CGA Prestige Foodservice Price Index (FPI)

Headline Number Report - March 2018

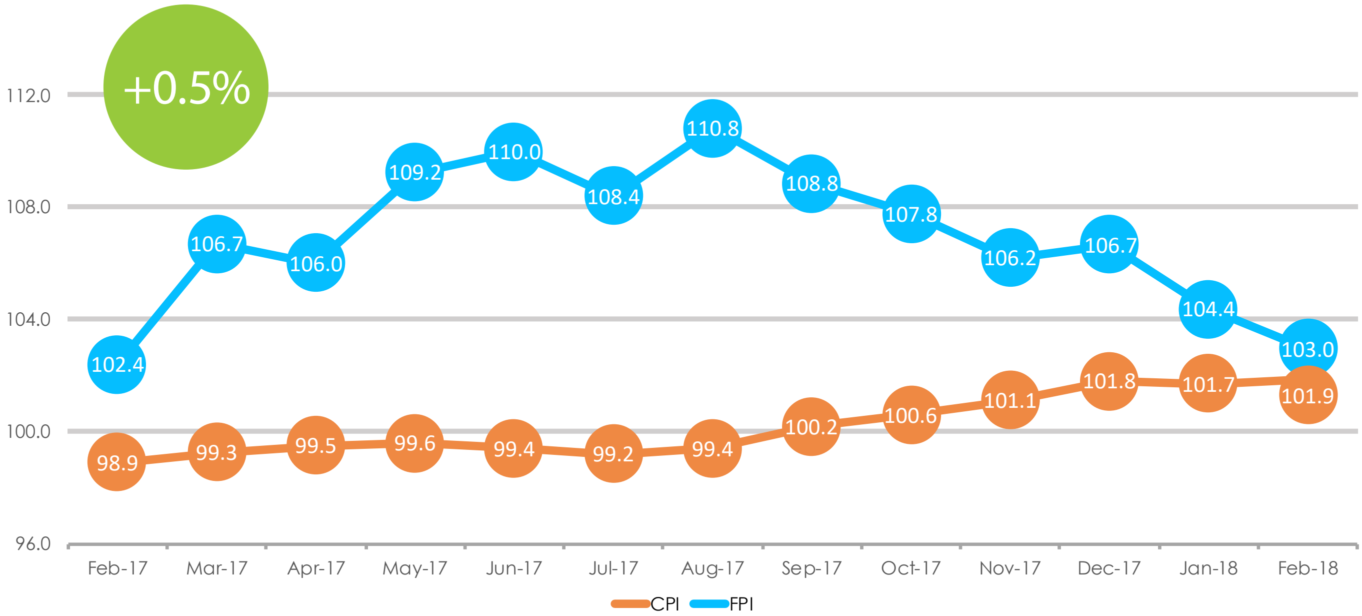
Your source for accurate data, analysis and insights into today's food prices.

CGA Prestige Foodservice Price Index (FPI) - Monthly Snapshot

Foodservice Price Inflation (FPI) is at **0.5%** year-on-year for February 2018.

Foodservice Price inflation is at 0.5% for February, continuing the fall of the past few months and reaching a low not seen since before the Brexit referendum in June 2016. In soft drinks we finally see the implementation of the sugar tax, news about the continuation of quotas comes alongside drops in the fish category and edible oil prices continue to run much higher than last year.

Food & Non-Alcoholic Beverages - FPI vs CPI



Executive Summary

The Foodservice Price Index has fallen dramatically again this month, with year on year inflation now standing at 0.5%. The last time we saw such low year on year movement in inflation was August 2016, which was based on data from June—the month of the EU Referendum, after which prices spiked.

Oils and Fats is again leading the categories in terms of inflation this month, as it has for much of the last year. It remains very unclear whether price increases are likely to ease as the Chinese government puts American soybeans firmly in their sights for tariffs, potentially helping European prices. Brazil has also seen recent dry weather that has caused soybean output forecasts to be reduced for the coming year.

We have also seen the much-anticipated arrival of the **Soft Drinks** Industry Levy or "sugar tax" in the past few days, which we have credited with the high rates of inflation in the sector as manufacturers develop new recipes and invest in market research ahead of the legislation. We expect to see inflation fall on such products over the coming months as there are not currently any other major drivers of cost increases for drinks manufacturers and prices tend to rise with inflation and temperature.

Fish continues to exhibit the most extreme variation of any category, having now moved from 9.8% year on year inflation two months ago to -4.2% this month. This is in notable contrast to salmon prices which have seen a sharp increase over the last few weeks due to supply issues in Norway and the increased demand that occurs in the run up to Easter. British fishing has also been in the spotlight thanks to the recent transition bill that will see the quota system of the CFP remain in place until at least 2021. While this has brought some certainty to the industry, it is perhaps the worst resolution to the issue with fishermen angry that they are still subject to European quotas at all, and those who wished to remain in the CFP annoyed that the UK has given up the right to attend the Council of Fisheries Ministers in what seems like a token attempt to please fishermen.

If the fall of the Foodservice Price Index is attributed to the progress of Brexit negotiations towards concrete agreements then there is cause for optimism that the Index will not see such major increases going forward. But this could be disrupted if the US decides to implement wider-reaching tariffs on items from China and push towards the start of a potential trade war.

To receive the full volumetric data, detailed category and subcategory performance and a more in-depth analysis, please contact food@cga.co.uk or michael.luke@prestige-purchasing.com to purchase.

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.

Supply Optimisation
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.

Procurement Transformation
For established businesses that have yet to establish "strategic procurement" and wish to introduce national, regional or global supply arrangements, often establishing their own team to develop and maintain them.

Procurement Support Services
A portfolio of services to support fully established procurement and supply chain teams in their mission to add value to their organisation. Services include Insight, Training, Analytics and Benchmarking.

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.

Michael Luke
Commercial Director
T - 01908 222678
E - michael.luke@prestige-purchasing.com

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

Office Address: Noble House, Capital Drive, Linford Wood, Milton Keynes, Bucks, MK14 6QP

PHENOMENAL DATA. EXPERT INSIGHT.

CGA is the data and research consultancy of choice for the out-of-home food and drinks market, specialising in market measurement, consumer research and location planning.

What sets CGA apart is its unique ability to access the three key types of data (supply, demand and consumer) and then triangulate this data to provide the most complete and accurate picture of anyone in the out-of-home sector.

From its offices in Manchester, United Kingdom, and Chicago, United States, CGA experts work with many of the world's biggest consumer brands, including drinks manufacturers, consumer brand owners, food suppliers and wholesalers as well as pub, bar and restaurant retailers and government entities.

Founded in 1985, CGA's mission is to use its phenomenal data and expert insight of the leisure industry to give these brands the competitive edge, and get them where they want to be, faster.

Fiona Speakman
Client Director
T - 0161 476 8122
E - fiona.speakman@@cga.co.uk

Graeme Loudon
Commercial Director
T - 0161 476 8382
E - graeme.loudon@cga.co.uk

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

Please contact CGA for questions relating to research and content:

CGA
T: 0161 476 8330
E: hello@cga.co.uk
Follow us on twitter: @CGA_insights