Market Movers

February 2026

NHS Supply Chain

Recap on the last quarter

Fruit and vegetables

Pests - extreme weather conditions have led to an increase in insect activity. Brassica crops and lettuce have been most affected, although growers are working hard to limit the impact.

Cabbage - availability remains tight for both red and white cabbage after hot, dry summer conditions reduced yields. Ongoing quality issues, including insect damage and water stress, mean more trimming is required, reducing head size and further limiting supply.

Peppers - Almeria, Spain's main growing region, is facing thrips pest challenges. This was unusual for this early in the season

Cucumbers - warm October weather sped up crop growth, creating a short gap between harvests and tightening availability.

Tomatoes - large beef tomatoes were limited due to late plantings in Spain and Morocco.

Shipping delays - poor weather disrupted shipping as the busy Christmas period approached. Delays increased, with suppliers closely monitoring the situation.

Grocery

Extra virgin olive oil - global production rose sharply in 2024 - 2025, led by a 48% increase in Spain, reaching 1.3 million tonnes. Total EU production rose 31% YoY to nearly 2 million tonnes, above the five-year average. After minimal stock was carried over from drought-hit 2022 - 2023, normal weather in 2025 restored yields.

Rapeseed oil - rapeseed and vegetable oil markets strengthened due to tighter supply from harvest delays, rising biofuel demand, and ongoing global conflicts, including in Ukraine and Israel. These factors added volatility to an otherwise stable market.

Dairy

Milk - production remains around 6% higher than last year, continuing to outpace demand. Over Christmas, the resulting surplus forced some farmers to dispose of excess milk, highlighting an ongoing supply-demand imbalance. Production continues to exceed market needs, putting downward pressure on commodity values and prompting processors to implement price cuts in late 2025. This trend is reflected in the significant milk farmgate price drops in Q4 2025.

Cheese and butter - high milk supply and growing stocks of cheese and butter are putting pressure on processing and storage capacity. As a result, prices are under pressure. Many buyers are holding back on large purchases, sensing that the market has not yet bottomed out.

Meat and poultry

Beef - prices remained high over the past three months, and around 25% higher YoY. Supply pressures continue, with domestic production limited by smaller herds and lower cattle throughput.

Chicken - prices rose more moderately in 2025 than beef but remain far above recent years, with YoY increases of 18% - 22% in the UK and EU due to supply tightness from disease

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Recap on the last quarter

outbreaks. Despite higher costs, chicken remains a cost-effective protein, keeping demand robust. Prices stayed high last quarter but have started to stabilise.

Turkey - prices ran high into the festive season, with up around 30% YoY for whole birds due to Avian Influenza and reduced stock. Supply disruptions across the UK and EU, combined with strong demand, created price volatility, especially for fresh products in November and December.

Pork - pricing remained stable last quarter. Pork continues to be one of the most cost-effective proteins options available.

Market Movers

Next quarter outlook

Fruit and vegetables

Road and rail delays - ad hoc challenges including farmer action, customs delays, and late loadings are posing risks to timely deliveries from Europe.

Salad crops - storms and wet weather in Spain have disrupted harvesting, particularly for lettuce, causing market-wide shortages of key lines. Quality is also affected, with damaged outer leaves and discoloration from standing water. Falling temperatures in Spain are expected to further reduce availability.

Broccoli and cauliflower - poor weather in Spain is disrupting broccoli availability, with harvesting halted in many areas. Current frosts may also have detrimental impact on product quality.

Carrots - freezing conditions could create some quality problems for carrots, leading to reduced shelf-life.

Meat and poultry

Beef - supply is expected to remain tight into 2026 due to continued reductions in cattle numbers. Prices eased slightly late in 2025 but remain elevated, with supply-demand gaps keeping price floors, especially for mince and burgers. Imports from South America may help fill volume gaps, but global demand will limit any major price relief.

Chicken - supply and demand are starting to balance, but seasonal Avian Influenza outbreaks can create sudden volatility. Disease disruption tightens flocks and lifts prices. The next quarter is expected to be relatively stable, though bird flu remains the critical risk factor.

Pork - UK production grew YoY in 2025, supported by a larger breeding herd and heavier carcass weights. Exports to China are down following tariff hikes, which has softened demand and eased prices. Looking ahead, lower prices are expected next quarter as supply continues to outpace demand.

Dairy

Dairy - dairy product prices are still expected to soften in Q1 2026 until supply and demand rebalance. Recent price reductions, combined with higher costs such as purchased forage, are hitting farmers hard.
Attractive beef prices may encourage some to reduce herd sizes, which could tighten supply later and push prices up during the spring flush if culls are deep.

Goat and Sheep Pox - outbreaks in Greece are spreading among livestock. Strict control measures are in place, with over 500,000 animals culled so far. While the disease does not affect humans, it could impact feta cheese production and exports, making this situation one to watch closely.

Fish and seafood

Salmon - post-Christmas demand softens slightly, but prices are unlikely to fall due to ongoing supply constraints and higher input costs.

Flat fish - native flat fish look set to be a key opportunity in Q2 as quality and availability improve after winter. Plaice from the North Sea offers consistent quality and relatively stable pricing. Megrims (Cornish sole) remain an economical, underutilised option, ideal for feature dishes and menu differentiation.

White fish - cod and haddock will remain under pressure for Q2. Quota restrictions and reduced availability from key catching grounds continue to support high and volatile pricing. For cost control, coley continues to offer value and versatility, particularly for processed options such as fishcakes, goujons and pies.

Shellfish - crab and lobster pricing is expected to soften slightly post-peak season, though weather disruption and export demand could still drive short-term volatility. Flexibility on size and format remains key for maintaining supply.

Reasons to be cautious

Supply Chain

Ongoing volatility in commodities, driven by climate change, global supply chain disruptions, and movements in energy costs and labour.

Bakery

Raw material reports show continued price fluctuation across key bakery input products. Sugar and cocoa have seen pockets of deflation or stabilisation, but rising energy, labour, and transport costs are driving manufacturing and distribution expenses higher, limiting suppliers' ability to absorb commodity volatility.

Dairy

Eggs - Avian Influenza remains highly prevalent as we head into the colder months, affecting both egg supply and the meat industry. Prices are unlikely to improve until warmer spring weather.

Coffee

Coffee prices remain volatile this quarter. This is shown in recent price changes we saw over the month of December.
In December 2025, coffee was $4.05 (USD/Lbs), fell to $3.40 (USD/Lbs) on the 19 December and has since risen to $3.80 (USD/Lbs) in January. These volatile movements are likely to continue.

Reasons to be optimistic

Fish

It's prime season for most bi-valves, oysters and mussels. All are fattening up, offering excellent value.

Meat

Pork - UK producers are increasing carcass weights and efficiency to offset limited herd growth, and we've seen strong EU supply and export shifts from China. UK Pork production is forecast to grow in 2026. This is bringing cheaper pork into the UK.

Consumers remain price-sensitive, leading to increased demand for affordable cuts. Pork has remained resilient this year and continues to offer great value for budget-conscious consumers.

Fruit and vegetables

In-season produce, such as carrots, parsnips, and apples, is currently plentiful with no supply issues. We encourage chefs to feature seasonal produce where possible.

Next quarter outlook

Supply Chain

Fruit and vegetables

As we enter the winter months, root vegetables are back in season, while salad and berries are out of season. We recommend chefs build their menus around in-season products such as carrots, onions, potatoes, parsnips and squash.

Potatoes - we expect the effects of the hot and dry growing season to continue. Higher dry matter levels are likely to persist, and availability of larger potatoes, particularly bakers, may tighten once the full harvest is complete in November. We will be monitoring quality and supply closely as results come in.

Lettuce - we expect lettuce supply to transition from British to Spanish as we move into the next quarter. Pest pressure has eased, but weather conditions in Spain may continue to affect availability and quality in the short term.

Broccoli - Spanish broccoli is likely to become the main source of supply. While availability should remain good, pest pressures and weather conditions in Spain may affect quality and consistency. Suppliers will continue working closely with growers to manage these challenges.

Cabbage - pests are likely to continue affecting cabbage varieties, including Savoy and Cavolo Nero, with whitefly and other insects potentially impacting crops. Maintaining weight may remain a challenge, and concessions could continue to be necessary.

Lemons - supply is expected to transition to Spanish lemons. While the Spanish harvest is likely to be smaller than usual, quality and size are expected to remain good.

Dairy

Looking ahead to the next quarter, the recent autumn rainfall following the drought has led to a flush of grass growth. This could ease pressure on forage stocks for now and might even allow for a late silage cut. However, forage availability and costs are still expected to be a challenge for some farmers this winter. With high levels of milk production, there’s growing pressure on processors to manage the surplus.

If this excess supply isn’t absorbed, it could lead to downward pressure on farmgate prices to curb production. Additionally, the milking herd is starting to shrink, largely due to high beef prices and ongoing labour shortages. If this trend continues, we may see a decline in milk production over the coming year.

There’s some hope that the current high milk production can be redirected into butter, which could help ease prices going forward.

Labour Driving Underlying Inflation

NHS Supply Chain

As shown earlier in this report, commodities continue to experience inflation driven by true commodity movements - e.g., supply tightening as demand increases, or vice versa. However, in the UK, we are seeing Total Consumer Price Index (CPI) and Food CPI grow faster than commodity inflation. This is being driven by government-led labour cost increases, such as the rise in the National Living Wage (NLW) and increases in National Insurance (NI).

Since April 2025, when these increases took effect, we have seen these costs gradually filter into the supply chain. Businesses have been weighing whether they can pass these costs on or absorb them. As cost pressures have continued to build, businesses now have little choice, and this impact is emerging as the main driver of increased supply chain costs.

This is clearly illustrated in the graph below: Europe is experiencing traditional commodity-driven inflation rates, whereas UK rates are elevated, reflecting the impact of NI and NLW on supply chain costs.

We expect this trend to continue over the next six months, with CPI and, more importantly, Food CPI, remaining elevated compared with Europe. If the government does not introduce further increases, we could see CPI and supply chain costs soften in the spring, rising only around 2% - 3% rather than the current elevated level of 5% for Food CPI.

Inflation Rates: Selected Countries

Annual percentage change in consumer prices (HICP)

	2022	2023	2024	Jun 2025	Jul 2025	Aug 2025
UK	9.1	7.3	2.5	3.6	3.8	3.8
Eurozone	8.4	5.4	2.4	2.0	2.0	2.0
EU	9.2	6.4	2.6	2.3	2.4	2.4
France	5.9	5.7	2.3	0.9	0.9	0.8
Germany	8.7	6.0	2.5	2.0	1.8	2.1