



Hot Drinks: Half-Year Update H1 2023

June 2023

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Scope

Key findings

H1 2023 HOT DRINKS UPDATE

A slight downgrade of 2022 figures causes an improved forecast for 2023 and beyond

Cost pressures are moderating in 2023 but will prices fall in response?

Input costs remain elevated but have fallen from last year

The major companies are diverging on their pricing strategies

Prices continue to grow in early 2023 at retail

Coffee price growth at retail is slowing but prices remain well elevated

Tea prices have held more constant than those of coffee

Growing concern around product cost is threatening value-added formats

Inflationary pressures will lurk far beyond 2023

JAB Holdings further invests in pet care

Lavazza completes a new acquisition but the pace of coffee M&A remains slow

End of COVID restrictions in China does not mean the end of challenges for coffee

Ekaterra rebrands to better emphasise its ambitions for the future

Recession risk is minor for category at retail but is a major threat at foodservice

Other macroeconomic scenarios would have lesser impacts on hot drinks

H1 2023 MACROECONOMIC UPDATE

Global baseline outlook: Improved growth in an increasingly multi-speed global economy

Global inflation moderates only gradually as price pressures show signs of persistence

Real GDP annual growth forecasts and revisions from last quarter

ABOUT OUR INDUSTRY FORECAST MODEL

Hot drinks system update schedule

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