MY PURCHASING PARTNER

Seasonal Marketing Guide

HELPING YOU BUY BETTER

October 2016

MPP Seasonal Market Guide for Food Buyers and Caterers

WELCOME TO THE AUTUMN EDITION OF MPP'S SEASONAL MARKET GUIDE FOR FOOD BUYERS AND CATERERS. THESE QUARTERLY MARKET REPORTS ARE DESIGNED TO GIVE YOU THE INFORMATION YOU NEED TO HELP YOU MAKE BETTER BUYING DECISIONS.

The big ongoing economic story at the moment is UK post-Brexit, and it's certainly our big story this quarter. Dramatic falls in the value of sterling, which does not seem to be showing any signs of recovery, have a direct impact on the food sector, as you will see in our 'big picture' story. Other factors that have made their mark include movements in global food markets, increasingly unpredictable weather patterns and the changing state of economies around the world.

MPP is here to obtain the keenest prices and the best value we can for our customers, so call us for all the latest updates and information on all the produce: **0844 247 7792**

THE BIG PICTURE

The UK Dairy Industry

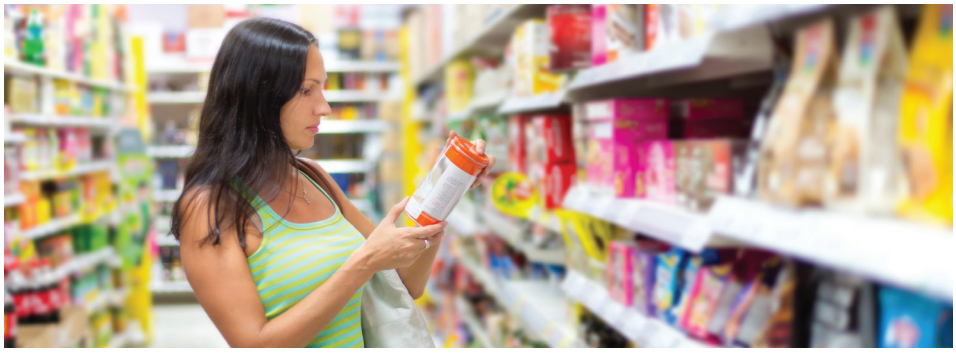
Brexit will present real challenges to a UK Dairy Industry already in difficulty, but its adaptability, resilience and global market position should see it through any uncertain times ahead, according to Dr Judith Bryans, the Chief Executive of Dairy UK, the industry's trade association.

Commenting on the Brexit vote, she said: "The UK dairy industry has the skills and innovation to rise to the many challenges we encounter. Dairy UK did not take a side in this debate because we knew that regardless of the result, we would continue to operate in a global dairy marketplace and demonstrate our unwavering commitment to give the public nothing but the best of UK dairy.

"Dairy UK will continue to liaise with the UK Government, devolved administrations and all relevant organisations to promote the interest of the UK dairy sector and help steer our industry in the right direction. We have an outstanding UK industry producing world-class products and our people have the ambition and determination to succeed."

Dairy UK and the Agriculture Horticulture Development Board (AHDB) have already held discussions about options available to them to support the industry. The AHDB's #Decisions4Dairy is an industry-wide initiative which brings together a wide range of organisations to provide resources, templates and skills development packages for businesses working in the dairy industry.

Non-dairy Food



In the first half of 2016, international food prices remained relatively stable. However, the result of the EU referendum in June 2016, together with underlying international commodity inflationary pressures are starting to have an impact on food prices and this will be evident as we progress through 2016 and beyond. We have seen increases in volatility and an immediate weakening of the value of Sterling following the decision of the British electorate to leave the EU.

For the previous 18 months we had seen a strong pound and this was important in keeping food market inflation down. The weakening of the pound impacts immediately on food costs, particularly food imports. Currently Sterling is running at its lowest for the past 4 years at around 1.15 versus the Euro and less that 1.30 against the US Dollar, consolidating the post-referendum collapse.

Add to that the poor weather earlier in the spring and the concomitant delays to harvests, then the planned crop yields have been affected adversely. Kantar Worldpanel has suggested that, with 40% of food consumed in the UK being imported, then there is likely to be a direct upward impact on the pricing of groceries in the UK.

Various analysts are warning that the price of food is likely to rise in the longer term. The British Retail Consortium has added its weight to this. There appears to be an inevitability that the market and the UK consumer will have to pay more for its groceries for the foreseeable future.

Double Brexit Whammy

In order to alleviate the effects of rising prices of imported food due to the weakening pound, many producers are starting to look for locally sourced products. However, there is a potential dilemma as advantages of 'ducking' the exchange rate penalty are negated by shortage of local supply. This local shortage becomes a double whammy as the conditions now favour UK exports, driving up demand which will have the knock-on effect of rising prices. This will directly affect commodity items including vegetables, oil and tuna, but it will also have an impact on finished goods which rely upon ingredients sourced from abroad.

This situation is likely to continue until after Article 50 is triggered by the UK Government and beyond into the 2 year notice period of leaving the EU.

IN THE MARKETS

Commodity Trends

Increased rainfall has had a direct impact on commodity farming in Europe. Whilst rain is the farmer's friend, falling at the wrong time it has impacted upon predicted crop harvests.

An example of this is the wheat market in France, which has suffered a seasonal unbalancing. Poor weather generally across Europe has caused widespread delay to harvests. Reductions in crop yields across the continent are likely to affect supply without any indications of reductions in demand. Thus prices are likely to rise.

The oil market seems to be enjoying a more balanced period as far as supply and demand are concerned, with prices of Brent crude fairly steady at $50 per barrel. With steady oil prices, the key drivers of food price inflation are expected to be currency based and commodity inflation.

The key word is volatility and the key direction of prices in the food market is likely to be upwards for the rest of the year and into 2017.

Trends by Category

Beef

Exports could rise to 9.3 million tonnes – a 1.3% rise in 2016 following a 5% decline in 2015. The return to growth is likely to be driven by increased demand in Asia, particularly China, Malaysia and Korea. The weaker Sterling has made British beef more competitive in Europe, a positive outcome of the Brexit volatility.

Chicken

UK demand for Red Tractor chicken continues to be strong and the weakening of Sterling further increases export demand. EU supply is strong with the traditional producers Germany, Holland and Belgium are being challenged by a number of the eastern European producers, making the market very competitive.

Lamb and Mutton

Plentiful supply of British lamb would normally result in price easing, but the effect of the weak Sterling has made export more favourable for UK producers, which has the effect of prices rising in the UK, not falling. Looking ahead, possible non-EU trade deals with Australia and New Zealand is likely to have an impact on this market.

Pork, Bacon and Sausages

EU pig prices have been rising dramatically since May, the highest since 2014. There are various reasons for this but the general position is that there is increasing demand from some large countries such as Mexico, China, the Russian Federation and the US. In the UK, the effect of this burgeoning demand and the weaker pound has meant that imports of EU pig products have increased as much as 25%.

Consumer Trends

We try to help our clients stay up date with the latest trends in food service and catering. Because we watch the markets, we're well placed to pick up whatever is attracting interest, and what is losing appeal. Here's a quick summary of what's trending in autumn 2016:

Cooling down	Heating up
Fusion cuisine – gradually losing appeal as diners are drawn towards complete traditions - Korean and Vietnamese in particular	**Kimchi** – the Korean food staple and recognised as one of the world's healthiest foods, is starting to make an impact in the UK.
Big meat dishes – meat is moving from centre plate in favour of vegetables	**Souping** – the new juicing – to cleanse the system without leaving you hungry
Pasta - as carb-conscious diners look to protein-rich dishes	**Savoury yoghurt** – with new flavours like 'butternut squash'
	Gluten-free –now moving into the mainstream

HEADS UP

Campylobacter is the most common cause of food poisoning in the UK. Most cases of campylobacter are isolated occurences and not part of outbreaks. Its most common causes are raw or undercooked meat, particularly poultry, contaminated or untreated water and unpasteurised milk.

On 18 August 2016, The Food Standards Agency published comprehensive research which showed, among other things, that 66% of consumers think the food industry should do more to reduce campylobacter beyond current agreed targets. Here is the agency's guide to campylobacter.

QUICK GUIDE TO CAMPYLOBACTER

Food Standards Agency

1 THE FACTS ABOUT CAMPYLOBACTER

Pronounced *cam-pie-lo-bac-tor*, it is a spiral-shaped bacterium that is the most common cause of food poisoning in the UK.

280,000 CASES — The estimated reported cases of **campylobacter food poisoning** in the UK every year.[1]

AT LEAST 65% — The amount of chicken sold in the UK **contaminated with campylobacter**, between May 2007 and Sept 2008.[2]

About 4 in 5 cases of **campylobacter food poisoning** in the UK come from **contaminated poultry**.[3]

1,000 PEOPLE — The estimated number of people needing to receive hospital treatment because of campylobacter food poisoning last year.

73% TESTED POSITIVE — For the presence of campylobacter between February and November 2014.[4]

WHAT ARE THE SYMPTOMS

You can't see, smell or taste it, but if you get food poisoning from campylobacter, you won't forget it.

These can include:

- Fever
- Sometimes vomiting
- Abdominal pain
- Severe diarrhoea

Recovery can take 2 to 10 days

SICK DAYS 1 2 3 4 5 6 7 8 9 10 — UP TO 10 DAYS

Severe cases can lead to:

- Guillain-Barré syndrome — This is a serious condition of the nervous system
- Reactive arthritis
- Irritable bowel syndrome

3 WHO IS AT RISK FROM CAMPYLOBACTER?

- Young children under the age of 5
- AGED 60+ — Those over 60

Most people **recover without treatment** within 2 to 5 days. A rehydration solution can be taken to help with dehydration.

Severe infections are treated with **antibiotics**

4 WHAT YOU CAN DO TO AVOID CAMPYLOBACTER

Store raw chicken correctly — 5-8°C

Cover and chill raw chicken and store at the **bottom of the fridge** so juices cannot drip onto other foods causing **cross-contamination.**

Don't wash raw chicken

Washing chicken can **spread germs** around **by splashing** onto other surfaces and utensils.

Wash your hands and used utensils

Thoroughly **wash** everything that has come into contact with raw chicken with soap and warm water – hands, utensils and chopping boards.

Cook chicken thoroughly

Make sure chicken is **steaming hot all the way through** with **no pink** meat and that the **juices run clear.**

For more information, visit food.gov.uk/chickenchallenge

Join the conversation on food.gov.uk/facebook food.gov.uk/twitter @foodgov follow#chickenchallenge

Sign up to our alerts at food.gov.uk/email Watch us on food.gov.uk/youtube View our pins at food.gov.uk/pinterest

Source

[1]FSA estimates [2]FSA survey of chicken on sale in the UK (2007- 2008) [3]European Food Safety Authority scientific opinion (adopted 2009) **www.efsa.europa.eu/en/scdocs/scdoc/1437.htm**
[4]FSA Retail Survey **www.food.gov.uk/sites/default/files/campylobacter-retail-survey-q3-results.pdf**

PROMOTIONAL WEEKS AUTUMN 2016

3-9 OCTOBER
NATIONAL CAKE WEEK
https://clandestinecakeclub.co.uk/national-cake-week-3rd-9th-october-2016/

7-14 OCTOBER
NATIONAL SEAFOOD WEEK
http://www.fishisthedish.co.uk/seafoodweek

10 OCTOBER
WORLD PORRIDGE DAY
http://www.goldenspurtle.com/world-porridge-day-2016/

10-16 OCTOBER
NATIONAL CURRY WEEK
http://www.nationaleatingoutweek.com

10-16 OCTOBER
CHOCOLATE WEEK
http://www.chocolateweek.co.uk

16 OCTOBER
WORLD FOOD DAY WORLD FOOD DAY 2017

21 OCTOBER
APPLE DAY
https://www.commonground.org.uk/apple-day/

31 OCTOBER – 4 NOVEMBER
NATIONAL SCHOOL MEALS WEEK
http://thegreatschoollunch.co.uk

31 OCTOBER – 6 NOVEMBER
BRITISH SAUSAGE WEEK
https://www.lovepork.co.uk/campaigns/british-sausage-week-2016/

3 NOVEMBER
INTERNATIONAL STOUT DAY
http://stoutday.com

21 NOVEMBER – 27 NOVEMBER
BRITISH GAME WEEK
http://stoutday.com