



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

## **Snapshot Report - May 2024**

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

# Monthly Snapshot..

## Executive Summary

### Foodservice Price Index Signals Further Easing of Inflation Pressures, Aligning with Broader CPI Trends

The latest Foodservice Price Index report from Prestige Purchasing and CGA reveals continued positive trends for the industry, with inflation rates further easing in May 2024, mirroring broader Consumer Price Index (CPI) trends.

The year-on-year inflation rate dropped to 4.6%, the lowest figure in 28 months, reflecting a sustained return towards pre-pandemic levels. Additionally, May recorded a month-on-month deflation of -0.4%, marking only the fourth such decrease in 32 months.

This overall deceleration of inflation is mirrored in six out of ten categories, which experienced month-on-month deflation. Notably, oils and fats stand out with six consecutive months of year-on-year deflation. Furthermore, only one category remains in double-digit inflation, underscoring a significant shift towards price stability across the sector.

### Inflation Ups & Downs against April..



Adding to this positive outlook, the overall CPI has fallen to 2% year-on-year, with food and non-alcoholic beverages experiencing a notable decrease to 1.7%. This broader economic trend further reinforces the easing of inflationary pressures being observed within the foodservice sector. However, the latest data from the FAO Food Price Index suggests that global food prices may be experiencing a slight uptick, with increases in cereal and dairy prices in May 2024. This could potentially impact UK food prices in the coming months, depending on how global supply and demand dynamics evolve. While the FAO Food Price Index remains lower than last year's levels, the recent increase warrants close monitoring as it could influence the trajectory of food inflation in the UK.

In addition to these global factors, the exchange rates and oil prices play a significant role in UK food pricing. The average Euro to GBP exchange rate remained relatively stable between April (1.166724) and May (1.168448), suggesting a minimal impact on imported goods from the Eurozone. Similarly, the average US dollar to GBP exchange rate saw a slight increase from 1.251419 in April to 1.262745 in May, potentially putting upward pressure on the cost of imported goods from the US. However, the notable fall in Brent crude oil prices from an average of £71.18 per barrel in April to £66.15 in May is likely to have a mitigating effect on transportation costs and other energy-related expenses within the food supply chain.

Despite these potential headwinds, the May 2024 Foodservice Price Index report indicates a clear and encouraging trajectory towards a more stable pricing environment for the foodservice industry, aligning with broader positive trends in the wider economy. The continued moderation of inflation rates, coupled with the broader trends towards stability and deflation in key categories, paint a picture of increasing resilience and recovery for the foodservice sector. Nevertheless, the global food market remains complex and dynamic, necessitating ongoing vigilance and adaptability from operators.





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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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David Gillham  
Commercial Director  
T - 07917 303970  
E - david.gillham@prestige-purchasing.com

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Shaun Allen  
Chief Executive Officer  
T - 01908 324066  
E - shaun.allen@prestige-purchasing.com

Office Address: Aurora House, Deltic Ave, Rooksley Roundabout, Bradwell Common, Milton Keynes MK13 8LW



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Reuben Pullan  
Senior Client Director  
T - 07816 531 977  
E - reuben.pullan@nielseniq.com

Office Address: Strawberry Studios, Watson Square,  
Stockport SK1 3AZ

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CGA  
T: 0161 476 8330  
E: [hello@cgastrategy.com](mailto:hello@cgastrategy.com)  
Follow us on Twitter: @CGA\_insights