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YPO Food

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Market Information Report
June 2018

Headlines

- Packaging and recycling
 - Currency
 - Oil Price
 - Inflation
 - Food Marketplace
 - Looking forward for the next 2-years
-

Packaging and recycling

- David Attenborough says ‘world must act now on plastic after witnessing its impacts filming Blue Planet II’ **‘We’ve seen albatrosses come back with their belly full of food for their young. You think it’s going to be squid, but it’s plastic’**
- More than eight million tonnes of plastic reaches the sea every year. **There will be more plastic than fish in the sea by 2050, and 99 per cent of the planet’s seabirds will have eaten some.**
- Humans are already eating plastic from the sea too. **The average person who eats seafood swallows up to 11,000 pieces of microplastic every year**, according to a study by researchers at the University of Ghent. As Prince Charles put it at a recent Our Ocean summit, **“plastic is very much on the menu”**.

Packaging and recycling



Packaging and recycling



Currency



As of Tuesday 12 June
\$1.34 – as quoted by
BBC Business website.



At a peak of circa €1.30 we
are currently trading at
around the €1.13 mark
against a pound.

The devaluation of the £ v \$ has been around 7.5% and
13.75% against the Euro over the same period.

Oil Price

Brent Crude Oil Futures \$/barrel



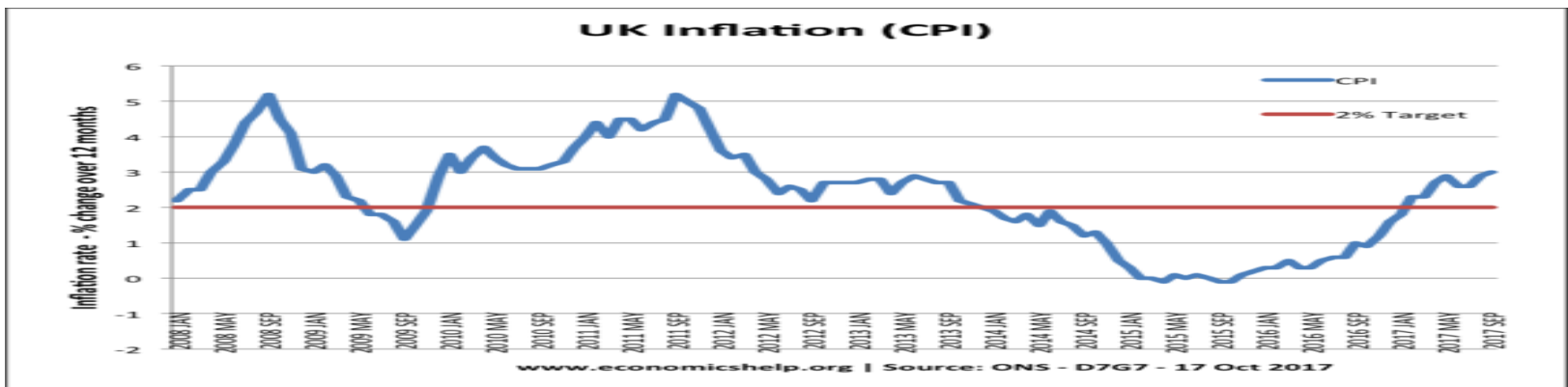
WTI Crude Oil was being traded at circa \$40.00 per barrel in early January 2016. Steadily rising from this low to the peak of \$69.00 now at \$66 - BBC website on 11 June 2018

The effects of oil prices and currency will affect packaging and transport costs.

Rising oil price and devaluation of £ v \$ contributed to a 6p per litre rise in motor fuels in April/May 2018

Inflation

UK Inflation Target is 2.0%
January 2018 was at 2.7%
RPI was 2.2% in April 2018



Cost-push inflationary factors

In 2017, UK has seen a rise in cost-push inflationary pressures.

This has caused a spike in inflation, despite relatively weak economic growth.

- Devaluation in Sterling. This makes imports more expensive and has fed through into higher input prices for manufacturers.
- Rise in petrol prices in early part of 2017.
- Rise in **food** and recreational goods.

UK Food Inflation

UK FOOD INFLATION



SOURCE: TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

Food Marketplace

commodity prices: apple and cocoa prices leap up

The apple crisis in Poland continues to drive up prices while cocoa butter prices have risen due to increasing demand for cocoa and chocolate lines.

Crude oil prices rose to two-year highs after the anti-corruption crackdown in Saudi Arabia by Crown Prince Mohammed bin Salam. Oil policy is potentially affected, which has driven up prices in the short term. Prices have also felt the impact of plans to list the Saudi state-owned Aramco oil company next year.

European wheat prices have fallen as production rose 2% in October following increased yields. The completed harvest has increased supply to market, further pushing down prices.

Thai rice prices have fallen due to forecasts of increased production. Prices had faced upward pressure following storm damage to crops.



Commodity and Wholesale prices data supplied by Mintec. Mintec is the principal independent source of information for commodities and raw materials. Mintec monitors the key factors that are vital for efficient procurement and provides sophisticated tools for analysing and interpreting market information. www.mintecglobal.com

WINNERS & LOSERS

Key climbers

	PRICE £/tonne	CHANGE m-o-m %	CHANGE y-o-y %
 Apple juice conc (EU)	1,322	26.4	51.5
Cocoa butter (UK)	4592	11.7	-25.6
Crude oil (ICE) (EU)	356	9.3	22.9
Sugar (London ICE) (UK)	291	2.4	-34.2
Aluminium alloy (LME) (UK)	1,426	2.3	12.8

Key fallers

 Coffee – robusta (ICE) (EU)	1,384	-6.7	-18.0
Tea (LK)	3,530	-2.3	9.7
Wheat mllg (Euronext Paris) (Fr)	147	-1.9	0.8
Tea (KE)	3,165	-1.6	9.5
Rice (Class B) (TH)	306	-1.2	1.1

Source: Mintec. Note: All prices are indicative only and are representative within the country quoted

Food Marketplace

wholesale prices: smaller catches keep coldwater prawns costly

Coldwater prawn prices remain significantly higher than this time last year due to smaller catches from major producers. Latest figures released from the Norwegian market show the country's prawn catch weight fell by 34% on 2016 to 16,720 tonnes, putting strain on supplies in Europe.

Yellowfin tuna prices have started to fall as vessels from Spain and the Seychelles resumed fishing in the Indian Ocean. Prices remain up on last year as fishing vessels

exhausted their quotas towards the end of 2017, resulting in many remaining at port through November and December.

Rising skipjack supplies from the Western and Central Pacific Ocean and weak demand from Bangkok canneries has reduced tuna prices. Canneries currently have enough inventory to process current orders, with many holding off further purchases in anticipation of further price cuts in the near future.

PRICES

Fish & seafood

	PRICE £/tonne	CHANGE m-o-m %	CHANGE y-o-y %
 Sardines (Spain)	2,849	-2.8	52.6
Coldwater prawns (Norway)	2,215	-11.3	37.9
Yellowfin tuna (Seychelles)	2,132	-10.9	34.0
Skipjack tuna (Thailand)	1,505	-5.4	33.7
Plaice (UK)	1,878	17.0	5.3
Haddock (Norway)	1,406	2.1	3.3
Cod (Norway)	1,765	6.4	2.3
Horse mackerel (Spain)	3,524	12.2	-8.5
Whiting (UK)	1,726	6.2	-10.1
Salmon (farmed, Norway)	5,018	11.3	-31.3

Source: Mintel

Note: All prices are indicative only and are representative within the country quoted

Food Marketplace

wholesale prices: squeeze on pulp stock pushes up kraftliner prices

Kraftliner prices have risen in line with price increases in European pulp. Pulp prices have spiked due to reduced stocks in Europe, currently 2% lower than last month and squeezing stocks further.

Polyethylene prices have followed feedstock ethylene in rising in recent weeks. This has been partly offset by sufficient supply levels within the EU and more attractive prices in the US as the dollar has weakened.

PET prices rose between February and March because

of reduced imports into the EU and upcoming factory maintenance, which sees manufacture shut down.

Aluminium prices have fallen due to downward pressure in the energy market steered by the drop-off in crude oil prices.

Styrene prices rose because of low supplies caused by factory maintenance shutdowns in Europe. Reduced exports from the US to the EU as a result of extreme weather affecting production exacerbated the situation.

PRICES

Packaging



	PRICE £/tonne	CHANGE m o m %	CHANGE y o y %
Kraftliner (UK)	641.8	7.6	35.4
Steel (EU)	533.2	-1.1	30.1
Testliner (UK)	574.6	4.7	28.8
Polypropylene (UK)	1,200.8	1.7	14.9
PET (UK)	1,050.3	1.8	6.4
LDPE (UK)	1,297.8	1.0	3.0
HDPE (UK)	1,193.3	1.5	2.8
Aluminium alloy (1 MT UK)	1,319	-0.9	1.0
Polystyrene (UK)	1,344.3	7.0	-2.7
Cartonboard (UK)	791.2	1.8	-8.3

Source: Mintec

Info: All prices are indicative only and are representative within the country quoted

Packaging

wholesale prices: polystyrene driven up by rising input costs

Polystyrene prices have risen due to tightening supplies of feedstock styrene after factory outages hit production in August. Rising crude oil prices have also put upward pressure on polystyrene pricing.

Prices of OCC, the feedstock for testliner, rose 5% month on month in mid-August due to seasonally tight supply. This has caused testliner prices to rise another 3.8% month on month, meaning they are now up almost 30% on last year.

EU ethylene contract prices

trended upwards in September, due to low supplies and higher prices for feedstock naphtha, which are being driven by rising crude oil costs. As a result, LDPE prices have risen month on month.

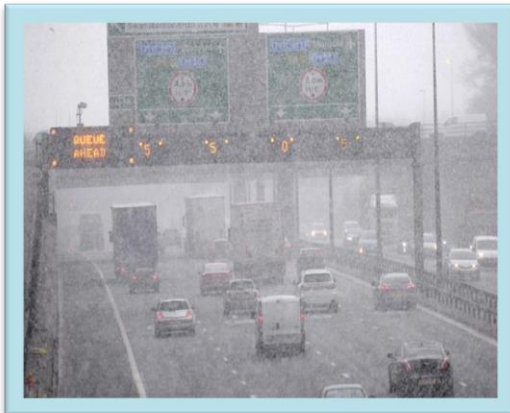
Aluminium alloy prices fell slightly this month. However, prices remain high year on year as a result of supply cuts due to environmental concerns. Shutdown of illegal producers in Shandong and Xinjiang has eliminated 6.2% of global aluminium output.

PRICES		PRICE	CHANGE	CHANGE
Packaging		£/tonne	m-o-m %	y-o-y %
	PET (UK)	1,125	0.7	38.3
	Steel (EU)	533.2	-1.1	30.1
	Kraftliner (UK)	593.6	6.2	29.7
	Polystyrene (UK)	1,356.3	14.0	27.2
	Testliner (UK)	522	3.8	22.7
	Polypropylene (UK)	1,132	4.4	20.9
	Aluminium alloy LME (UK)	1,333	-1.2	10.7
	LDPE (UK)	1,274.3	3.1	3.3
	Cartonboard (UK)	859.9	-0.6	2.3
	HDPE (UK)	1,173.7	3.0	1.5

Source: Mintec

Info: All prices are indicative only and are representative within the country quoted

Spring 2018



Food Marketplace

- Dairy products – butter and cheese
 - UK & EU Harvested crops
 - Potatoes
 - Eggs
 - Meats
 - Tuna
 - Apples
 - Tomatoes
 - Sweetcorn
 - Pineapple
 - Packaging
-

Looking forward to 2019 & beyond.....

- BREXIT
- Tariffs & Quotas
- Sugar tax
- Single use items and bottle tax
- Supplier mergers
- Shrink-flation
- New foodstuffs
- ‘Doing business’ increases
- The worlds weather
- Political factors



So, what can we do?



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Thank You
