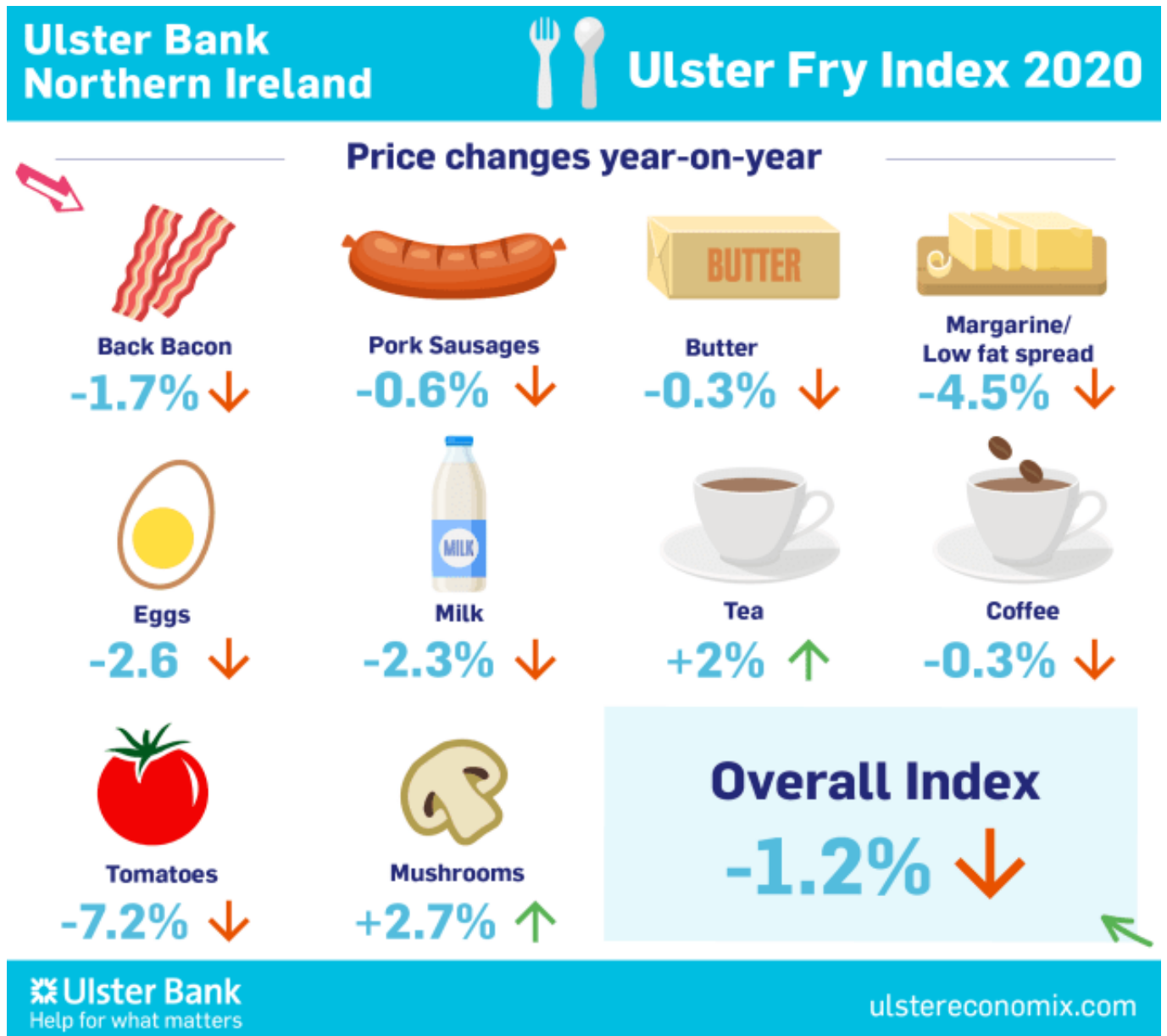


We're all currently cooking our breakfasts at home rather than eating them in cafes and restaurants, but we're at least enjoying lower prices relative to last year when we do so. That's according to the latest Ulster Bank's Ulster Fry Index.



For the past 12 years, we have released our annual gauge of the cost of a traditional cooked breakfast in the lead up to Balmoral Show, of which Ulster Bank is principal sponsor.

Balmoral Show isn't happening in 2020 due to Covid-19 but we're publishing the Ulster Fry Index anyway to coincide with the original dates of the four-day event (13th to 16th May) as a way to help highlight the continuing vital role of the local agri-food sector.

What it tells us is that the cost of all but two items in the index - mushrooms and tea - have fallen in the 12 months to March 2020 and that the overall index is down 1.2 percent in the same timeframe.

Tomatoes (-7.2 percent) and margarine (-4.5 percent) are the biggest fallers, with more modest decreases in the prices of butter, milk, sausages, back bacon and eggs. All prices in the index are based on the latest figures from the ONS Retail Prices Index (RPI).

Despite the more recent price drops though, the long-term trend is upwards. The Ulster Fry Index has fallen the past two years, but it is up 5.9 percent in the last 10 years and 21 percent since the last recession in 2008.

The Ulster Bank Ulster Fry Index is intended to be a way to engage consumers in economics and to help communicate what's happening with indicators like inflation. It is also a way of highlighting the important role of our agri food sector, which brings us our bacon, eggs, butter and much more, and to create understanding of how the economics of the agri-food sector work.



We have now seen two consecutive years of falls in the index, perhaps helping ease the pressure on consumers' pockets. However, I suspect that trend won't continue for a third year. As the food supply chain grapples with the impact of Covid-19, it faces increased costs to do so, including adapting working practices. There is inevitability that these increased costs will find their way into the prices of the goods we buy.

As my colleague Cormac McKervey, Ulster Bank's agriculture expert, has been highlighting, the returns farmers have been achieving of late, particularly dairy and beef farmers, have reduced to below the cost of production. The Covid-19 situation has brought home to many the crucial importance of having a robust food supply chain, and the vital role of our local food producers, processors and suppliers in ensuring we have the items we need and want where and when we need them. As consumers, we perhaps need to understand that the current situation of farmers receiving below the cost of production isn't sustainable long term, and taking all of the factors into consideration, it is likely that the Ulster Fry Index

will only go one way in the year ahead.

Ulster Bank Ulster Fry Index (year-on-year):

- Overall Index: -1.2%
- Back Bacon: -1.7%
- Pork Sausages: -0.6%
- Butter: -0.3%
- Margarine/low fat spread: -4.5%
- Eggs: -2.6%
- Milk: -2.3%
- Tea: +2%
- Coffee: -0.3%
- Tomatoes: -7.2%
- Mushrooms: +2.7%

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