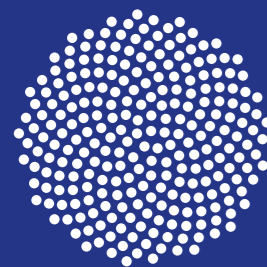


# Food Drink Ireland Business Monitor

Key retail, economic  
and consumer trends

Q2 2023



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Drink  
Ireland  
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# Introduction

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Food Drink Ireland

## **Inflation continues to slow down**

Overall, consumer prices rose by 0.8% in June compared to the previous month according to the Central Statistics Office (CSO). It is encouraging that the annual rate of inflation in Ireland appears to be falling with the Consumer Price Index (CPI) increasing by 6.1% in the 12 months to June 2023, which is a decline from the 6.6% rise in the 12 months to May 2023. The UK's inflation rate has also declined but it is currently at 7.9% in the month to June.

In Ireland, annual inflation for food & non-alcoholic beverages in June rose by 10.2% while restaurant & hotel prices rose by 8.3%. According to the CSO, there were price increases for an 800g loaf of white sliced pan (+11c), an 800g loaf of brown sliced pan (+8c), two litres of full fat milk (+28c), and a pound of butter (+29c) when compared with June 2022.



# Food business snapshot



Irish food exports

YTD April 2023 vs YTD April 2022

April 23 vs March 23

April 23 vs April 22

12.17

1.59

6.47



FAO food commodity price index

YTD May 2023 vs YTD May 2022

May 23 vs April 23

May 23 vs May 22

-15.22

-2.28

-21.36



Irish food prices

12.94

0.36

12.68



Irish core retail sales

5.50

-1.80

5.20



Irish food retail sales

9.29

-5.84

10.83



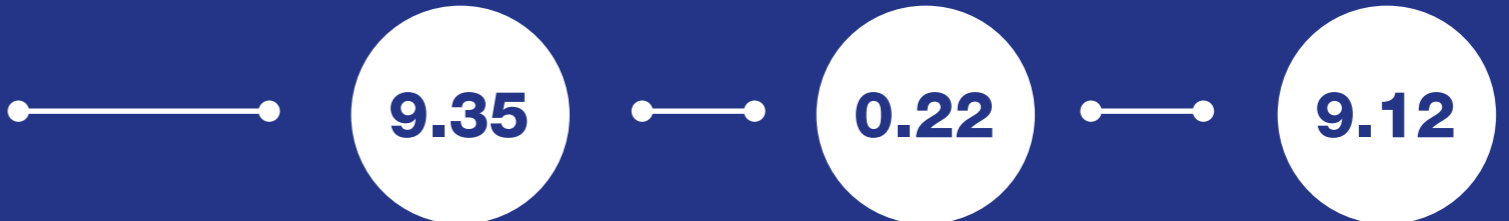
# Food business snapshot



UK food retail sales



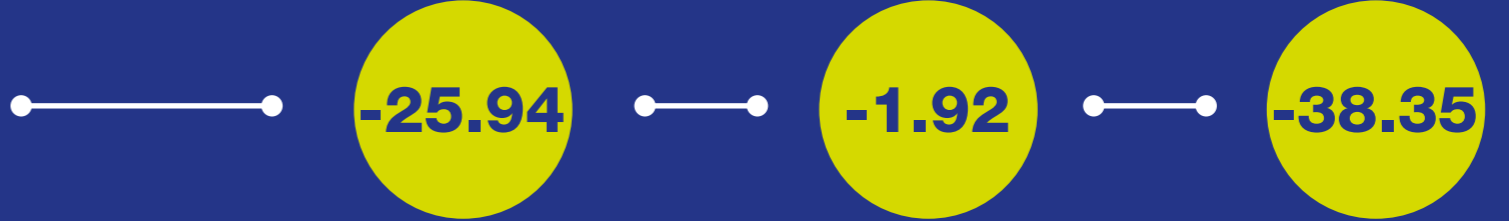
EU 27 (excl UK) food retail sales



Eur/GBP Exchange Rate



Crude oil prices



# Heat map for monitoring competitiveness

This heat map looks at several competitiveness indicators over a period of eight years. The colours start at dark blue and go to dark orange, the move towards dark orange indicates an increase in that indicator. The map shows a distinct increase in several indicators since 2021, highlighting the pressure on food and drinks companies.



| Indicator                   | 2015      | 2016      | 2017       | 2018       | 2019       | 2020       | 2021       | 2022      | 2023          |
|-----------------------------|-----------|-----------|------------|------------|------------|------------|------------|-----------|---------------|
| Wage growth                 | Dark Blue | Dark Blue | Dark Blue  | Dark Blue  | Dark Blue  | Light Blue | Yellow     | Orange    | Dark Orange * |
| Inflation (%)               | Dark Blue | Dark Blue | Dark Blue  | Dark Blue  | Dark Blue  | Dark Blue  | Light Blue | Orange    | Dark Orange * |
| <b>Commodity prices</b>     |           |           |            |            |            |            |            |           |               |
| FAO Food Price Index        | Dark Blue | Dark Blue | Dark Blue  | Dark Blue  | Dark Blue  | Dark Blue  | Yellow     | Orange    | Dark Orange * |
| Oil prices                  | Dark Blue | Dark Blue | Dark Blue  | Dark Blue  | Light Blue | Dark Blue  | Light Blue | Orange    | N/A           |
| Electricity wholesale price | Dark Blue | Dark Blue | Dark Blue  | Dark Blue  | Dark Blue  | Dark Blue  | Yellow     | Orange    | Dark Orange * |
| Transport costs             | Dark Blue | Dark Blue | Dark Blue  | Dark Blue  | Dark Blue  | Light Blue | Yellow     | Orange    | Dark Orange * |
| <b>Cost of finance</b>      |           |           |            |            |            |            |            |           |               |
| Lending spread              | N/A       | N/A       | Light Blue | Light Blue | Orange     | Light Blue | Light Blue | Dark Blue | Dark Orange * |

\*YTD

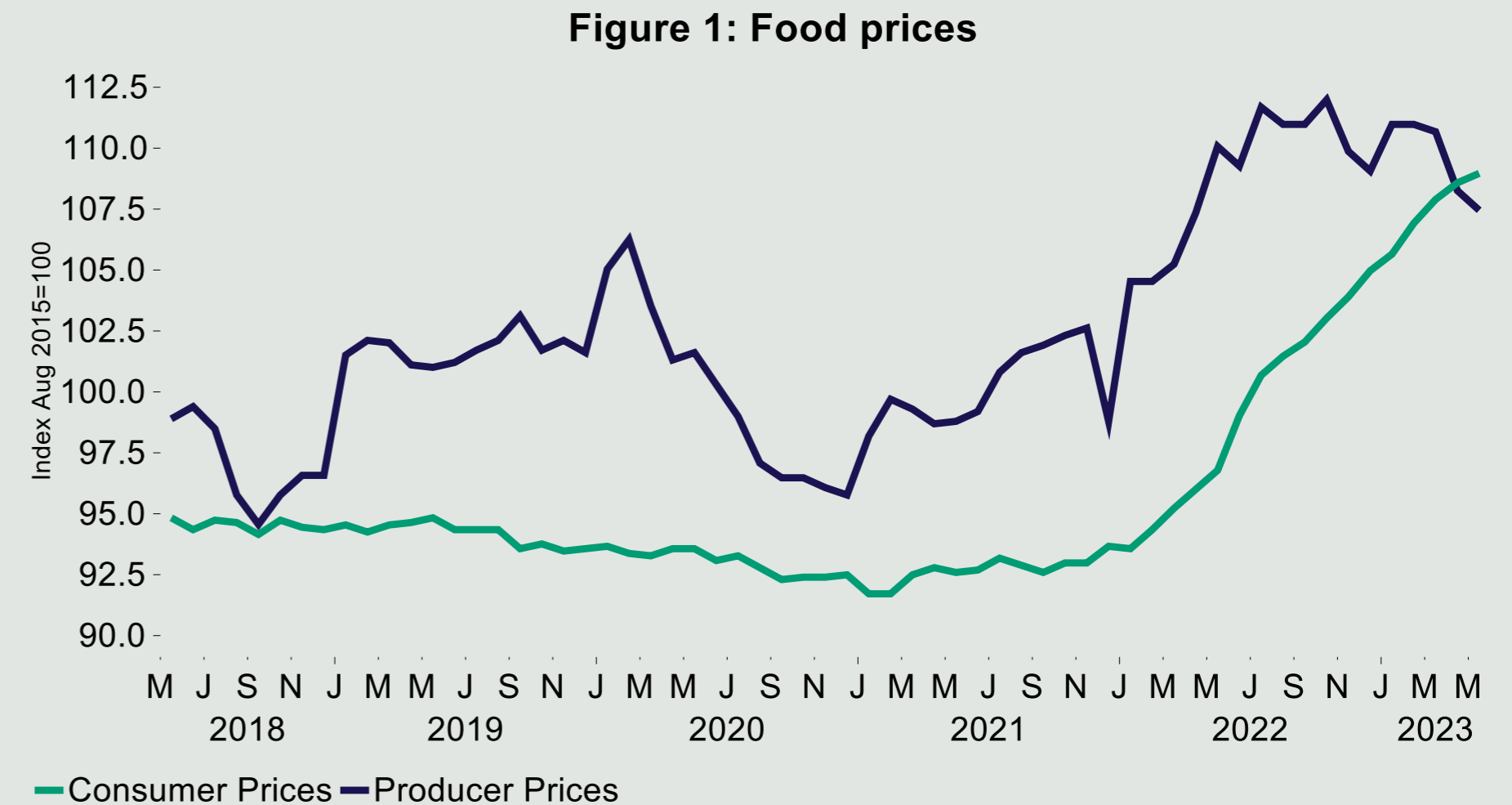
# Domestic market



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# Food prices

Prices on average, as measured by the Consumer Price Index (CPI), were 6.1% higher in June 2023 compared with June 2022. In June 2023, prices on average as measured by CPI increased by 0.8% in the month. During the month of June last year, prices rose 1.3% in the month. Food and non-alcoholic beverage prices increased by 10.2% in the year and 0.1% in the month. These price increases are due to higher prices across a range of products such as meat, bread & cereals, vegetables and milk, cheese & eggs.



Source: <https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexjune2023/>

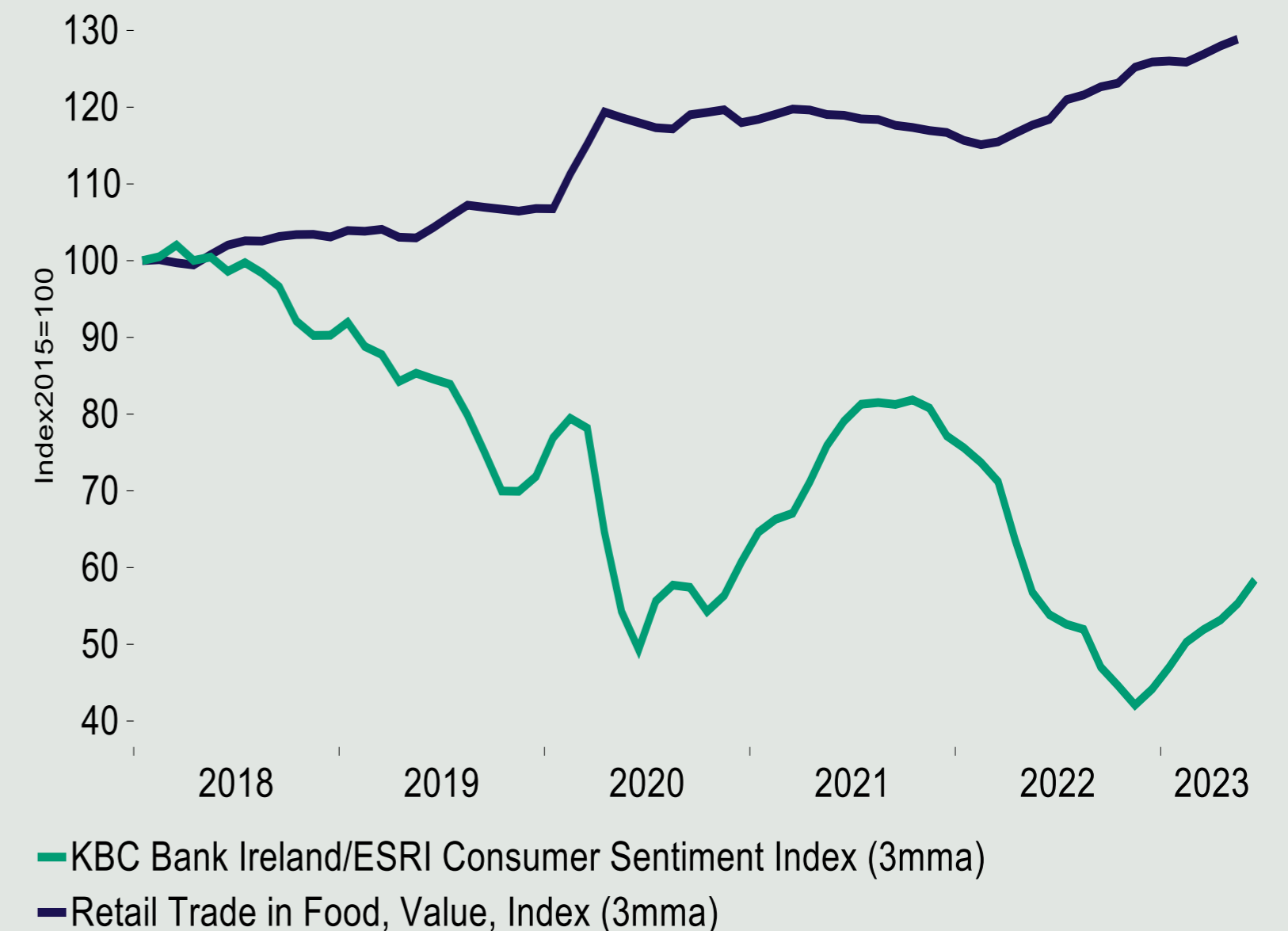


# Food retail/consumer sentiment

The volume of retail sales (ex. Bars & motor) increased 1.0% when looking at the three-month moving average (March, April, May 2023) versus the same months last year, with the value of sales increasing 4.5% over the same period.

The Irish League of Credit Unions/ Core Research Consumer Sentiment Index increased marginally to 63.7 in June 2023 from 62.4 in May. Although Irish consumers are still cautious, the minor improvement may be attributable to the peak reached in food and energy prices.

Figure 2: Food retail and consumer sentiment, 3mma



Sources: <https://www.cso.ie/en/releasesandpublications/ep/p-rsi/retailsalesindexmay2023provisionalandapril2023final/>  
<https://www.creditunion.ie/news/consumer-sentiment-index/consumer-sentiment-index-roi/june-2023-customer-sentiment-index/>



# Macro trends



# Sterling/dollar

The EUR/USD pair have shown a wave like formation in Q2, rising and falling in succession as the US and EU continue to target inflation. Due to stresses in parts of the global bank system, the dollar lost some ground in March – April. However, throughout May and early June, the dollar gained some momentum. The pair have been trading in a \$1.086 – 1.117 range in recent weeks. Sterling experienced a challenging 2022 due to concerns about the UK economy, however, has gained significant ground since then; the new UK Prime Minister and Chancellor championing fiscal restraint aided this. In June 2023, the EUR/GBP exchange rate experienced a six-month low of £0.851, falling from £0.895 earlier in the year. In recent weeks, the pair have been trading in a £0.851 - £ 0.863 range.

Figure 3: Sterling and dollar exchange rates

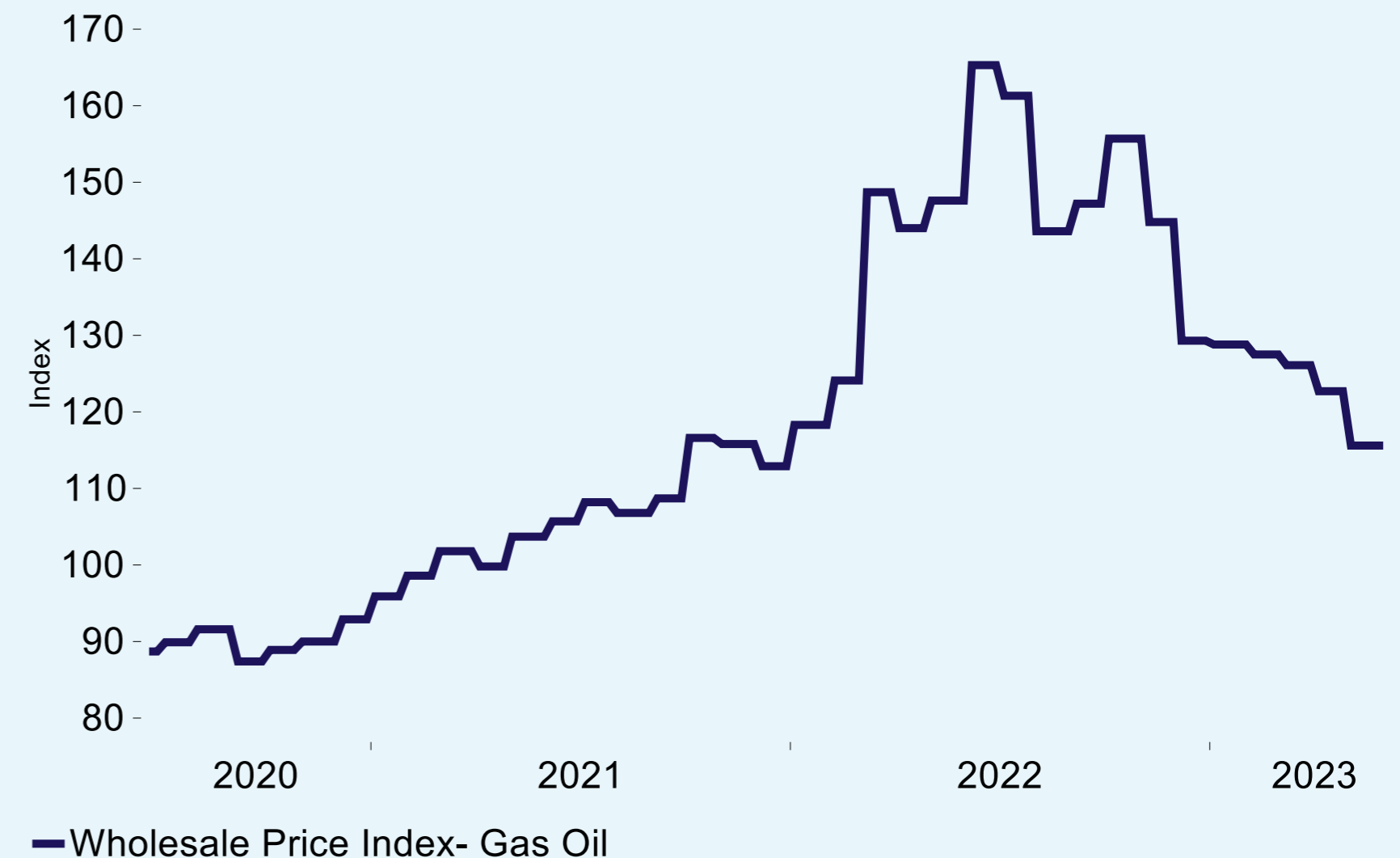


Sources: <https://aib.ie/content/dam/aib/fxcentre/docs/forex-int-rate-outlook/forex-and-interest-rate-monthly-july-2023.pdf>  
<https://www.macrotrends.net/2553/euro-british-pound-exchange-rate-historical-chart>

# Wholesale prices

There was a decrease in the price of wholesale electricity in May 2023 with prices 16.2% lower than the previous month. The price of electricity was 26.6% lower than in May 2022, while the price of gas oil decreased 21.7% annually. The overall Energy Products Index decreased by 13.7% since April 2023 and by 25.1% when compared with May 2022. Producer prices for food products fell by 2.4% in the 12 months to May 2023. Some of the most significant changes in producer prices for food products in the year to May 2023 were as follows: Fruit & Vegetables (+17.4%), Fish & Fish Products (+13.9%), Grain, Milling, Starches & Animal Feeds (+3.9%), Bakery & Farinaceous Products (+3.3%), Vegetable & Animal Oils & Fats (-9.3%), and Dairy Products (-8.8%).

Figure 4: Wholesale Price Index-Gas Oil



Source: <https://www.cso.ie/en/releasesandpublications/ep/p-wpi/wholesalepriceindexmay2023/>

# Food commodity indices

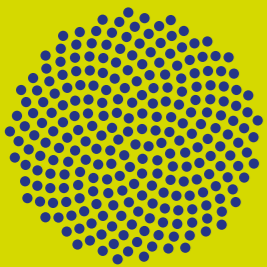
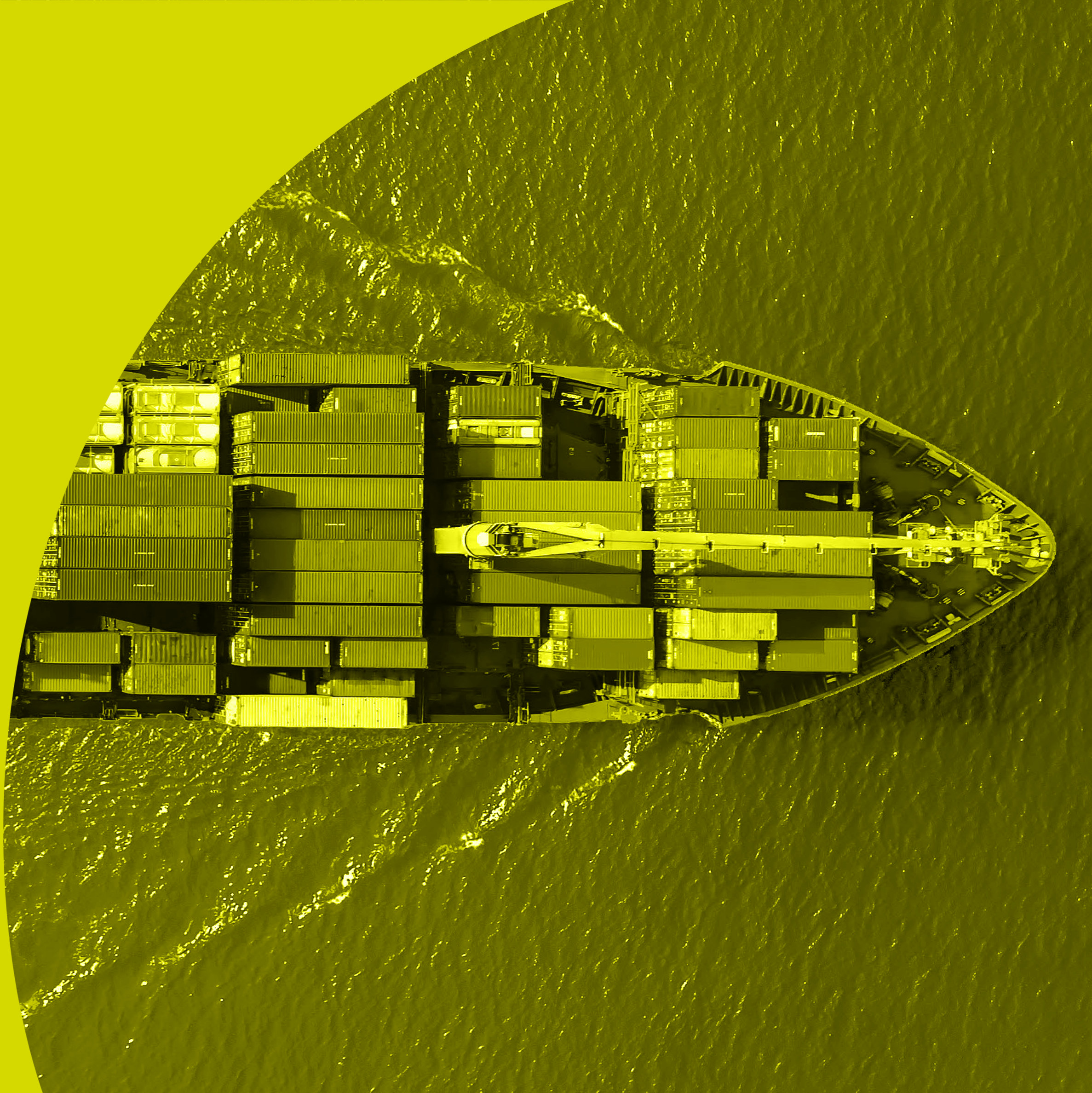
The FAO Food Price Index (FFPI) averaged 122.3 points in June 2023, down from 124.0 (1.4%) in May with the price indices of all the covered commodity groups down month-on-month, except meat which remained virtually unchanged. With the latest decline, the index follows the continuing downward trend, averaging as much as 37.4 points (23.4%) below the peak it reached in March 2022.

Figure 5: Food commodity indices



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

# Trade

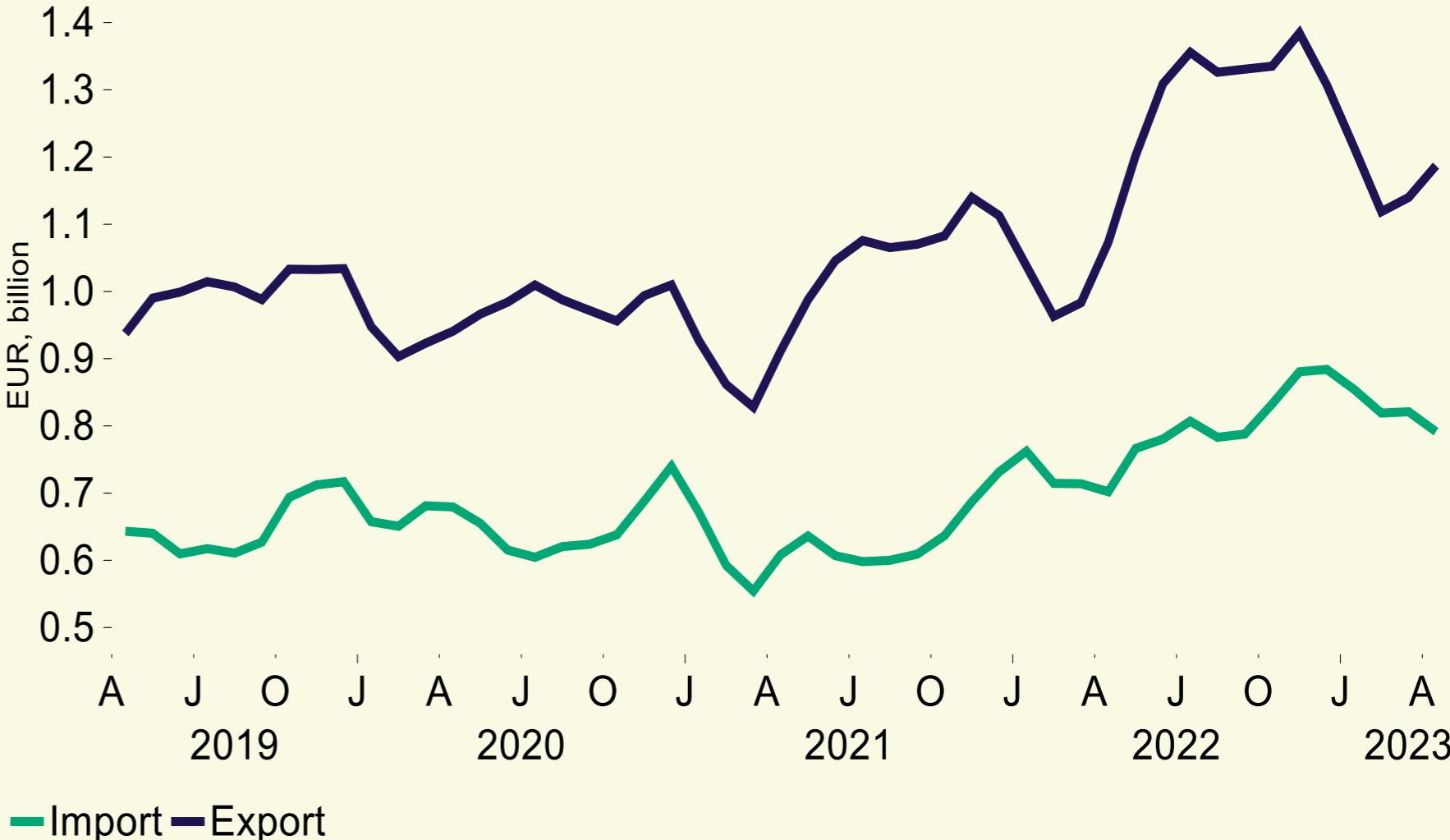


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# Irish monthly food trade

Exports of food and live animals decreased by €65 million (-4.9%) to €1,258 million in May 2023, compared with May 2022. During this period, exports of Meat and meat preparations decreased by €32 million (-7.88%) to €374 million and Dairy products and birds' eggs decreased by €24 million (-6.13%) to €367 million, while Cereals and cereal preparations increased by €10 million (16.94%) to €69 million. Imports of Vegetables and fruit increased €16 million (12.69%) to €142 million.

Figure 6: Irish monthly food trade, 3 mma



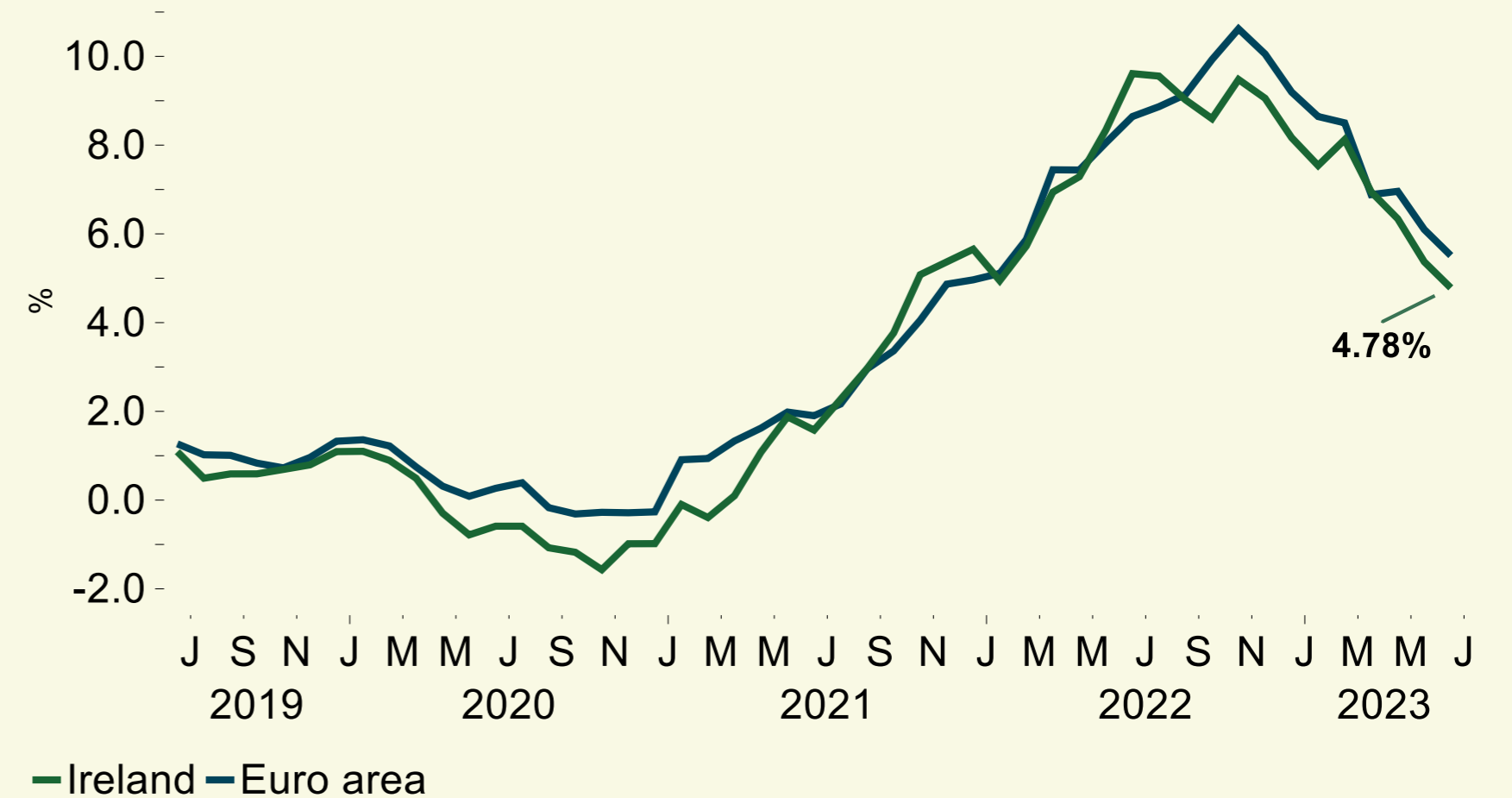
Source: <https://www.cso.ie/en/releasesandpublications/ep/p-gei/goodsexportsandimportsmay2023/>

# Eurozone inflation

Prices on average in Ireland, as measured by the EU Harmonised Index of Consumer Prices (HICP), increased by 4.8% in June 2023 compared with June 2022. This compares to an annual increase of 5.5% in the Eurozone.

The latest figures from the CSO show that this marked an increase of 0.1% on last month. Although the inflation surge is easing, prices in Ireland are still substantially higher than before the Covid-19 pandemic and Russia's invasion on Ukraine, most notably energy and food.

**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](https://www.ecb.europa.eu/stats/ecb_statistics/escb/html/table.en.html?id=JDF_ICP_COICOP_ANR)  
<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexjune2023/>

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