and demand rebalances across Europe.

Chicken fillet prices are now costing less than chicken thigh meat – though this is driven by significant increases in demand for boneless thigh meat across retail and manufacturing producers, rather than any softening of breast meat prices.



### Turkey

Turkey stocks are a bit less than at the same time last year and supplies are already increasing by as much as +50p per Kg – some suppliers are recommending buying now and freezing your turkey to get the best deal.


#### Any questions?

Please contact your Account Manager if you have any questions about this month's news.

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