

Market Forecast

FOR THE HOSPITALITY AND CATERING INDUSTRY



Lynx Purchasing lynxpurchasing.co.uk

Summer 2024

STORM CLOUDS IN THE SUPPLY CHAIN

The UK catering and hospitality sector is hoping for a busy summer, with calmer weather as well as the political and financial stability needed to give consumers confidence to come out to eat and drink.

Although the headline rate of food and drink inflation has eased, a range of factors have the potential to disrupt the supply chain over the months ahead.

Following record-breaking levels of rain in the UK across the winter and spring, the National Farmers Union has raised significant concerns about crops this year, in terms of both quality and quantity. Vice president Rachel Hallos said UK farmers are "on the front line of climate change - one of the biggest threats to UK food security".

Any shortage in UK supplies has to be met by increased imports. However, European and Mediterranean produce suppliers have also been affected by extreme weather. In addition, new post-Brexit fees on imports of EU food and plant products introduced in April will put up the cost of imported speciality food items, used by many restaurants.

Internationally, the World Economic Forum has updated its 'top five' list of crops that are particularly vulnerable to both political instability and climate change. They are potatoes, olive oil, rice, cocoa, and soybean, which is widely used as animal feed. The WEF has also urged the financial sector to direct more resources into supporting the food and agriculture sector to become more sustainable.

As conflict in the Middle East continues, many suppliers are choosing to divert shipments on longer, but safer routes. This increases the cost



The long spell of wet weather is expected to impact on the potato harvest.

of shipping as well as potentially causing shortages when the available containers are needed for longer than planned.

Continued Russian aggression in Ukraine is still affecting supplies of sunflower oil, widely used by food manufacturers as an ingredient. Ukraine is also a major wheat producer, putting further pressure on the European wheat market, which has been impacted by the weather.

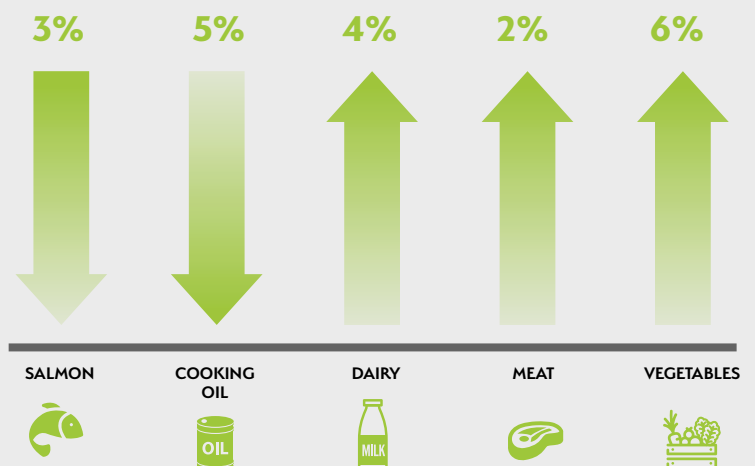
While some costs are beyond the control of operators, applying basic buying discipline helps to manage food and drink costs more effectively, and avoid unexpected bills. Best practice includes planning menus well in advance, building in flexibility where possible, and consolidating orders to meet free delivery and minimum value thresholds.

THE LYNXOMETER

Our basket of the most commonly delivered items in summer 2024 is

UP 4%*

*Compares basket prices from April 2023 to April 2024





BEEF



UK beef production is forecast to remain largely stable in 2024. However, any increase in demand linked to an upturn in consumer spending, for example if good weather boosts barbecue menus, could see prices increase sharply.



POTATOES



Potatoes are on the WEF's list of most vulnerable crops, and heavy rains have affected the quality and timing of the UK crop, along with other root vegetables. There are similar challenges in Belgium, France, and the Netherlands. European potato prices soared last year, and there are serious concerns for this year's growing season.



OLIVE OIL



The long, hot, dry summer in much of the Mediterranean last year damaged olive trees and caused a poor crop, pushing olive oil prices to an all-time high. Stocks are already significantly down on previous years and are likely to run very low before we reach the next harvest.



VEGETABLES



Growers will be hoping for dry spring weather to help with planting crops such as carrots, cauliflower, cabbage and broccoli. Any delay in planting will mean relying for longer on imports, at a higher cost.



RICE



Rice farmers have been feeling the effects of climate change on their crops for some years, with drought and flooding both causing problems. Italy has warned rice output would fall after a second year of drought, while in India, heavy monsoon rains led to a halt in exports of some categories of rice.



FISH

While salmon prices have fallen from the very high levels seen earlier this year, this is in part because some operators are switching to other species due to quality concerns. Warmer weather and calmer seas mean the UK fishing fleet is landing a broader range of fish and seafood during the summer months.



LAMB



SUMMER FRUIT



Although lamb prices peaked towards the Easter holiday, global demand and lower UK production continues to make lamb one of the more expensive meat options on menus.

Fruit growers have warned that they may not have enough workers to pick the full crop of strawberries, raspberries and other soft fruits this summer. The quality of summer fruit is weather dependent, so growers will be hoping for some sunshine.



Seasonal Top Tips

- Keep menu descriptions flexible to deal with changing availability, eg 'served with seasonal veg'.
- Use specials boards to promote more premium meat and fish dishes when available, to engage customer interest.
- Be prepared for a wider range of specifications in terms of size and colour when buying fresh produce.
- Look at accompaniments and garnishes across the menu and decide which genuinely add value for customers.
- Work with suppliers to source seasonal produce at its best in terms of quality, value and availability - and what produce to avoid as price and availability change.



SALAD

Outdoor planting of products such as onions, peppers and tomatoes will be later than usual in the UK, due to the generally waterlogged conditions. Glasshouse-grown produce will be available, but suppliers may rely on higher-priced imports for longer than usual.



COCOA



Cocoa prices hit a record high globally earlier this year, as crops in West Africa were impacted by dry weather. The cost of this popular ingredient has doubled since the beginning of 2023, affecting a range of products.





WINE



European growers are warning that climate change is affecting the traditional areas where grapes are grown, which is likely to disrupt the market in both the short and longer term. While British wine producers may benefit, the wet and windy weather this year is likely to affect the harvest.

Inflation

While the headline rate of inflation fell to 3.2% in March, down from 3.4% a month earlier, food and drink inflation in the hospitality sector is estimated to be around 50% higher than the headline rate.

Operators have had to absorb the high price rises seen over the past two years, and the more detailed RPI inflation measure shows businesses are struggling to pass on all these increased costs to customers.

The price of a restaurant meal increased by 7.1% in the year to March. The price of beer increased by 5.4% in the out of home market, while wine and spirits increased by 6.8%.



BEER

Hops are vulnerable to wet conditions, and any issues with quality and quantity will start to affect beer prices later in the summer.

The UK industry is currently trialling climate change resistant hops that show promise growing in higher temperatures, as well as resisting disease.



Menu Watch

The humble baked bean is being reinvented by many chefs and restaurants as they look for new ways to interest consumers looking for meat-free options. Trends analyst Startup reports that spicy baked bean recipes are appearing on menus as side and snack options, along with recipes featuring butter beans, cannellini and chickpeas.

British fusion food has increasing appeal to UK consumers, according to a survey of chefs by *Readers Digest*. Familiar dishes combined with global flavours and ingredients help encourage diners to broaden their culinary horizons. In the great tradition of fish and chips served with

curry sauce, more recent ideas include sausage rolls with Mediterranean veg and five-spice roast chicken with Chinese greens.

Traditional 'comfort food' is increasingly popular with consumers who seek the reassurance of familiar recipes made with high quality ingredients, according to analysis by recipe specialists. Dishes with strong appeal include fish pie, shepherds pie, chicken kiev and spaghetti bolognese.

Seasonality Guide

BEGINNING OF SEASON

- UK Lobster
- Peaches
- Salad Leaves

IN SEASON

- Plaice
- Soft Berries
- Fresh Peas

END OF SEASON

- Asparagus
- Rhubarb
- Lamb



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☎ 01325 710143 ✉ hello@lynxpurchasing.co.uk

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