

Food Drink Ireland Business Monitor

Key retail, economic
and consumer trends

Q1 2023



Introduction

Jonathan McDade, Deputy Director,
Food Drink Ireland

The most significant development so far this year is the Windsor Framework which represents a new agreement on how to implement the Northern Ireland Protocol. The framework clarifies the conditions for the implementation of the Protocol with regard for the movement of goods to and from Great Britain and Northern Ireland. This welcome development comes amid ongoing high inflation which saw the Consumer Price Index for February increase by 8.5% compared to the same month last year, while food and non-alcoholic beverages increased by 13.1%.



Food business snapshot

		YTD 2023 vs YTD 2022	Jan 23 vs Dec 22	Jan 23 vs Jan 22
	Irish core retail sales	6.54	-35.81	6.54
	Irish food retail sales	6.41	-29.36	6.41
	UK food retail sales	7.97	-0.61	7.97
	EU 27 (excl UK) food retail sales	8.76	1.04	8.76
	Irish food exports	11.50	-18.81	11.50

Food business snapshot

	YTD 2023 vs YTD 2022	Feb 23 vs Jan 23	Feb 23 vs Feb 22
 Food commodity price index	-5.95	-0.60	-8.10
 Irish food prices	-5.95	-0.60	-8.10
 Crude oil prices	-11.10	-1.94	-16.15
 Eur/GBP Exchange Rate	7.97	-0.61	7.97

Domestic market



FD Food
Drink
Ireland
ibec

Food prices

Prices on average, as measured by the Consumer Price Index (CPI), were 8.5% higher in February 2023 compared with February 2022. In February 2023, prices on average as measured by the CPI increased by 1.6% in the month. During February of last year, prices rose by 0.9% in the month. Food and non-alcoholic beverage prices increased by 13.1% in the year and 1.2% in the month. These price increases are due to higher prices across a range of products such as meat, bread & cereals, milk, cheese & eggs, vegetables, mineral waters, soft drinks, fruit and vegetable juices.



Figure 1: Food prices

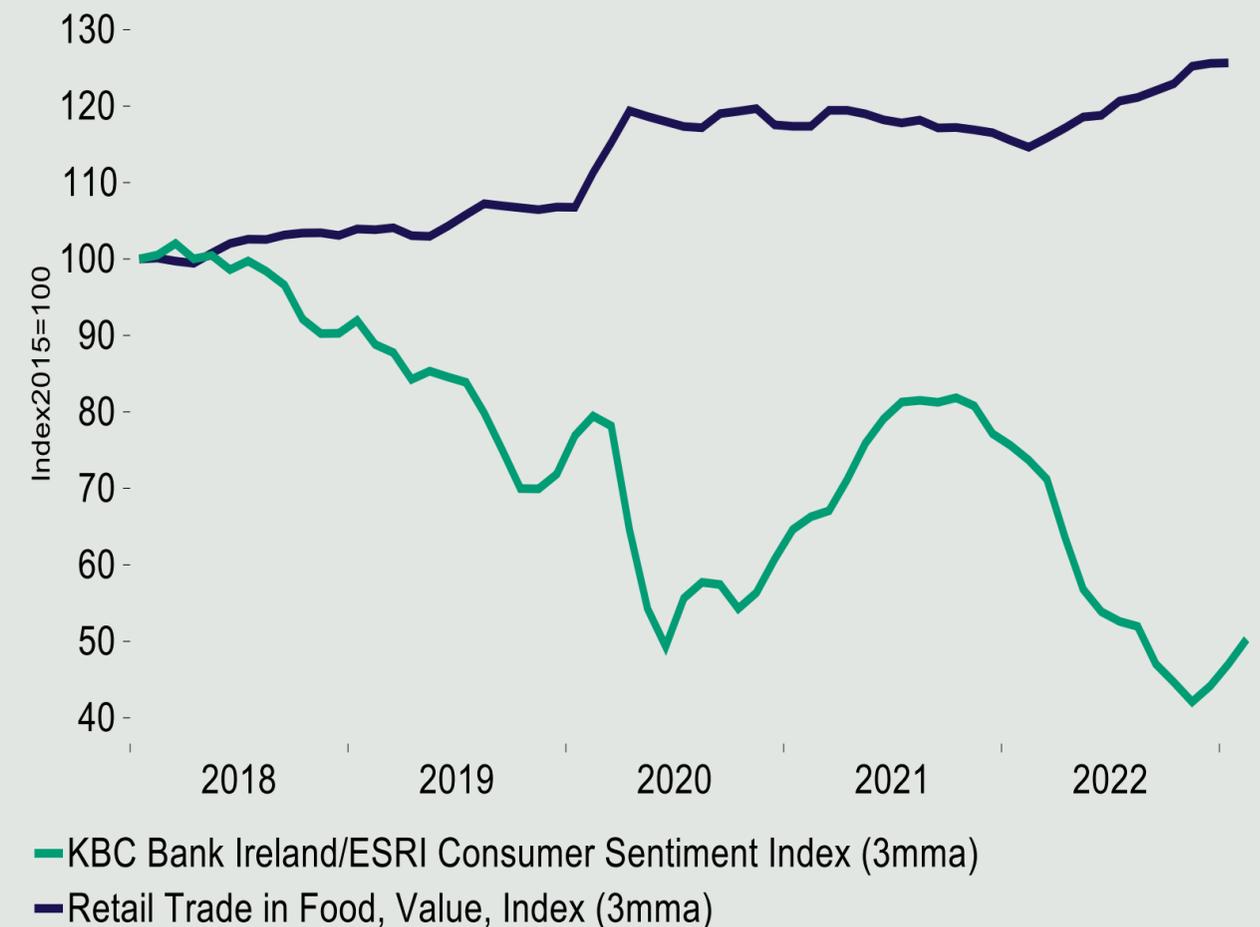


Source: <https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexfebruary2023/>

Food retail/consumer sentiment

The volume of retail sales (ex. bars & motor) decreased -1.0% when looking at the three-month moving average (November, December, January 2023) versus the same months last year, while the value of sales increased 6.1% over the same period. Compared with February 2020 (35 months earlier and pre-COVID-19), the volume of All Retail Sales in January 2023 was 3.1% higher. The Irish League of Credit Unions/ Core Research Consumer Sentiment Index increased marginally to 55.6 in February 2023 from 55.2 in January 2023. The February reading is significantly below that of February last year, which was just prior to the Russian invasion on Ukraine, highlighting the negative impact on the Irish consumers' confidence. However, February marks the fourth improvement in Credit Union Consumer Sentiment Index in the past five months, suggesting confidence is increasing again.

Figure 2: Food retail and consumer sentiment, 3mma



Sources: <https://www.cso.ie/en/releasesandpublications/ep/p-rsi/retailsalesindexjanuary2023provisionalanddecember2022final/>
<https://www.creditunion.ie/news/latest-news/consumer-confidence-continues-on-a-cautious-but-po/>

Macro trends



Sterling/dollar

Recently, the dollar has gained some ground against the euro. Gains in the euro are expected in coming months as the ECB continues to hike rates, however, the war in Ukraine will continue to pose a risk for the euro. The Eur/USD is likely to continue trading in the \$1.05-1.10 range that it has been for previous months. Bank of England's additional policy tightening is likely to provide some support to the sterling. However, weakened growth outlook for the UK economy is likely to drag on the pound. Eur/GBP is currently trading at a range of 0.87 - 0.89.

Figure 3: Sterling and dollar exchange rates



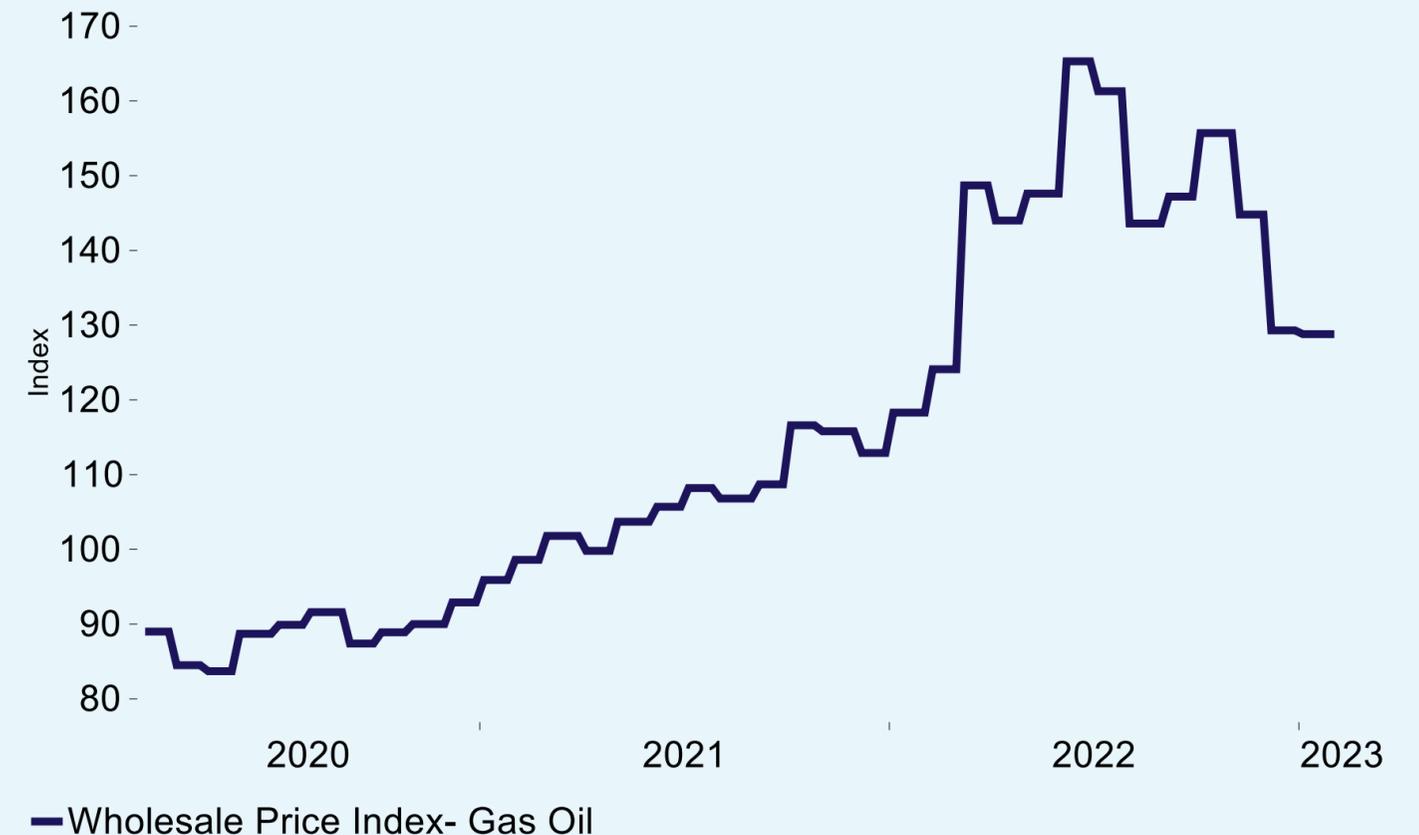
Source: <https://aib.ie/fxcentre>

Wholesale prices

There was a decrease in the price of wholesale electricity in January 2023 with prices 41.4% lower than the previous month. The price of electricity was 19.5% lower than in January 2022 while the price of gas oil is up 8.9% annually. The overall Energy Products Index decreased by 36.7% since December 2022 and by 15.7% when compared with January 2022. Manufacturing factory gate prices rose by 1.3% between December 2022 and January 2023, compared with an increase of 0.1% for the same period last year. The annual percentage change rose by 3.7% in the 12 months to January 2023, compared with an increase of 2.5% in the 12 months to December 2022.



Figure 4: Wholesale Price Index-Gas Oil



Source: <https://www.cso.ie/en/releasesandpublications/ep/p-wpi/wholesalepriceindexjanuary2023/>

Food commodity indices

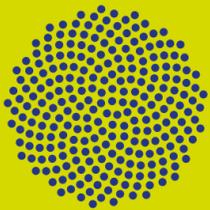
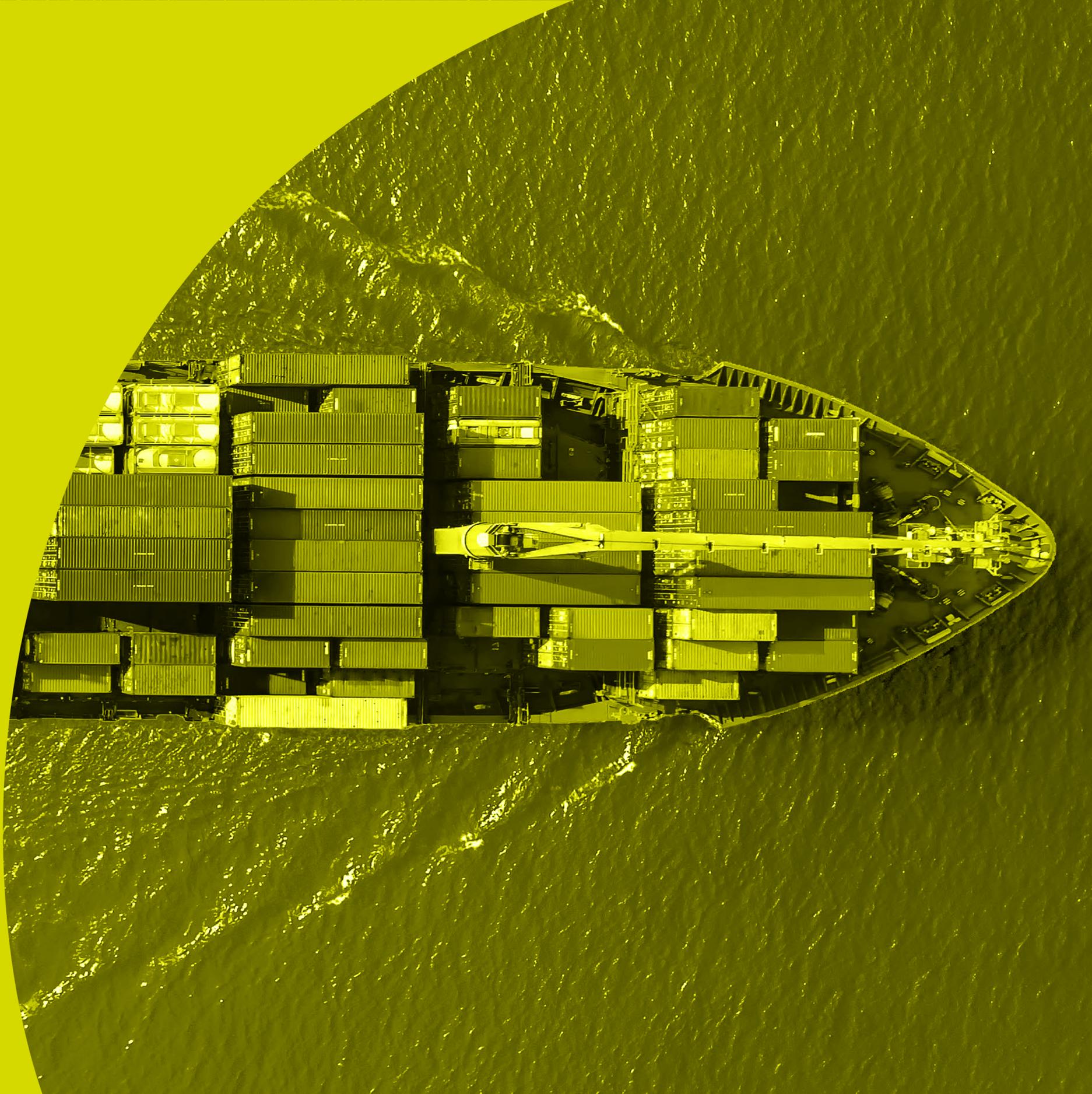
The FAO Food Price Index (FFPI) averaged 129.8 points in February 2023, marginally down since January (0.6%), with the price indices of all the covered commodity groups, except sugar, down month-on-month. Significant drops in dairy and vegetable oils paired with the marginal decreases in meat and cereals offset the significant rise in sugar, all contributing to the overall minor decrease in the FFPI this month. With the latest decline, the index has fallen 29.9 points (18.7%) from the peak it reached in March 2022.

Figure 5: Food commodity indices



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

Trade

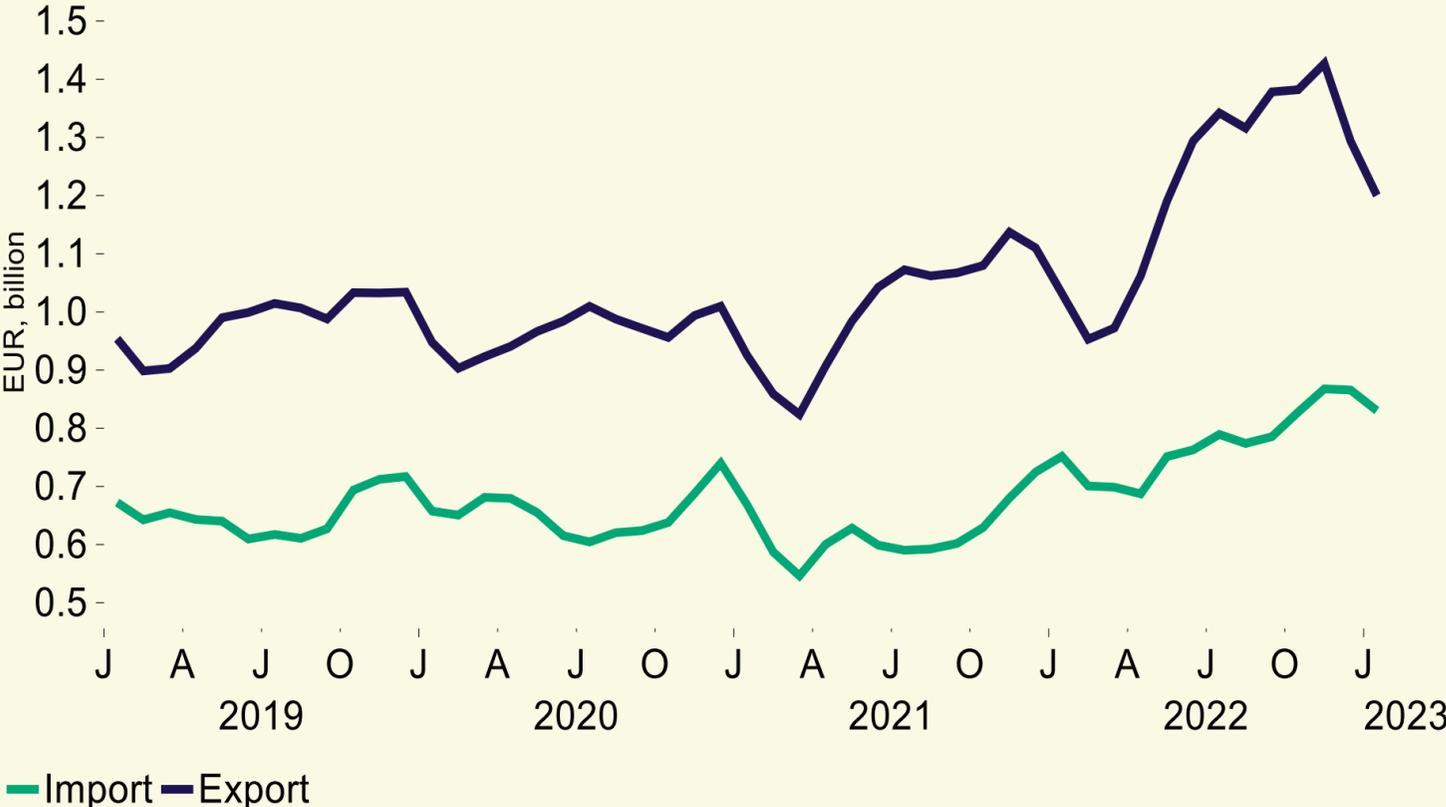


FD Food
Drink
Ireland
ibec

Irish monthly food trade

Exports of food and live animals increased by €144 million (+17%) to €1,002 million in January 2023 compared with January 2022. During this period, exports of dairy products and birds' eggs increased by 37.3% to 232 million and cereals and cereal preparations increased by 30.6% to 64 million. Imports of sugars, sugar preparations and honey increased 59.4% to 51 million.

Figure 6: Irish monthly food trade, 3 mma



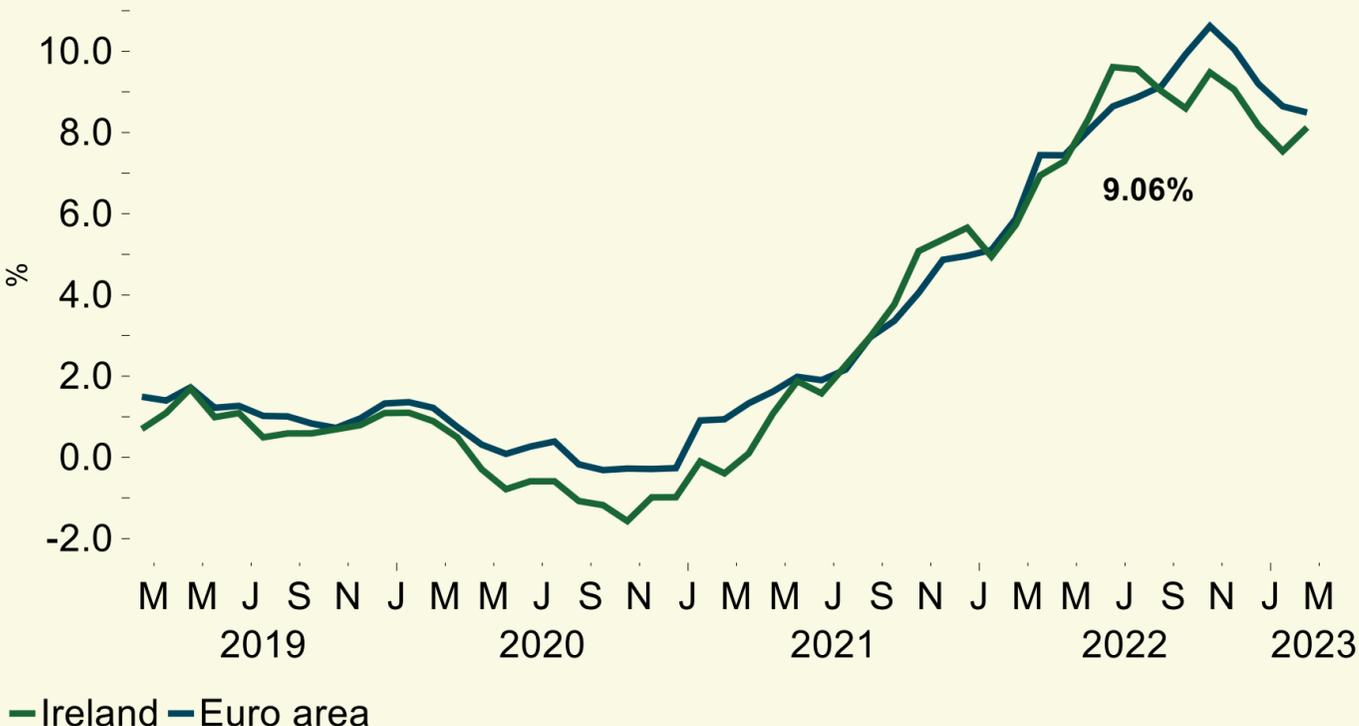
Source: <https://www.cso.ie/en/releasesandpublications/ep/p-gei/goodsexportsandimportsjanuary2023/>

Eurozone inflation

Prices on average in Ireland, as measured by the EU Harmonised Index of Consumer Prices (HICP), increased by 8.1% in February 2023 compared with February 2022. This compares to an annual increase of 8.5% in the Eurozone. The latest figures from the CSO show that this marked an increase of 1.6% on last month. The major contributor to the rise in inflation in 2023 so far, is higher energy prices passing through to hospitality, clothing, recreation and transport.



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



Sources: https://www.ecb.europa.eu/stats/ecb_statistics/escb/html/table.en.html?id=JDF_ICP_COICOP_ANR&period=2023-02
<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexfebruary2023/>

Contact us

Jonathan McDade

Deputy Director
Food Drink Ireland
jonathan.mcdade@ibec.ie

Jenny Hansbury

Executive
Food Drink Ireland
jenny.hansbury@ibec.ie

www.fooddrinkireland.ie

 twitter.com/FoodDrink_Irl

 [linkedin.com/company/food-drink-ireland/](https://www.linkedin.com/company/food-drink-ireland/)

