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www.mypurchasingpartner.co.uk

MPP Seasonal Marketing 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 GIVE YOU THE INFORMATION YOU NEED TO HELP YOU MAKE BETTER BUYING DECISIONS.

Price increases remain the talk of our table this Autumn along with how we can help our customers be nimble; quickly reacting to optimise purchasing opportunities.

Fish is the most sharply affected category with prices up by 20.8%. Inflation is running at 12% in the ambient hot categories thanks to rising coffee and

tea prices, and fruit inflation is at 13.6% as supply is dependent on imports and is vulnerable to exchange rate pressures.

As expected, prices are rising faster for our industry than for consumers. This is highlighted in the latest edition of the CGA Prestige Foodservice Price Index (FPI) which compares prices now with how they were this time last year. The FPI stood at

8.8% in June, down slightly on May but up considerably from the 2.6% in June 2016.

Read on for industry predictions about supply and pricing - take time to optimise your purchasing and stay ahead of the inflationary curve as far as is possible.

It's time to act now to secure the best deals.

My Purchasing Partner will source the **high quality goods and services** that you need to exceed your customer's procurement expectations - and to maintain profitable margins. **Call us on 0800 121 6440**

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THE BIG PICTURE

The economy

The economy and GBP is more stable than was initially predicted after the recent EU vote and General Election. The pound is strengthening against USD, due to continued political and economic upsets in the USA. However, what is concerning is the value of the Pound

against the Euro especially as it hit a 5 year low in August. The 2.9% rate of inflation in August is also having a big impact on our industry.

It is believed that GBP will rally against the Euro as Brexit talks continue. This

thought supports analyst's predictions that inflation will peak in October 2017 and then fall, as the impact of the exchange rate fall is softened. This should help to slightly mitigate further price rises.

Dishing up the dairy

It has long been acknowledged that milk is an important part of a child's diet with subsidised support for milk consumption for schools.

The jury is still out on just how much dairy an adult needs in their diet but it's clear that many no longer considered dairy to be a "bad" food choice. Back in 2016, the dairy industry faced up to it's negative image. An All-Party Parliamentary Group highlighted the unique contribution dairy plays in good public health and recommended that the Government supports the implementation of a 3-a-day programme for milk and dairy products as part of a healthy and balanced diet.

THE ECONOMICS

Yet sustained low gate prices for milk over the past few years has caused an exodus of farmers. This constrained supply is now pushing up milk prices, impacting the price of butter and cream amongst other milk derivatives over the past few months. Mintec reports that year-on-year UK milk prices

were stable in August, which has encouraged increased cheese production in the UK, driving cheese prices down. Great for the UK market.

However, European butter prices are up, due to the hot weather impacting milk fat production, and cheese production has slowed, again forcing prices up.

WHAT DOES THIS MEAN FOR YOU?

Whilst consumers may not choose high fat dairy products daily, the prevalent use of these products in TV cookery shows continues and let's face it, everyone likes to treat themselves. Chefs are openly using high fat products in recipes. Traditional recipes are making a reappearance. "Junket" (or curds and whey as per the nursery rhyme) is very on trend. This is made from slightly warmed fresh milk which is set by rennet, usually served with cinnamon or grated chocolate. Think of it as an alternative to panna cotta.

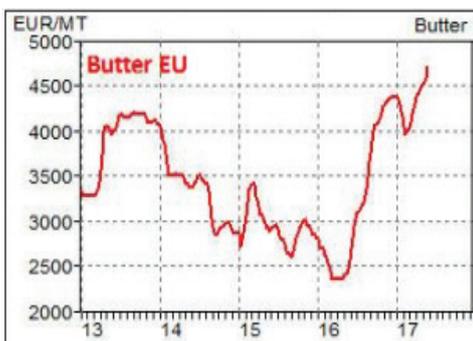
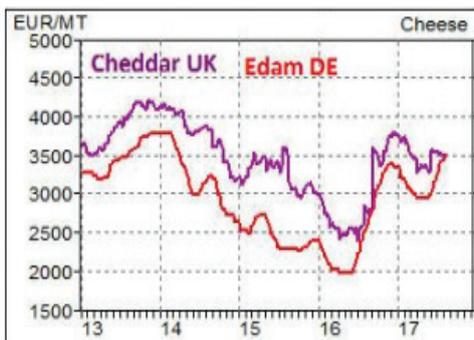
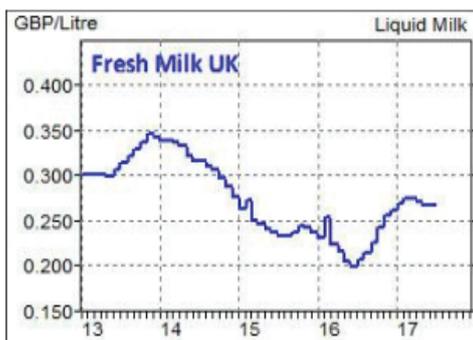
Many acknowledge the demand for organic milks, creams, soft cheeses and butters - and proudly state this on menus. Manufacturers talk about using traditional manufacturing processes such as slow cooking to allow flavours to develop naturally and boast of keeping milk as close to it's natural state as possible.

DAIRY ALTERNATIVES

However, there is an ever-growing proportion of the population that is lactose intolerant and this, combined with higher priced dairy products, means that many are looking for alternatives. Nuts are the favourite of many chefs as you can do it all with a handful of nuts! Cashews, brazils, almonds, hazelnuts, macadamias. Any of these on their own or in combination can easily help you create the most delicious milks, butters, cheeses or even ice creams.

To cater for those who have nut allergies, there are excellent alternatives available: consider coconut, avocado, soya, nutritional yeast, egg powder - the list goes on.

Why not give us a call to find out more about dairy and it's alternatives? Our team is here to help.



Credit: Mintec

IN THE MARKETS

Wet weather is impacting the quality of British crops such as late strawberries and potatoes. In some cases, it is also helping to increase the number of moths and pests on the crops. High prices are the norm although we are hopeful the start of the UK harvest will help bring them down, at least a little.



Great British Seasonal Produce

TOP 5 CHOICES

Courgettes



Strawberries



New season potatoes



Broccoli



Discovery Apples



SAY GOODBYE TO...

Purple Sprouting



Rhubarb



HERBS

Herbs are suffering from the heat in Europe and the wet weather in the UK. There may be short supply for a few weeks whilst crops regenerate.

SUGAR

Despite predictions to the contrary in the last quarter, the cost of sugar continues to rise due to low stocks in Europe. We are still hoping that this situation will be eased around November when quotas are removed and we can benefit from the global increase in sugar production.

FISH

Fish has been severely impacted by price rises and overall, costs have increased by 20.8% caused by sea lice problems in Norwegian and Scottish farms, concern over cod and

tuna quotas. There is also pressure from low exchange rates for imported catches. Salmon prices have almost doubled.

Cod fishing got off to a slow start in the first quarter of 2017 and prices remain around 6% higher YOY. This is expected to ease once catch restrictions are eased.

ORANGE JUICE

Prices are down from their peak but are still 30% higher than this time last year. This is due to limited international supply after disease impacted trees in Brazil and Florida.

APPLES AND PEARS

As unseasonably hot and dry weather across Northern Europe this summer has resulted in short supply and volatile pricing.

EU Apple production will be down approximately 20%, according to Mintec, due to frost in Spring and hail over the Summer. Pear production is pretty stable YOY and could prove to be a good alternative for menus.

MEAT AND POLUTRY

Pork prices are up 15-20% due to reduced slaughterings in Europe. UK prices are not too far behind.

As the cost of EU chicken continues to rise, the demand for UK Red Tractor products continues to increase.

Analysts believe that EU prices will soften over the next few months. Consumers are still wary of EU eggs after the Fipronil issue over the Summer. This has increased demand for UK eggs and led to a subsequent price rise.

HEADS UP

Powering your energy business

UK energy prices were up during August, as higher demand and faltering production from both the UK Continental Shelf and Norway led to supply shortfalls. Norway was hit by a number of unplanned outages, and has scheduled annual maintenance to come.

The number of LNG cargoes arriving in Britain dropped off during August putting pressure on medium range storage, which is currently filled to 77% capacity. As a result, gas prices rose 5.2%. Forward electricity prices lifted 4.4% as the UK market tracked gas,

coal and European energy prices.

Oil prices slipped down 0.5% as storms hit the USA reducing demand by refineries and American drivers. Crude prices also declined as Chinese refining activity slowed, raising doubts over its future crude demand.

Coal prices jumped 2.6% while European carbon permits surged 14%.

What this means for you?

UK buyers will rely heavily on foreign gas imports, particularly LNG, this winter due to the closure of Britain's

Rough gas storage facility. The gas maintenance schedule in Norway and few scheduled LNG deliveries probably means rapid price rises once cold weather is forecast.

Recommendation:

Customers with contracts due for renewal should lock out their remaining volume ASAP, certainly before the end of September. The opportunity for benefits from the current low prices is limited and prices will probably rise severely thereafter.

Want to save an instant 15% on your current power and heating costs?

Contact MPP to find out more about CHP - a new scheme to generate energy in house, using existing plant without any capital investment.

The UK Harvest

As UK harvest time approaches, we expect prices for root vegetables and brassicas to fall. Yet, the recent wet weather has caused issues with pests, discolouration and bruising, particularly with potatoes. Brassicas are suffering from the hot weather

earlier this summer and cauliflower crops are showing blemishes. Carrot crops are lower in volume and there is a variation in the size of the carrots as the heat stressed the plants early in the season, impacting growth.



Organic sales are booming!

Demand for organic food is high, driven by environmentally-conscious consumers making healthy choices. With total sales of organic produce up around 4.1% in the year to 1st

July, 2017, we believe this trend will continue as consumers continue to be concerned about nutrition and food source traceability.

Helping you buy better

My Purchasing Partner is working hard to mitigate price rises and source the products that your customers demand. We closely analyse the markets and negotiate with suppliers to alleviate any impacts on our customers. Be assured that whilst we cannot control the future, we can be smart and transparent about what is happening.

We pledge to keep you abreast of developments and give you the information and tools necessary to

support your strategic business planning. Look out for our next market report as we head towards winter and visit our new website for latest information. In the meantime, if you have any questions, feel free to contact us on:

info@mypurchasingpartner.co.uk
or **0800 121 6440**

Thank you for your continued support.

Promotional Weeks Autumn/Winter 2017

23RD SEPTEMBER - 8TH OCTOBER
BRITISH FOOD FORTNIGHT

<http://www.lovebritishfood.co.uk/british-food-fortnight/what-is-british-food-fortnight>

1ST OCTOBER
WORLD VEGETARIAN DAY

20TH OCTOBER
INTERNATIONAL CHEF'S DAY

1ST NOVEMBER
WORLD VEGAN DAY

8TH NOVEMBER
WORLD FAIR TRADE DAY