



CGA Prestige **Foodservice Price Index (FPI)**

Snapshot Report - February 2022

Your source for accurate data, analysis and insights into today's food prices.

Monthly Snapshot continued..

Executive Summary

The Foodservice Price Index continued to rise in February, with inflation now reaching double digits. Seven categories are showing year-on-year inflation, with six of the seven reporting double digit inflation. Month-on-month inflation however has remained far more stable, with four categories showing deflation, and only one showing inflation above 1%.

It is, however, likely that March will report further strong month-on-month movement. February 24th saw Russia begin its invasion of Ukraine, and the commodity markets reacted almost instantly. Wheat futures rose, oil pricing spiked, and the cost of fertiliser began to rise as fears of shortages began. February's FPI only saw 4 days of the war, and as such most categories are yet to see any meaningful impact. It is likely that much of the volatility will come in the months ahead.

Inflation Ups & Downs against December..



The Breads and Cereals category is likely to see increased volatility over the coming months. Ukraine and Russia combined accounts for 27% of the global wheat market and are a major exporter to the rest of the world. While the UK produces 90% of the wheat we consume, a fall in global supply of this scale will certainly impact UK pricing.

Wheat commodity pricing in the UK has moved upwards dramatically in the last few weeks, moving from £230 on 25th February to £297 on 7th March, a rise of just over 29% in 10 days. Many products will be affected by the sudden and sharp rise in prices, the most obvious of which will be breads and the bakery category. However, meats and poultry are also likely to be largely affected by the rise in feed pricing, and poultry will be particularly affected in the short term. Feed wheat prices have seen a large increase since the start of the war, however, while it is likely to show in the coming months, this was yet to make a sizable impact on the meat market in February.

Elsewhere, February saw Norwegian Salmon pricing continue to spike as a result of strong demand and restricted supply. This fall in supply is due to two issues with fish health. The first, is the high level of winter sores currently being reported by farms resulting in a fall in the quality of Fish, as well as availability, and the second is the Algae Bloom currently plaguing Chilean supply.

These issues have resulted in record breaking prices throughout the month, as prices averaged NOK 87.60 per kg (£7.23) in mid-February. Prices are likely to remain high for the foreseeable future, as availability is predicted to be low for some time, and high energy and feed costs are also expected to force pricing further upwards over the coming months.



Prestige Purchasing are a leading expert in Value Chain. We provide knowledge, insight, and practical support to hospitality and foodservice businesses. We improve profitability by improving the way in which our clients source and manage what they sell.

Our services are tailored to allow us to assist businesses of any scale in the sector. Offering a bespoke consultancy based model we offer services contextualised in the statements below for our clients.

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For growing businesses that have not yet established a mature supply chain function we provide outsourced services that deliver profit improvement through the application of best in class techniques, using our team of experienced and capable buyers.

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Our services are 100% Transparent FIXED fee based and deliver between 2 and 7 times return on investment all backed up with financial guarantees.

We do not aggregate volume with other operators and build each project or service bespoke for each of our clients' needs delivering the maximum benefit to our clients bottom line.

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CGA is the definitive On Premise measurement, insight and research consultancy that empowers the world's most successful food and drink brands.

With more than 30 years' experience and best-in-class research, data and analytics, CGA is uniquely positioned to help On Premise businesses develop winning strategies for growth.

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CGA works with food and beverage suppliers, consumer brand owners, wholesalers, government entities and pub, bar and restaurant retailers to protect and shape the future of the On Premise experience.

Its mission is to use phenomenal data and expert insights to give brands a competitive edge and ensure the market we love is the most vibrant possible.

To learn more, visit: www.cgastrategy.com

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