



How to Mitigate Against Food Inflation



purchasing support services ltd

effective support in purchasing and supply management



- How does the Wholesalers price mechanic work?
- Who decides the price?
- Branded product vs own brand
- Commodities



Commodities



Commodities – a simple definition

- ▶ usually produced and/or sold by many different companies
- ▶ uniform in quality between companies that produce/sell it.
- ▶ you cannot tell the difference between one firm's product and another



Commodities



World food prices rise to record high

- ▶ World food prices rose to a record in December 2010 on higher sugar, grain and oilseed costs, the United Nations said, exceeding levels reached in 2008 that sparked riots from Haiti to Egypt.
- ▶ Food prices may rise more unless the world grain crop increases “significantly” in 2011
- ▶ Last month’s year-on-year rise compares with the 43% jump in food costs in June 2008.
- ▶ Record fuel prices, weather- related crop problems, increasing demand from the growing Indian and Chinese markets and the push to grow corn for ethanol fuel all contributed to the crisis that year.



Commodity Price Trends

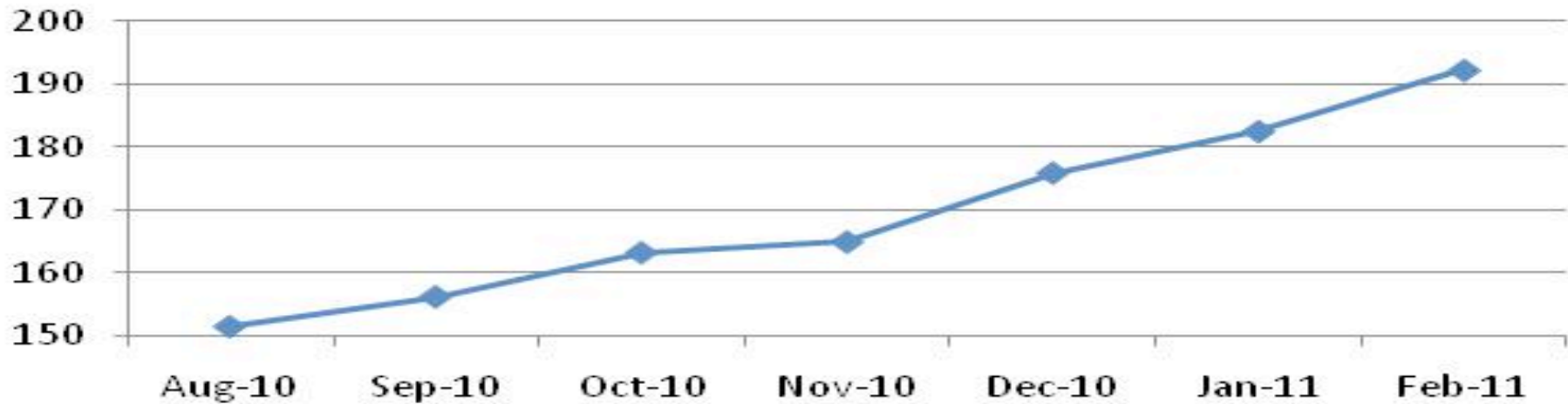
August 2010 to February 2011



Commodity food price index

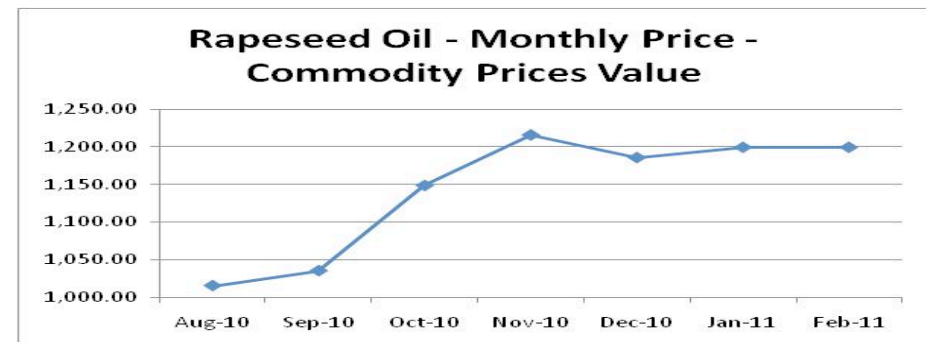
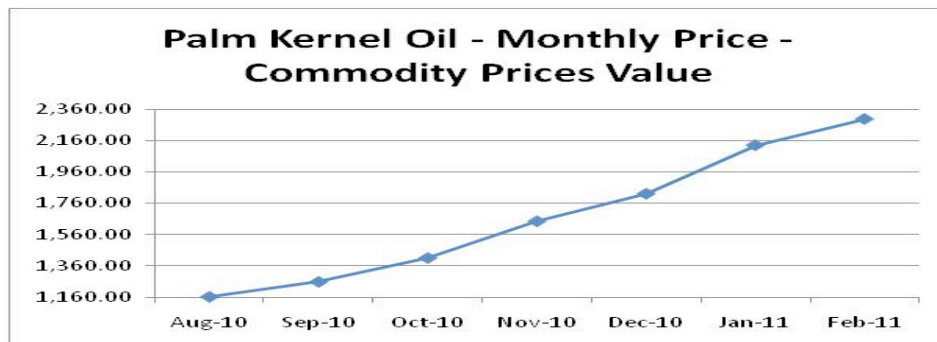


Commodity Food Price Index - Monthly Price - Commodity Prices Value



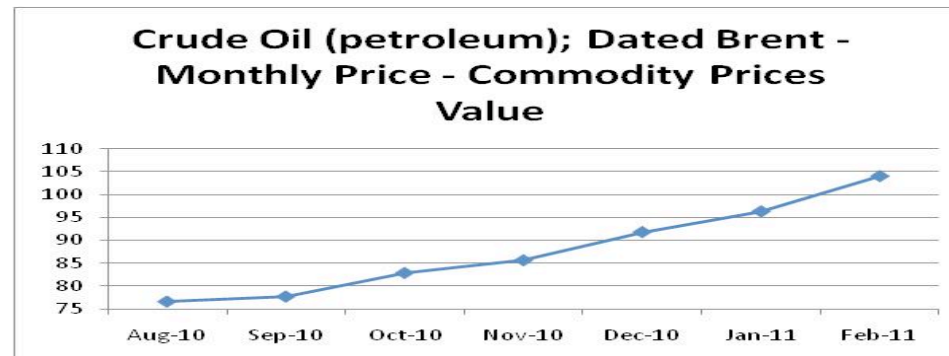
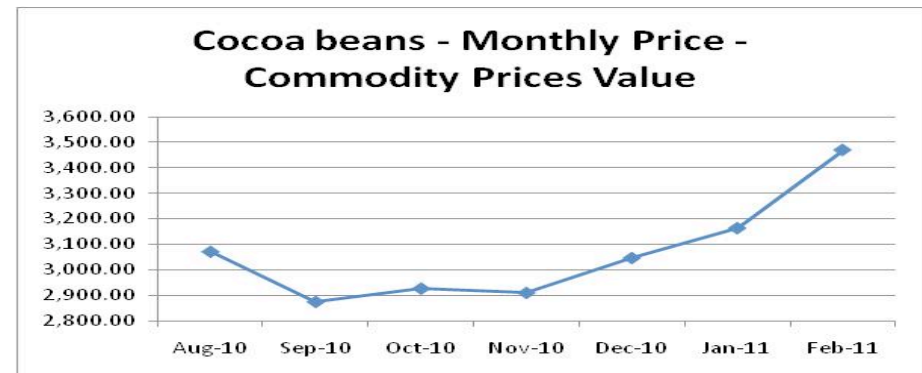
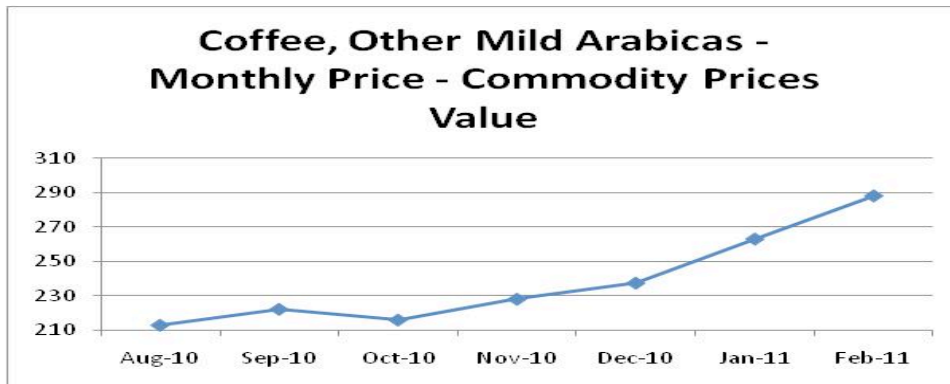


Commodity graphs





Commodity graphs





What We Can Do To Help



- Rationalise your number of suppliers
- Reduce frequency of delivery
- Consolidate your purchasing
- Concentrate your buying power



How It Works



- Concentrate on product consolidation
- Less administration
- Vision of current purchasing patterns



The Benefits



- Reduced administration cost
- Reduced paperwork
- Your own purchasing department
- Monthly reports of purchasing
- Generate 2% return of cost direct to your charity