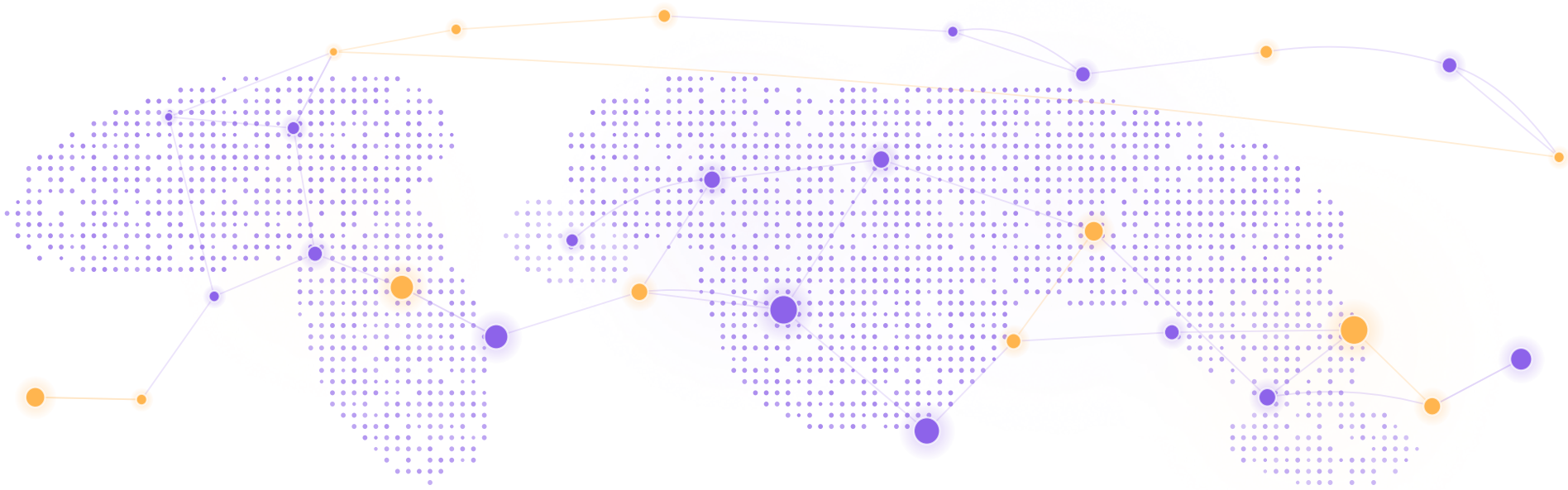
October 2026: Market Report

Food, commodity, and supply-chain indicators

ONECOST

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Summer drought conditions continue to affect UK crops, while rising transport costs and the October Budget add to businesses' concerns.

Key Food & Beverage Movements

Despite substantial rainfall from Storms Austen and Boelo, the effects of the summer drought remain evident. According to the Environment Agency's recent update:

- The storms made 23–29 October the wettest reporting week in England since October 2024.
- October rainfall reached 111% of the long-term average, although soils remained unusually dry.
- Reservoir storage recovered to 57.9%, still 19% below average for the time of year.

AHDB attributed the 2.3% year-on-year fall in GB milk deliveries in September partly to the summer heat. October wholesale dairy prices were mixed: butter fell 7% to £3,300 per tonne and mild cheddar fell 1% to £3,290, while skimmed milk powder rose 7% to £2,930 per tonne.

The lasting effects of the summer heatwaves can also be seen across British-grown crops. Larger baker potatoes, particularly 40s and 50s, remain scarce, with limited availability expected throughout winter.

Onion yields are around 25% below normal, while carrots and parsnips are smaller and more variable in quality. Gaps in planting during the hot weather could also affect their availability through November.

UK wheat production is estimated at 12.07 million tonnes, 9% below the five-year average, and barley production at approximately 5.5 million tonnes, 21% below average.

Despite these smaller harvests, grain market prices fell towards the end of October as global supply forecasts improved.

As fresh produce sourcing shifts to winter growing regions, plum, beef and cherry tomatoes remain limited, with Dutch supplies ending and Spanish and Moroccan crops taking over.

Yellow peppers are also in short supply, while thrips damage is affecting quality. Spanish Cos and Little Gem lettuce supplies are improving, and new-season Spanish aubergines are expected in November.

Shipping delays from Brazil have left lime volumes exceptionally low, with prices rising as suppliers await fresh arrivals.

South African lemons have also experienced quality issues following earlier flooding, although the transition to Spanish production is expected to improve availability.

Overarching Market Pressures

Transport inflation rose from 4.6% in August to 6.6% in September, with motor fuel prices making the largest contribution to the increase in headline CPI inflation, which reached 3.5%, up from 3.1%.

According to the ONS, crude oil prices rose 14% during September, while the Food and Drink Federation (FDF) reported that diesel and petrol prices had increased 41% and 32% respectively since February.

Dr Liliana Danila, Chief Economist at the FDF, said: "*There's no doubt that the cost of producing food in the UK is rising... Gas prices have more than doubled since February and the UK's industrial electricity prices remain the highest in Europe. Packaging and ingredient costs are also rising. We expect that these increases will start to appear in consumer prices into next year.*"

This comes alongside the Chancellor's October Budget, which confirmed a 3.9% increase in the National Living Wage to £13.21 per hour from April 2027.

For employers already managing higher energy costs and previous increases in National Insurance contributions, this adds another expense to plan for.

The Budget also introduced temporary tariff suspensions on more than 100 food products, offering some potential relief from rising costs. However, the benefits will vary between businesses.

Andrew Selly, CEO of Bidcorp UK, suggested the measures would "*more likely offer some protection against closures rather than a material hospitality boom.*"

Outlook and Opportunities

The festive season is fast approaching, bringing with it more bookings and opportunities to increase revenue.

But how can businesses take full advantage of the busy period? We asked our team:

How can you make the most of Christmas party bookings?

Pre-orders and drinks packages are a good place to start. If you know what each table is having in advance, you can have everything ready, speed up service and make sure you've ordered enough stock without buying more than you need.

It's also worth getting your party packages advertised and bookings secured early. If you have a good offering, you shouldn't need to rely on last-minute discounts or third-party voucher deals to fill spaces.

How can businesses protect margins on festive menus?

Christmas menus often include more premium products, so make sure you're getting a good price on them.

If you've priced a set menu based on sirloin costing £10 and your supplier puts it up to £12, you can't necessarily increase what the customer pays. Agreeing prices with suppliers for your big-ticket items in advance can help avoid that.

For other ingredients, leave yourself some flexibility. Descriptions such as "seasonal vegetables" or "market fish" mean you can switch products if prices rise or availability changes.

It's also worth keeping an eye on waste, particularly with expensive cuts of meat. Make sure you're getting the most out of each cut rather than losing margin through unnecessary waste.

What should businesses have in place before the busiest weeks?

Start with staff rotas. Don't assume everyone's holidays have been sorted or that shifts are covered.

Department managers should be checking staffing requirements well in advance so you're not scrambling for agency staff at the last minute.

If you do need agency chefs or other temporary staff, use reputable agencies and make sure they know your menu, workstations and how your kitchen operates before service gets busy.

Finally, make sure you're collecting deposits for party bookings and that your cancellation policies are up to date and being followed. You don't want to be left out of pocket when a large booking cancels at the last minute.

If you're looking for help with Christmas party planning or want to identify savings across your supply chain amid rising costs, book a call with our team.

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