



# LYNX PURCHASING MARKET FORECAST

AUTUMN 2015

[www.lynxpurchasing.co.uk](http://www.lynxpurchasing.co.uk)

## HOLD YOUR NERVE

When planning Christmas menus, there's often a temptation to take the first price offered by suppliers on key seasonal products such as turkey and smoked salmon. This year, though, there are definitely better prices to be won by caterers who can keep their nerve. Suppliers sometimes have a habit of holding back some of the savings they make when margins are good in order to balance the bad times. With inflation still low and good availability for most British produce, there needs to be festive goodwill all round. In our negotiations on behalf of our customers we're emphasising that producers, wholesalers and operators should spread the upside and all take their share of the opportunity presented by good quality, price and availability.



## HEALTHY NEW YEAR

While the focus for Christmas menus is on indulgence, the New Year's Resolution season will be with us all too quickly. Operators looking for healthier menu ideas to attract customers in the first few weeks of 2016 should have plenty of

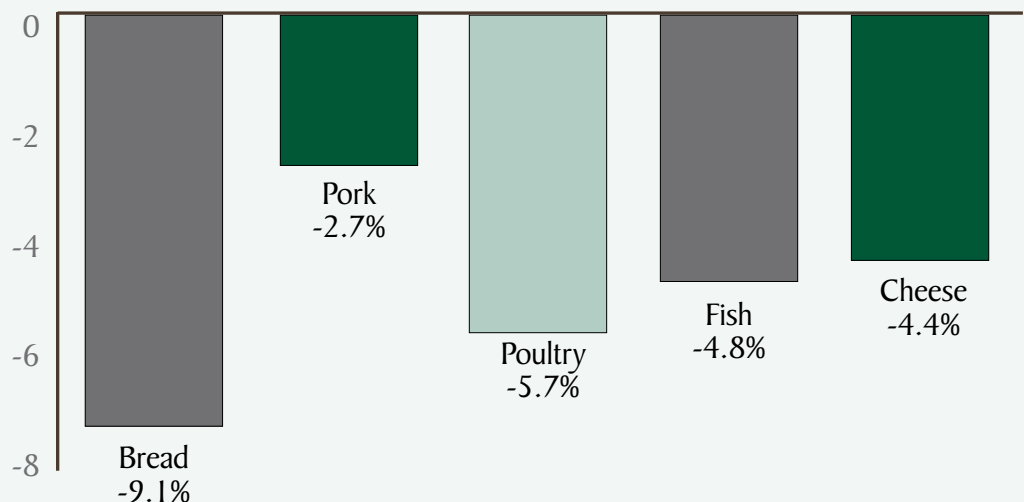
good value produce to choose from. Home grown fruit and vegetables are generally very good quality this year, and both poultry and white fish should be high quality and good value menu options for January and February.

## AGAINST THE TREND

While the official CPI inflation measure was 0% in August 2015, the more detailed RPI measure showed a few items bucking the trend. These include processed fruit, up 1.5% in the face of the various production issues around the world, and for the same reason, soft drinks up 0.7%.

Generally, the RPI inflation measure shows a decline in prices for a range of staples commonly used by caterers.

## THE INFLATION FACTOR





## TALKING TURKEY

The NFU estimates that the cost of producing a 5.5kg turkey has fallen by 4% this year, due both to significantly lower feed costs, with stocks of both wheat and soya high, and lower fuel costs. That will make turkey prices generally good value this year, although trade butchers report very high seasonal demand for turkey breasts rather than whole birds.

Operators able to use other cuts will be able to get very good prices - anyone for BBQ pulled turkey legs as a festive treat? Poultry in general is benefiting from lower production costs, although suppliers report higher demand for birds with Red Tractor accreditation or local provenance, which is likely to push up prices at the premium end of the market.



## WHERE'S THE BEEF?

The pricing picture is less rosy on another mainstay of seasonal menus, beef, due to a number of factors. Global demand continues to grow, especially in countries such as China, while production in the UK, Ireland and USA has declined. Ireland has now been approved to export more to the US, diverting supplies from the UK market, while the strong pound affects beef imported from elsewhere in Europe. With retailers keen to secure available supplies and often willing to subsidise the price paid by their customers in order to attract seasonal shoppers, the catering sector should expect the price of beef to continue to rise. There is better news on UK lamb, with prices down compared to last year due to mild spring temperatures.

## FISHING FOR PROFITS

Salmon prices will remain stable through the rest of the year due to plentiful supply as the Russian embargo on European produce continues, making smoked salmon an excellent option for both sit down menus and buffets. Strict quotas on haddock are expected to limit supplies and raise prices until stocks recover, which may take some years. While new cod quotas mean the Icelandic fleet is now catching good supplies from the North Sea, for the sake of sustainability, caterers are urged to vary fish menus and promote alternative white fish such as pollock, hake and coley. Day boats are also currently still landing good catches, although this will drop off as the weather worsens.







## VARIABLE VEG

A European heatwave has affected vegetable production, with the impact is being felt on tinned tomatoes, a staple export of Italy, while the Dutch potato crop has also suffered. With Holland a major supplier and processor of frozen chips and other 'added

value' frozen potato products, prices are likely to be higher in these across the winter and into 2016. Home grown potatoes, as well as carrots, parsnips and onions, are generally very good quality, but a late harvest and high demand may see prices continue to rise across the autumn and winter.



## DAIRY DELIGHT

Dairy prices have been driven down by worldwide over-supply, including weak demand from countries such as China, the Russian import ban and the termination of European milk quotas. Market prices for mild cheddar and butter are down around 25% on the same time last year, as a result of high milk production and slow demand. The price of mature cheddar for seasonal cheeseboards is likely to be similar to last year.

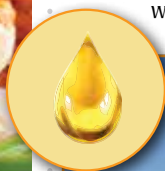


## PRAWNS IN PROSPECT

Availability of prawns is starting to improve after a long period of supply problems. There are increasing supplies of warm water prawns from India and Vietnam, while Greenland prawns are now fully available. Prices should start to improve from November.

## OIL UPTURN

Cooking oil prices remain reasonably stable with signs of crops being plentiful again worldwide. The impact of last year's olive oil crop failures is still keeping prices high, although this year's crops are looking in a far better position. As an alternative, the popularity of UK extra virgin rapeseed oil with chefs continues to grow.



## FEELING FRUITY

Britain's orchards had a bumper harvest, making apples and pears excellent value for comforting desserts such as crumbles and pies. In contrast, the very high temperatures across much of Europe this summer have affected the quality and availability of citrus crops, with the Valencian orange harvest not looking good for November. From further afield, the supply of limes is likely to be affected by a very strong El Nino, which hits South America over the winter. Pineapple is also in short supply, driving up prices. Caterers looking for alternatives for desserts and sauces should also consider South African plums, peaches, and nectarines and Chilean cherries, all of which are in good supply.



## COFFEE CAUTION

Economic uncertainty in Brazil has prompted some coffee growers to hold off releasing supplies of this year's harvest in the hope of getting more bucks for their beans in a few months. However, coffee supplies are generally high enough to cope with global demand, so prices should be stable into the New Year. Tea is also in good supply, keeping the price competitive.



## HOP HULLABALOO

A shortage of hops could stall the booming craft beer market, with drought and hot weather in North America affecting the harvest, as well as a fall in production this year in another key hop producing country, New Zealand. The same North American heatwave has allowed wine producers to harvest grapes early, which should help make Californian wine good value, balancing lower grape harvests in much of Europe this year.



## COMBE GROVE MANOR HOTEL TAKES THE INDEPENDENT ROUTE WITH SUPPORT FROM LYNX PURCHASING

When Combe Grove Manor Hotel near Bath moved to independent ownership in June 2015, buying specialist Lynx Purchasing worked with the new owners to ensure reliable suppliers were in place from day one of trading.

Director Simon Baldwin says. "Combe Grove Manor had been managed on behalf of its owners by The Hotel Collection, with central buying in place, and almost nothing purchased locally.

"We had just two weeks between exchange and completion to make sure that, as a minimum, we had the suppliers in place that would enable us to continue trading. I felt it was important for us to seek help in order not to drop the ball, and Lynx Purchasing were able to step in immediately.

"They were able to introduce us to suppliers across the full range of products we needed, including food and drink, hygiene and essential supplies such as disposables and room amenities."

He adds: "What has been slightly unbelievable to me is that, although quite a few of the suppliers we have taken on were already supplying the hotel, thanks to Lynx's relationships on the whole they were happy to keep us on the same pricing structure as when there were 20 hotels in the group."

■ Read more about Lynx Purchasing's work with Combe Grove Manor on our website.

Lynx Purchasing works with more than 2,200 businesses including hotels, pubs, restaurants, care homes and education providers. Lynx offers caterers access to the best prices in the market, with no fees or contracts. Lynx customers also benefit from detailed market insight, enabling them to plan menus more effectively.



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### The benefits of working with Lynx include:

- No fees
- No contracts
- No buying ties – just buy from the suppliers you choose
- Access to Lynx's purchasing power
- Big financial savings

### The process is simple:

- Customers trade with any one of their suppliers
- Order direct from them
- Pay the supplier directly
- Take advantage of the competitive Lynx Purchasing prices
- Impartial advice