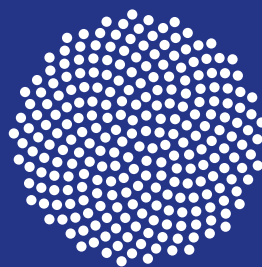


Food Drink Ireland Business Monitor

Key retail, economic
and consumer trends

Q4 2022























Introduction

Paul Kelly, Director, Food Drink Ireland

















The Trade and Cooperation Agreement introduced significant additional costs and complexities for Irish food and drink exporters which are eroding the efficiency of interlinked supply chains. Financial support from the €600m Brexit Adjustment Reserve fund is needed to future proof the sector from these increased costs of trade. There should be a focus on capital supports to improve cost competitiveness and sustainability requirements as well as measures to help meet trade financing needs. Funding should also be extended to the end of 2024.



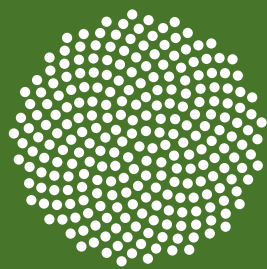
Food business snapshot

			YTD 2022 vs YTD 2021		Oct 22 vs Sep 22		Oct 22 vs Oct 21
	Core retail sales		8.10		-2.00		3.47
	Food retail sales		-0.26		5.00		3.66
	UK food retail sales		2.23		0.27		5.07
	EU 27 (excl UK) Food retail sales		7.02		0.30		10.32
	Food exports		35.46		37.73		39.53

Food business snapshot

			YTD 2022 vs YTD 2021		Oct 22 vs Sep 22		Oct 22 vs Oct 21
	Food commodity price index		17.64		-0.34		1.99
	Food prices		5.98		1.05		10.56
	Crude oil prices		41.85		-3.11		7.22
	Eur/GBP Exchange Rate		-1.15		-0.12		2.46

Domestic market



FD Food
Drink
Ireland
ibec

Food prices

Prices on average, as measured by the Consumer Price Index (CPI), were 8.9% higher in November 2022 compared with November 2021. In November 2022, prices on average as measured by the CPI increased by 0.3% in the month. During October of last year, prices rose by 0.6% in the month. Food and non-alcoholic beverage prices increased by 11.2% in the year and 0.7% in the month. These price increases are due to higher prices across a range of products such as milk, cheese and eggs, meat, mineral waters, soft drinks, fruit and vegetable juices and bread and cereals.



Figure 1: Food prices



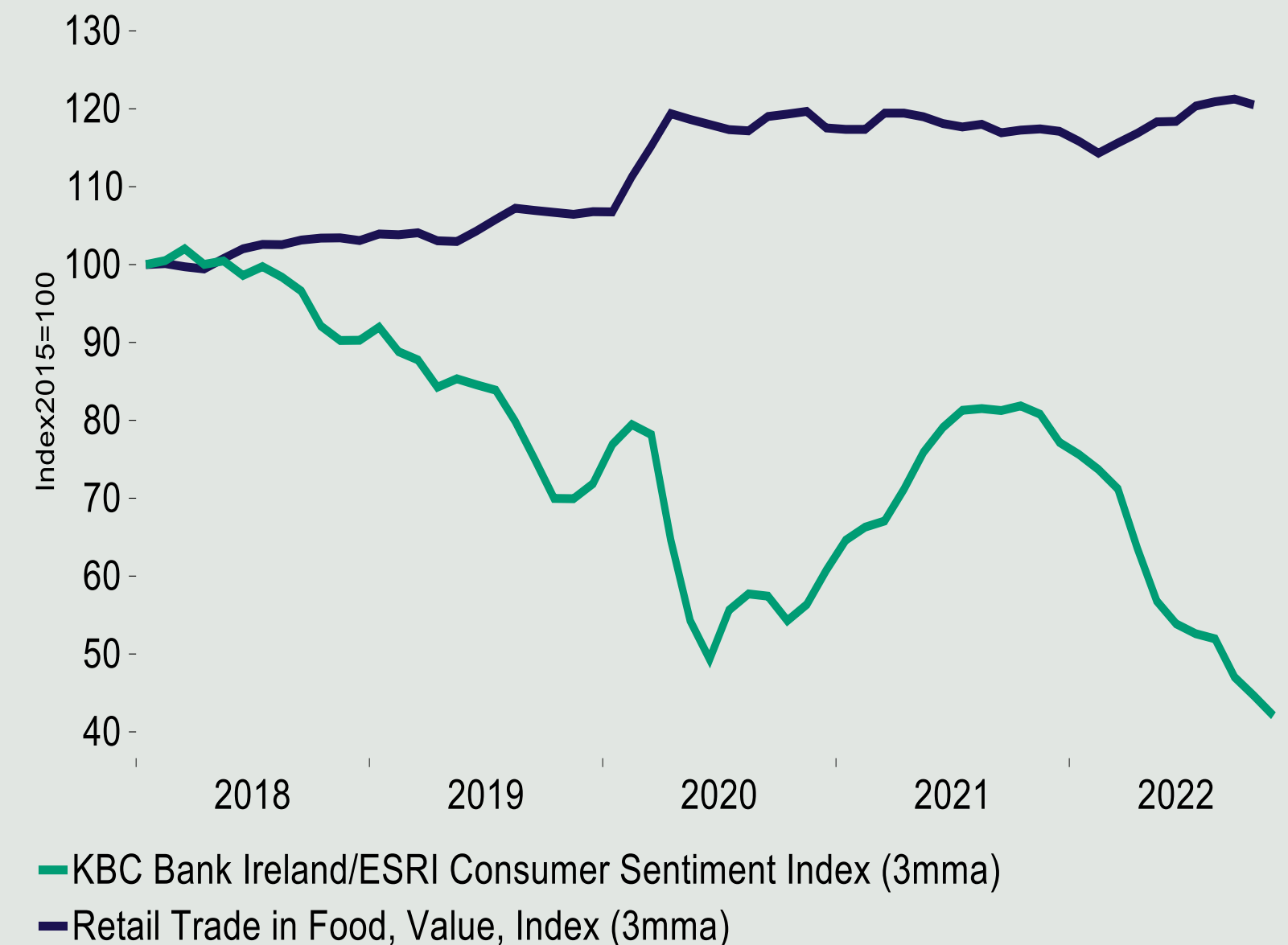
Source: <https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexoctober2022/>

Retail sales/consumer sentiment

The volume of retail sales (ex. bars & motor) decreased (-4.6%) when looking at the three-month moving average (August, September, October 2022) versus the same months last year, while the value of sales increased 3.9% the same time last year. Compared with February 2020 (32 months earlier and pre-COVID-19), the volume of All Retail Sales in October 2022 was 3.2% higher. The Irish League of Credit Unions / Core Research Consumer Sentiment Index increased modestly from 42.1 to 46.1 in October, but fell back to 45.3 in November. Hundreds of job losses in the tech industry coupled with the prospect of a difficult winter ahead explain this lower consumer confidence in November.



Figure 2: Food retail and consumer sentiment, 3mma

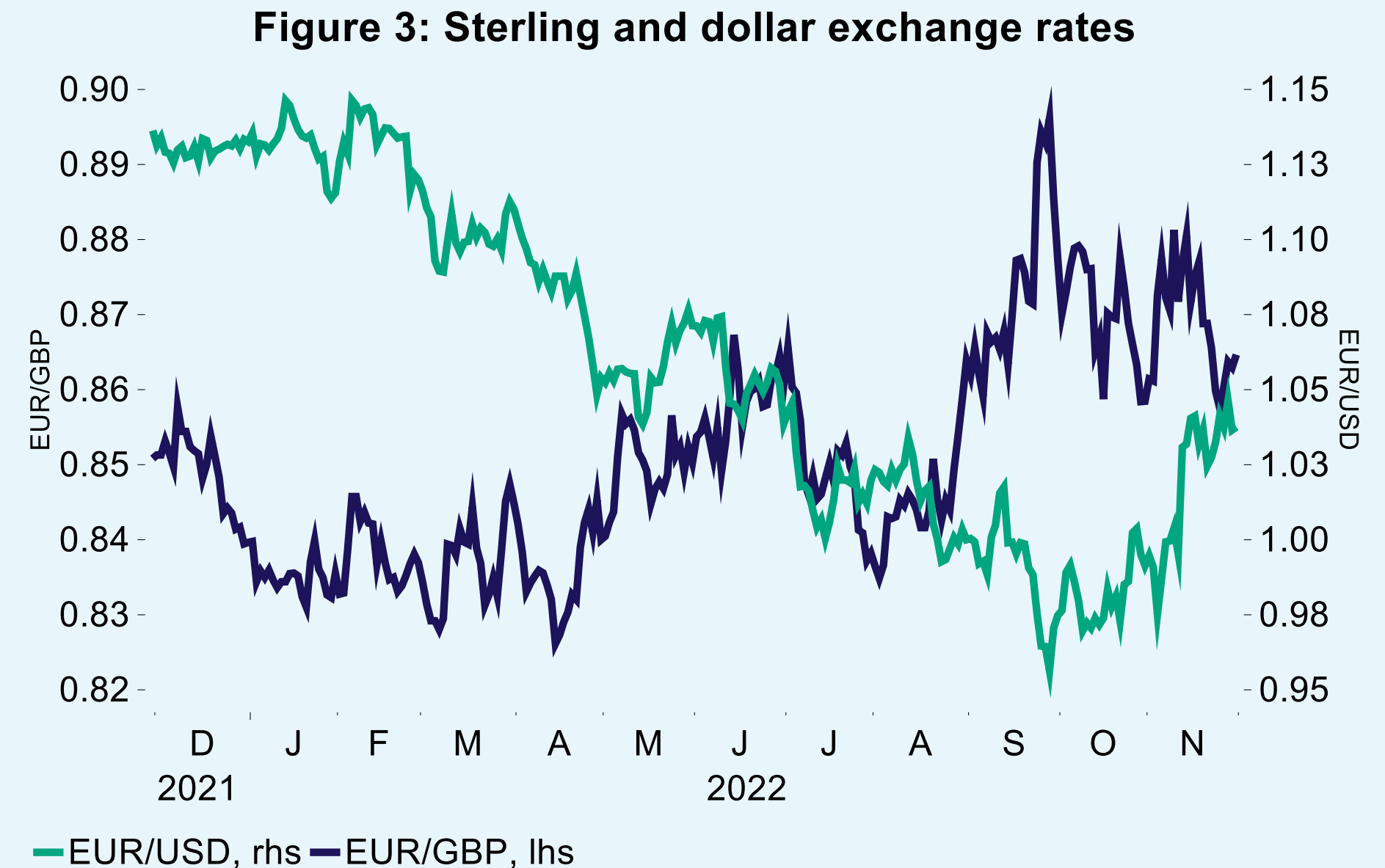


Source: <https://www.cso.ie/en/releasesandpublications/ep/p-rsi/retailsalesindexoctober2022provisionalandseptember2022final/>
<https://www.creditunion.ie/news/latest-news/job-worries-weigh-on-sentiment-but-irish-consumers/>

Macro trends

Sterling/dollar

In November, the Euro to US dollar exchange rate rose by almost 3% due in part to improved economic sentiment in the eurozone and the prospect a slowing of interest rates hikes by the US Federal Reserve. The EUR/USD pair has risen above parity recently to trade in a \$1.02-1.05 range. Recently, sterling has regained some ground it lost over previous months. The appointment of a new Prime Minister and Chancellor has helped to reduce political risk but the outlook for UK economy is weak so further volatility is expected. EUR/GBP has tended to edge lower within its recent narrow 86-88p trading range.



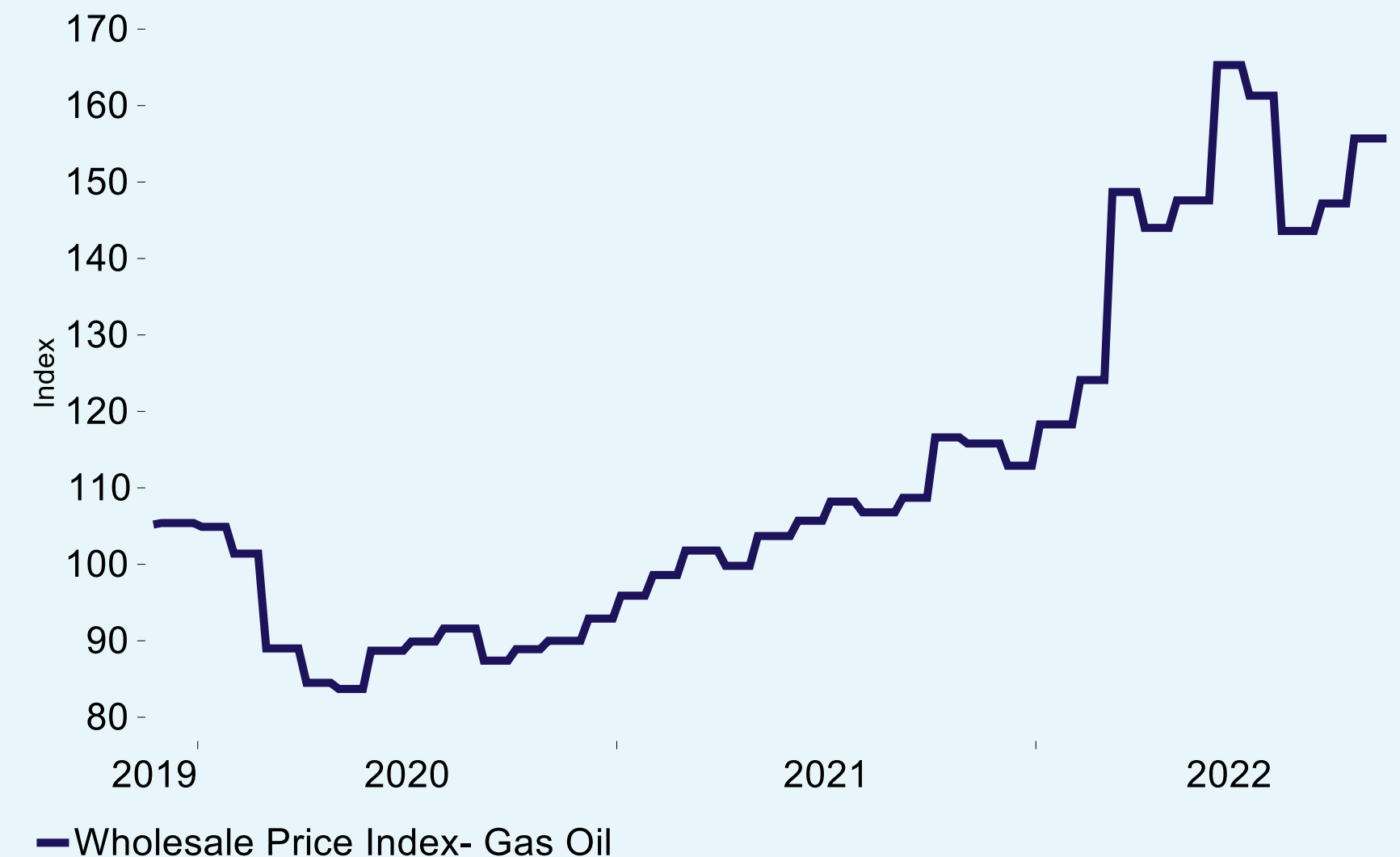
Source: <https://aib.ie/content/dam/aib/fxcentre/docs/forex-int-rate-outlook/forex-and-interest-rate-monthly-november-2022.pdf>

Wholesale prices

There was a decrease in the price of wholesale electricity in October 2022 with prices 52.0% lower than the previous month. The price of electricity was 36.6% lower than in October 2021 while the price of gas oil is up 33.5% annually. The overall Energy Products Index decreased by 45.5% since September 2022 and by 28.8% when compared with October 2021. Manufacturing factory gate prices rose by 2.0% between September 2022 and October 2022, compared with an increase of 0.2% for the same period last year. The annual percentage change rose by 8.0% in the 12 months to October 2022, compared with an increase of 6.1% in the 12 months to September 2022.



Figure 4: Wholesale Price Index-Gas Oil



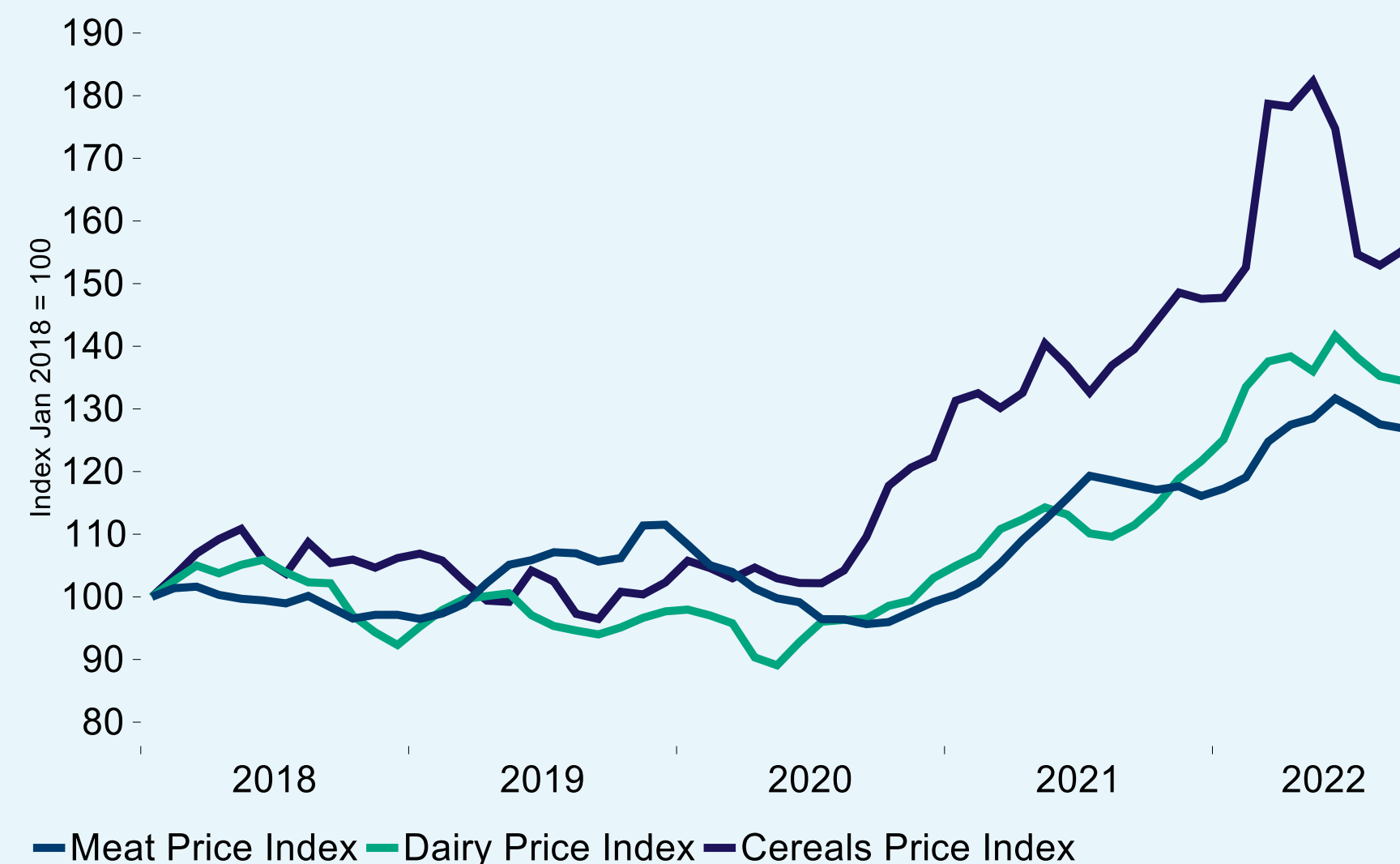
Source: <https://www.cso.ie/en/releasesandpublications/ep/p-wpi/wholesalepriceindexoctober2022/>



The FAO Food Price Index (FFPI) averaged 135.9 points in October 2022, virtually unchanged from September, with the price indices of all the covered commodity groups, except cereals, down month-on-month. An upturn in the Cereal Price Index countered drops in the indices for vegetable oils, dairy, meat and sugar. With the latest updates, the FFPI has dropped 23.8 points (14.9%) from its peak in March this year, but remained 2.7 points (2.0%) above its value in the corresponding month last year.

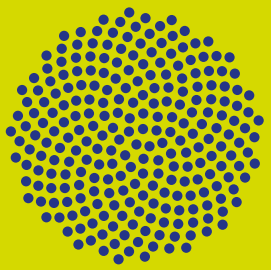
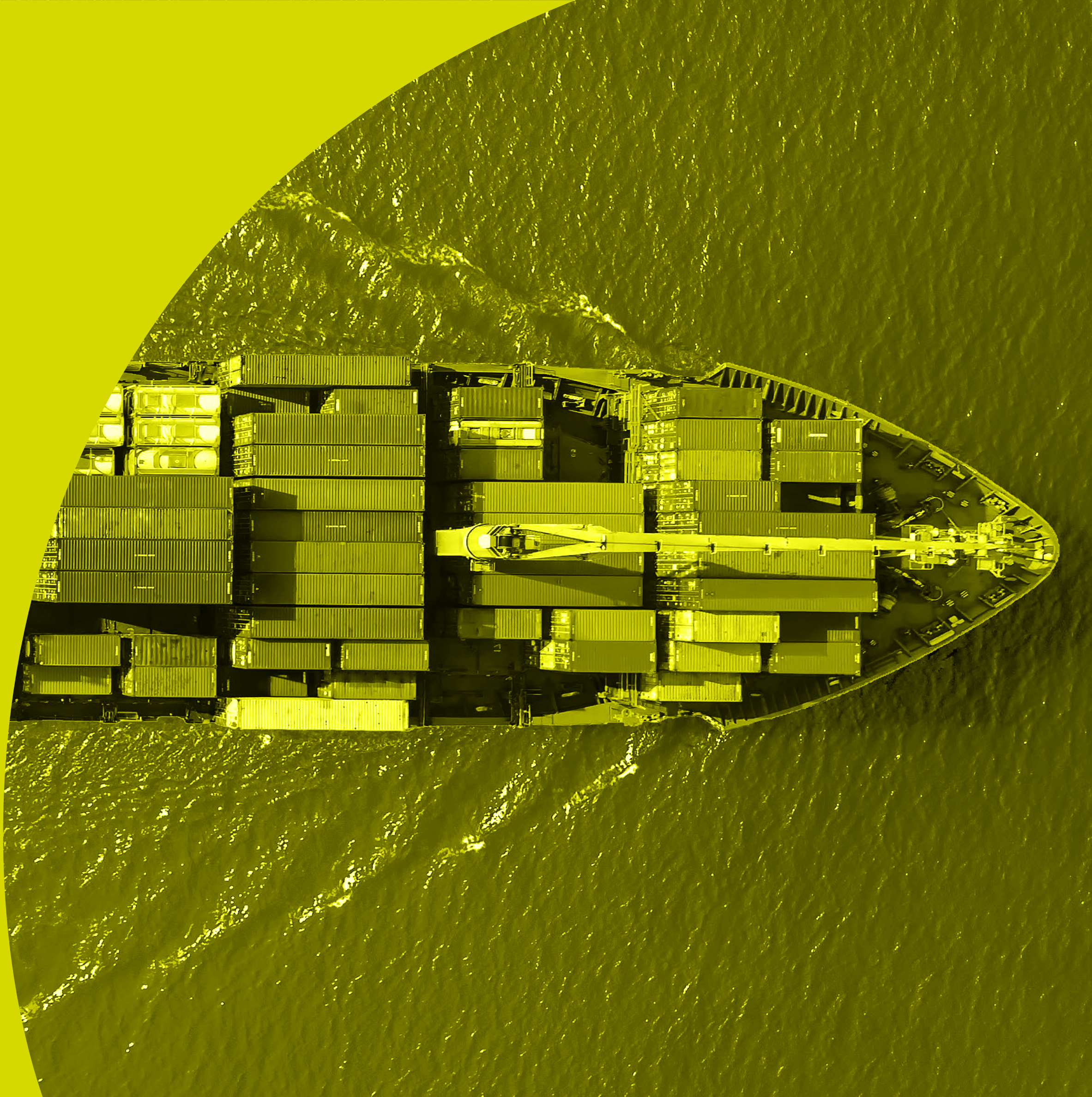


Figure 5: Food commodity indices



Source: <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

Trade

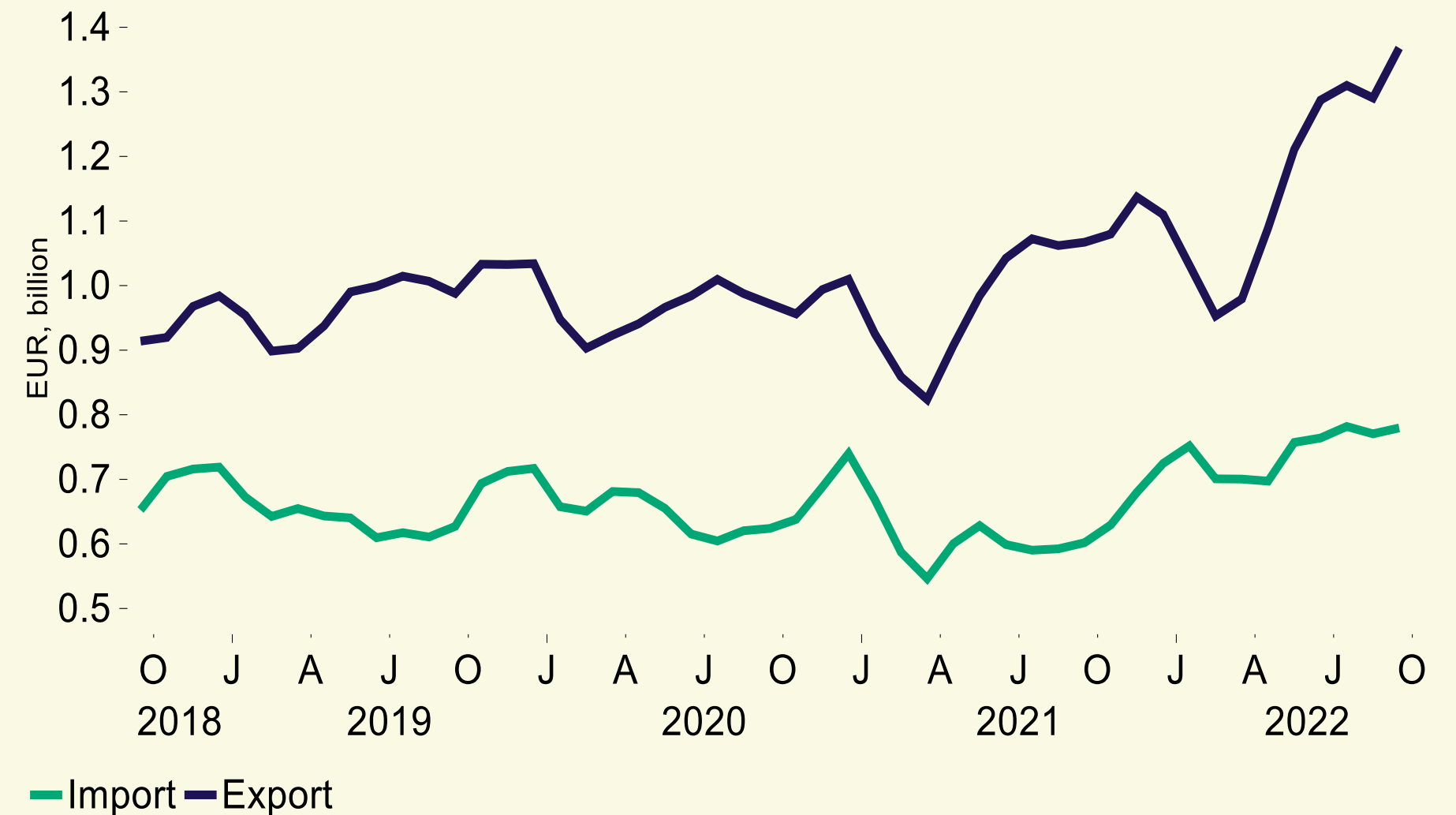


FD Food
Drink
Ireland
ibec

Irish monthly food trade

Exports of food and live animals increased by €459 million (+40%) to €1,619 million in September 2022 compared with September 2021, marking a sharp increase in the balance of food trade. During this period exports of vegetables and fruit fell by 16.1% while meat and dairy exports rose by 13.9% and 94.6% respectively. Between May 2022 and June 2022 there was a monthly increase in Irish food exports of 31.7%.

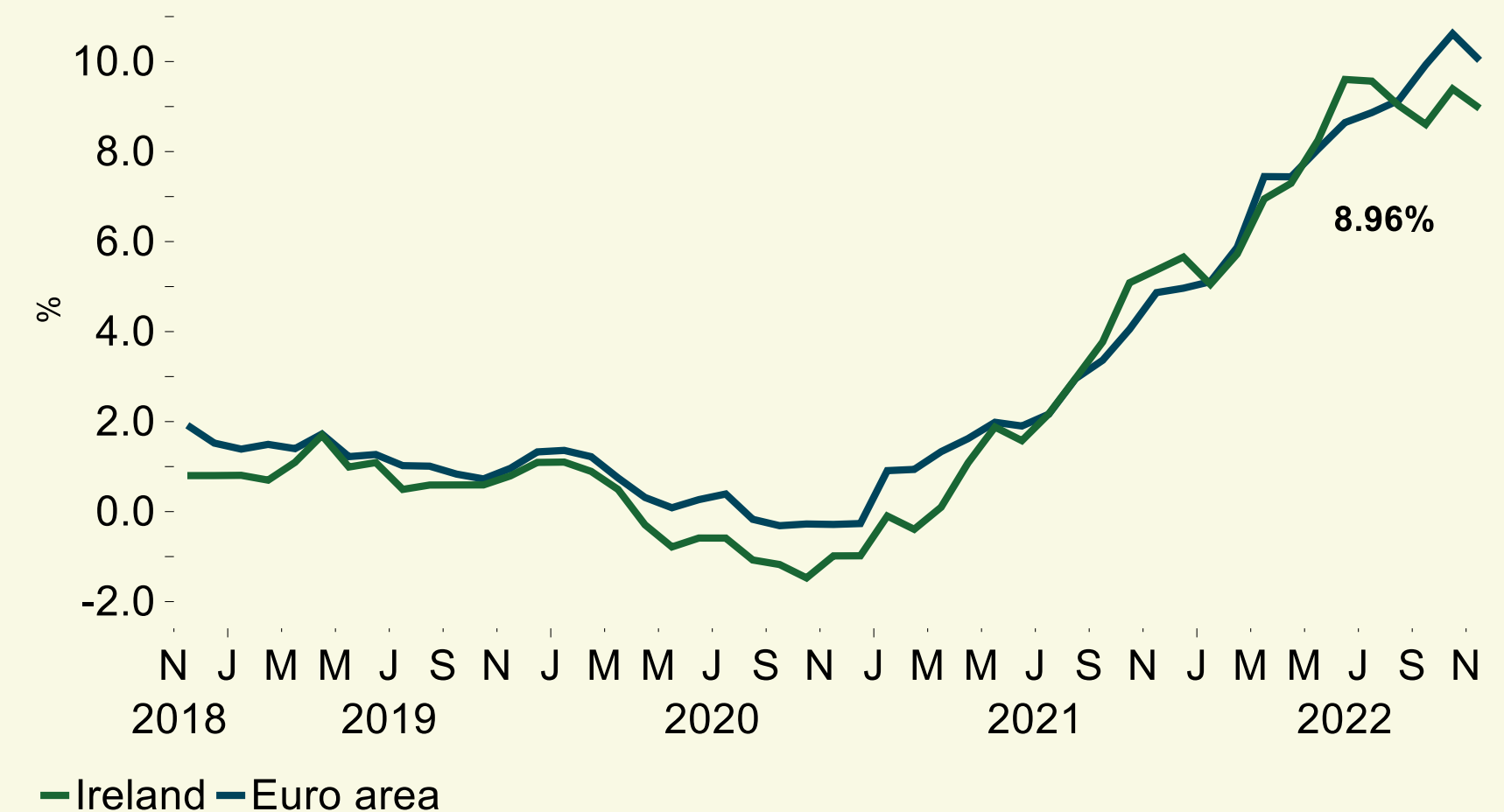
Figure 6: Irish monthly food trade, 3 mma



Eurozone inflation

Prices on average in Ireland, as measured by the EU Harmonised Index of Consumer Prices (HICP), increased by 9.4% compared with October 2021. This compares to an annual increase of 10.6% in the Eurozone. The latest figures from the CSO show that this marked an increase of 1.5% on last month. The major contributors to the rise in inflation remain higher costs of housing, water, electricity, and gas and other fuels.

Figure 7: Inflation - Harmonised Index of Consumer Prices
(Year-on-year % change)



Source: https://www.ecb.europa.eu/stats/macroeconomic_and_sectoral/hicp/html/index.en.html
<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexoctober2022/>

Contact us

Paul Kelly

Director

Food Drink Ireland

paul.kelly@ibec.ie

Jenny Hansbury

Executive

Food Drink Ireland

jenny.hansbury@ibec.ie

www.fooddrinkireland.ie

