

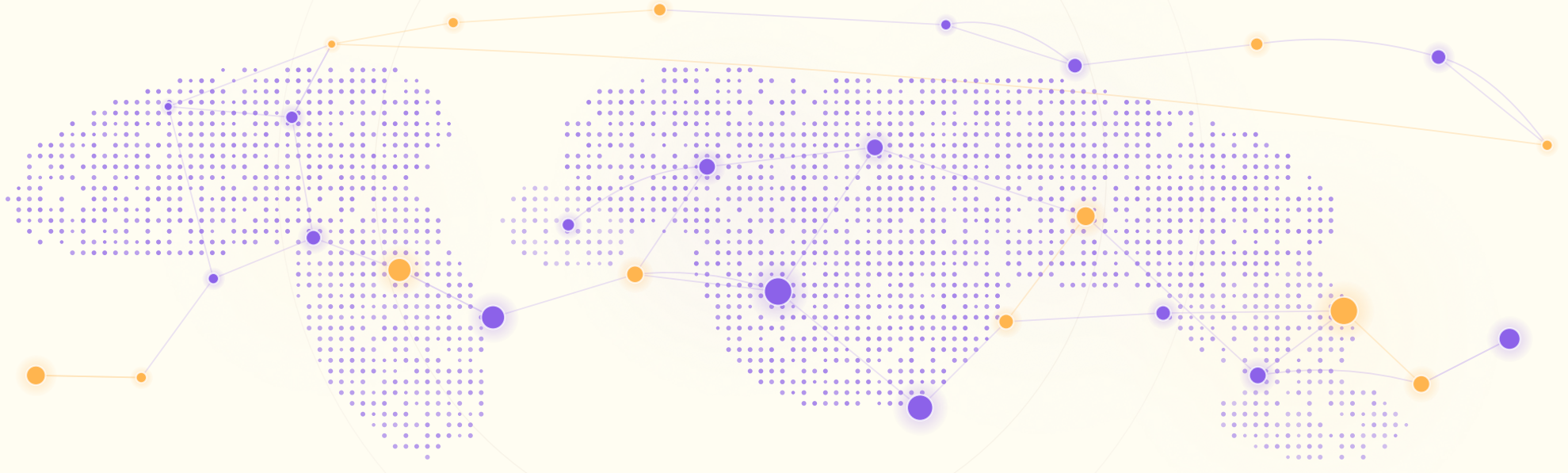


May 2026: Market Report

Food, commodity, and supply-chain indicators



May 2026: Market Report



May 2026 has been a difficult month for many service providers. Rising energy costs, inconsistent weather conditions and cautious consumer spending have continued to squeeze margins, leaving businesses with less flexibility to absorb additional costs.

Key Food & Beverage Movements

Severe flooding across South Africa has damaged citrus-growing regions and transport infrastructure, creating concerns around lemon and easy-peeler availability later in the summer. Meanwhile, conflict-related shipping disruption has reduced air freight capacity from Kenya, resulting in inconsistent supply and reduced shelf life for basil and chives.

Closer to home, a wet winter and slow start to summer have constrained coriander and parsley availability, while savoy cabbage remains tight following an earlier-than-expected end to the British season. That said, new-season British sweetheart cabbage is beginning to enter the market, helping to ease pressure across brassica lines. Also performing well domestically are strawberries, blackberries, asparagus, spring onions, baby watercress and baby garlic kale mix.

Other seasonal opportunities to incorporate into menus include courgettes, peas and broad beans, Cornish mids, as well as apricots, peaches, nectarines and cherries as the European stone fruit season begins.

Beef markets have continued to soften from their early-year highs, with the average GB deadweight R4L steer price falling 53p/kg since January. Previous price increases have weighed on retail and foodservice demand, although early indications suggest consumption is beginning to stabilise. Lamb prices, meanwhile, remain elevated, with the deadweight Old Season Lamb SQQ reaching 871p/kg in mid-May.

Vegetable oil markets also remain firm, with soya bean oil prices reaching their highest level since June 2022. Concerns over a potential El Niño weather event reducing palm oil yields in Southeast Asia, alongside adverse growing conditions across key oilseed-producing regions and stronger biofuel demand, continue to support cooking oil prices.

Overarching Market Pressures

Overall food inflation has eased since March, but there are growing signs that cost pressures are rebuilding across the supply chain. Producer input prices rose 7.7% year-on-year and import prices increased 8.0%, while agricultural input inflation climbed to 8.4%.

Fertiliser prices have also increased sharply following disruption linked to the Middle East conflict, with reports suggesting rises of between 50% and 70% in some markets. Concerns over the potential impact on food prices have prompted the UK Government to suspend planned carbon tax measures on fertilisers.

Food manufacturing confidence fell to -64%, its lowest level since the 2022 energy crisis and on a par with the low confidence levels seen at the start of the Covid-19 pandemic. Energy remains a significant expenditure for businesses too, with one fifth of manufacturers reporting that it accounts for more than 10% of operating costs.

At the same time, consumer demand remains subdued: UK services sector activity contracted sharply in May, drinks sales were negative in 13 of the first 19 weeks of the year, and eating-out growth continues to slow.

Outlook and Opportunities

While consumer spending remains cautious, demand is expected to increase as a result of the 2026 FIFA World Cup.

Hospitality venues are forecast to generate an additional £898 million during the tournament, including £536.1 million in drink sales and £361.9 million in food sales.

This presents an opportunity for operators to adapt menus for high-volume service periods, with a focus on sharing plates, snacks and drinks packages that can help increase spend per head.

Service providers can also help protect gross profit margins by regularly reviewing supplier agreements to ensure pricing remains competitive and that contracted service levels are being delivered. Any added surcharges should be re-assessed and challenged where no longer appropriate.

As energy continues to represent a significant cost area for many businesses, operators should aim to keep a closer eye on consumption patterns. Opting for an advanced energy management system, rather than relying solely on manual meter readings, can help pinpoint areas of unnecessary usage and where savings can be achieved.

For more advice on energy management, or to discuss how current market conditions are impacting your business, [book a call with our team](#).

Sources

- The Andersons Centre (2026). [Agflation Update – May](#)
- AHDB (2026). [Beef Market Update](#)
- AHDB (2026). [Lamb Market Update](#)
- AHDB (2026). [Arable Market Report](#)
- Brakes (2026). Crop Reports: May
- Food and Drink Federation (2026). [Manufacturing Confidence Report](#)
- The Grocer (2026). [World Cup Delivers Boost for UK Retailers](#)
- The Guardian (2026). [Fertiliser Carbon Tax](#)
- The Guardian (2026). [Service Sector Slump](#)
- NielsenIQ (2026). [Drink Sales Dip in May](#)
- Office for National Statistics (2026). [Consumer Price Inflation: April](#)
- Office for National Statistics (2026). [Producer Price Inflation: April](#)