



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

Snapshot Report - February 2024

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

Monthly Snapshot..

Executive Summary

CGA Prestige Foodservice Price Index reports that food inflation in hospitality is falling, but it remains more than double the rate of the retail sector. In March 2023, the level of food inflation in hospitality and in retail briefly converged at 19%. However, in the intervening 11 months, the retail sector (as measured by the Consumer Price Index, or CPI) has fallen to 5%, yet wholesale price inflation for hospitality operators (as measured by the Foodservice Price Index, or FPI) has only reduced to 12%.

As a result, the level of inflation in hospitality is now 2.4 times higher than the CPI. While inflation has been falling overall, prices have still been rising, just at a lower rate than previously. Prices in foodservice have increased at more than twice the level of retail over the past year, which has resulted in inflation falling slower in hospitality.

Supermarket food inflation typically falls faster than in the hospitality sector due to supermarkets' ability to swiftly pass on reductions in energy and commodity costs to consumers. These businesses often have more streamlined supply chains and can adjust prices quickly in response to market changes. As we saw last year, supermarkets also need to respond to governmental pressures to keep food prices stable, especially during economic downturns, which can accelerate the deflation process. In contrast, hospitality suppliers, with more fragmented and complex operational models, may not be able to reflect these cost savings as rapidly.

Inflation Ups & Downs against January..



There is some positive news for hospitality businesses, however, as the index reported month-on-month deflation for the first time since October 2023, and for only the second time in a 28-month period. While slight, month-on-month deflation signals a steadying of the markets, which will be a welcome sign for operators. Time will tell if this is the start of the longer-term stability that we need. Inflation remains in double digits year-on-year for eight out of ten categories, with the Oils & Fats category being the only one in year-on-year deflation.

The ongoing decrease in inflation is a favourable trend, and operators should find it heartening that food prices have experienced a month-on-month decline across five categories after two years of significant rises. For businesses, it's crucial to maintain close monitoring of price fluctuations in both directions to ensure that food costs are aligned with market dynamics.

Looking to the global markets, in February 2024, the FAO Food Price Index (FFPI) registered 117.3 points, a slight decline of 0.9 points (0.7%) from the adjusted figure for January. This dip was primarily due to reduced prices in the cereals and vegetable oils sectors, which more than compensated for the price hikes in sugar, meat, and dairy. Compared to the same month last year, the index has decreased by 13.8 points, or -10.5%.

Meanwhile, Brent Crude witnessed a concerning 4.2% month-on-month increase, however remained relatively flat at 1.1% year-on-year. The Pound US Dollar (GBP/USD) exchange rate again remained relatively stable at 1.2632 to the Pound.



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.

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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.

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CGA by NIQ provides definitive On Premise consumer intelligence that reveals new pathways to growth for the world's most successful food and drink brands. With more than 30 years of best-in-class research, data, and analytics, CGA by NIQ provides the Full View™.

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NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit NIQ.com or www.cgastrategy.com.

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