

Commodity Movements

	MoM	QoQ	YoY
CPI Index	-0.10%	0.80%	-1.50%
Wheat		5.25%	14.06%
Natural Gas		20.12%	59.46%
Sunflower Oil		3.95%	32.83%
Beef R4L steer	4.86%	11.86%	16.87%
EU Chicken	3.02%	0.45%	6.63%



Inflation Outlook

CPI was 2.5% in the year to December 2024, down from 2.6% in the 12 months to November. It marked the first fall in the inflation rate for three months. Unfortunately, forecasters are anticipating renewed pressure on prices into 2025 with expectations of rises of up to 4.9%. As previously shared, this is largely driven by higher costs for businesses prompted by measures in the government's Autumn budget. Adjustments to National Insurance contributions and the National Living Wage from April are estimated to have a combined impact of 10% on wage costs.

Businesses are also forecasting enhanced regulatory costs into 2025. Additional Brexit border operating model changes are scheduled for July on the fruit and vegetable categories; this will see additional checks on imports. Implementation of Extended Producer Responsibility (EPR) fees on packaging imports from October 2024 is also expected to flow into consumer prices.

Fish and Seafood

Salmon prices have increased sharply since Christmas as demand outstrips supply. We expect high prices to remain until Easter. Cod and haddock stocks are also down and we expect to see the Barents sea cod quota having a significant impact on the species and broader white fish category.

Plaice are now spawning so the weights are smaller than usual so best to consider other products until March. Good buys are Coley and Mackerel which offers high omega 3 essential oils. Bass Fillets and Fish Cakes are favourable to those customers with tight budget controls.

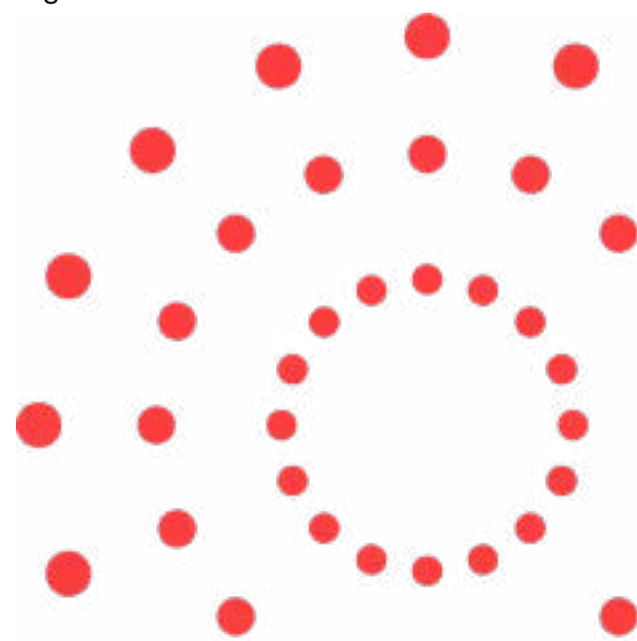
Dairy

Farm gate returns saw a rise from October through to January at an average of 3ppl increase back to farmers. As we move into February this trend seems to be slowing down with the market outlook looking more stable.

However, due to the recent news of the UK government stopping imports from Germany due to cases of foot and mouth this will put some additional pressure on UK producers to fulfil the country's volume requirements, at this stage the impact of this is unknown but it is something we will continue to monitor closely with our suppliers.

Bakery

We're now starting to see the impact of wheat price increase in Q4. Sub optimal weather conditions for the Winter crops in Russia and the Ukraine has seen forecast yields downturned. Crop quality is also an issue with less class one crop available across Europe – some suppliers, such as Hovis, are moving to more specific origin sourcing (predominantly Germany) to ensure more consistent quality longer term.



Meat and Poultry

We have seen significant price increases on beef since Christmas due to firm demand and reduced beef availability on the open market. Cattle prices have been increasing weekly since the New Year with more demand for UK / Irish beef because of limited availability and a reduction on imports supported by the ban on German imports due to Foot & Mouth Disease. Beef imports from Brazil and Argentina have also seen reductions as producers focus on local markets rather than UK/EU. Latest beef prices are tracking 13pp/kg up week on week.

Strong seasonal demand on mince, diced, and braising steaks has also supported pricing with suppliers advising tightening supply and cost pressures.

The reported case of Foot and Mouth disease in Germany has also impacted on pork availability coming into the UK market with prices starting to increase, demand has moved to UK pork and pork from within the EU – Dutch, Spanish, and Denmark to try and supplement the sales.

Poultry supply chains have also seen disruption due to Avian Influenza, the EU's largest chicken producer registered several outbreaks of Avian Flu in December which has reduced the availability of fresh chicken by 1m birds. Prices have increased on all cuts – breast filets and thigh meat being the most affected.

Other products from Holland and emerging markets like Lithuania/ Ukraine are now an option to help with better availability. Pricing is likely to remain high for the next few weeks until volumes increase.

UK lamb continues to prove prohibitive for many customer menus; wholesale prices of lamb are around the £220 per lamb carcass and the forecast for April could be as high as £300. Whilst imported product from New Zealand and Australian used to carry a price benefit, it's currently parity with UK prices.

Fresh Produce

Salad from Spain is looking good although prices remain quite high following the flooding experienced late last year. Later in the month we will also see tomato, cucumber and peppers arriving from Morocco and Egypt. Greater volumes should see the prices start to fall.

We should see the arrival of soft fruit from Spain as we move through the month. Again, last year's flooding has disrupted the season with some delays to harvests. However, strawberries and Raspberries are expected imminently from Southern Spain.

Along with the soft fruit, citrus is another favourite for this time of year. Blood Oranges and Seville or Marmalade oranges are great. Blood Oranges are wonderfully sweet and beautifully coloured citrus fruit. They tend to be a bit smaller than other types of orange with a thick, pitted skin that may or may not have a reddish blush. They may look like regular oranges from the outside, but, the inside flesh is brilliantly dark pink, maroon, or even dark blood red when fully ripe.

Closer to home, we will begin to see Yorkshire forced Rhubarb come through, well known for its great quality, appearance and taste. With a very short season be sure to use it in your menu's this month!

Savoy Cabbage is also looking great along with the other dark leafy greens. Kale and Cavolo Nero also great options. Other colourful options for heartwarming veg now include Butternut Squash and Sweet Potatoes. Both are great seasoned up and slow roasted.

Grapes have been a challenge recently, but we are starting to see some improvement. Volumes have not been great of late but hopefully this will ease as we move through the month.



Supplier Spotlight

DCS Ltd (Disposables and Catering Supplies)

With growing demand across our consumables categories and a need to identify great value solutions which are not only effective but deliver on changing consumer preferences towards eco-friendly products and sustainable solutions, we've been building on our partnership with DCS.

With over 40 years of industry expertise, Disposables & Catering Supplies (DCS Ltd) is one of the UK's leading suppliers of non-food consumables. We're collaborating with DCS to deliver competitively priced disposable and hygiene solutions across all sectors whilst also driving improved access to ethical and sustainable solutions.

If you'd like to discuss this further, please contact your account manager for details.




Any questions?

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

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