

OCTOBER 2026

MIDDLE EAST CONFLICT – CLIENT UPDATE

We recognise this continues to be a challenging time, with cost pressures and global uncertainty creating an increasingly complex environment for our clients to navigate. We're continuing to stay close to the global events that are currently placing pressures on the supply chain. While inflation pressure has been delayed, the risk has not been removed - headline food inflation may be low today, but cost pressures continue to build across the market. The positive is that this delayed impact gives us more time to plan ahead, understand where you may be most exposed and act early to protect value, choice and availability.

WHAT YOU NEED TO KNOW

Inflation is low today, but pressure is building. Current food CPI does not yet reflect the full impact of increasing supply-chain costs, with greater pressure expected through 2027.

Weather remains a key factor. Drought and extreme temperatures are affecting vegetables, potatoes and root crops, while winter conditions could create further availability and quality challenges.

Cost extends beyond food. Labour, energy, diesel, freight, packaging and consumables all contribute to the overall cost of foodservice.

The impact will vary by category. Fresh produce, potatoes, oils, hot beverages and some proteins are more exposed, creating an opportunity to focus action where it will have the greatest impact.

WHAT THIS COULD MEAN FOR YOUR BUSINESS

For planning purposes, We recommend planning for potential cost increases of between 5% and 8%, however the level of impact will vary depending on the products you purchase and how your business operates. We recommend having regular conversations with us through autumn 2026 and into 2027 to identify changes early and agree the right response.

WHAT WE CAN DO NOW

- **Review exposed categories** including fresh produce, potatoes, oils, beverages and volatile proteins.
- **Look at the full picture when it comes to costs**, including labour, energy, packaging, freight and other essential supplies, rather than focusing on food costs alone.
- **Keep menus flexible**, with alternative ingredients, and specifications available if pricing or supply changes.
- **Review regularly**, giving us more opportunities to mitigate pressure before price becomes the only lever.
- **Consider substitutions**, including frozen produce, alternative root veg, and more cost-effective proteins.

WHAT THIS COULD MEAN FOR YOU

For planning purposes, we anticipate inflation will vary by food category this year rather than settle at a single rate across all. We therefore recommend planning regular review points rather than assuming one annual discussion will be enough. The main categories to review now are below:

CATEGORY	CURRENT PRESSURE	WHAT WE RECOMMEND YOU DO
Fresh produce and potatoes	Drought & waterlogging may affect vegetables, potatoes & root crops. Expect variety in size and quality.	Keep menus flexible to allow ingredients switches if needed. Review where frozen alternatives could be used to cover availability gaps.
Wheat, oils and fats	Wheat, vegetable oil, and olive oil remain exposed to impact due to geopolitics, biodiesel demand and weather.	Review bakery, cooking oils, dressings and oil-led recipes. Review use of cooking oil and reduce where possible.
Protein and dairy	Feed, fertiliser and input costs remain a risk.	Keep menu flexibility under review. Consider alternative proteins that are more cost effective e.g. pork
Hot beverages and cocoa	Coffee, tea and cocoa are among the most at risk categories	Review how much these are needed across your menus.
Labour and non-food	Wage, packaging, consumables, freight and carbon-related costs remain a pressure.	Review service model, consumables and full cost of delivery, not food alone.

OUR SUGGESTIONS



Review exposed categories with us now and agree mitigation options such as menu engineering, substitution, procurement opportunities and smarter usage.



Consider alternative root vegetables. Some staple root vegetables have lower yields, including potatoes, carrots and parsnips. Others have performed well, such as Swede and turnips. These are grown primarily in Scotland, which has benefited from more favourable weather conditions. It's important to keep menus flexible to allow for ingredient switches.



Review your menus. Can any items be substituted for a frozen alternative? Can a main meal be offered with a different side? e.g. rice instead of potatoes.



Consider the protein used in meals. Beef and Lamb continue to be highly volatile, with lamb pricing reaching unprecedented levels, which is likely to continue into 2027. Pork is more stable and will remain so throughout Autumn.

LOOKING AHEAD

We recognise that this remains a challenging time for our clients, with pressures coming from multiple directions. Taking a proactive approach will be increasingly important, and we're here to provide the insight, guidance and support you need to navigate those challenges. We will continue to monitor weather and crop conditions, key categories, and global shipping routes, as well as the potential mid-2027 inflation peak. The market will continue to move but by planning ahead, we can protect value, maintain quality and build greater resilience into your operation. Rather than relying on one annual review, having regular conversations through 2026 and into 2027 will help us identify changes early and agree the right response together.