

# Unilever warns on inflation – it is not over yet

THE cost of basic foodstuffs and other kitchen staples will keep rising for at least another six months, consumer goods giant [Unilever](#) warned today.

In a clear sign that the battle against [inflation](#) is not yet won, the maker of everything from Hellman's mayonnaise to [Dove](#) soap and Domestos [bleach](#) said price increases that will exacerbate the cost-of-living crisis are far from over.

That's a blow to central bankers and politicians who have been signalling that inflation has peaked and that [interest rates](#) could soon stop rising.

Unilever, which today reported a 14.5% jump in sales for 2022 to €60.1 billion, said that while inflation is tempering, there are most cost increases to come this year, especially in the first half.

Finance chief Graeme Pitkethly said: "Pricing will start to moderate, there will be lower rates of increase. I think we are probably past peak inflation but not past peak price increases."

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Prices are up a record 13.3% at Unilever, even higher than the official UK inflation figure of 10.5%.

In another sign of cost issues, pub group JD Wetherspoon has just put up its prices 7.5% in a move that will see the cost of a pint increase by up to 29p. The company has also put up the prices of meal deals by up to 75p.

Shares have lately enjoyed a strong run as investors bet inflation and interest rate rises have peaked.

Neil Wilson at markets.com said the Unilever results "laid bare the inflation story we are facing...it is not going away anything like as fast as the bulls and central banks would like".

Toady the FTSE rose another 55 points to 7941 and could pass the 8000 benchmark any day.

Unilever profits rose 25% to e8.3 billion (£7.4 billion), figures that may anger retailers who think the food giant is being too tight on prices. Unilever expects sales volumes to fall as consumers tighten their belts.

Unilver's statement to the City said: "In the first half, underlying price growth will remain high, and volume growth will be negative. Volume will improve as price growth softens, but it is too early to say whether volume will turn positive in the second half."

Sales in the fourth quarter rose 11% to e14.6 billion, somewhat better than the City was expecting, thanks to what Unilever called "disciplined pricing action".

The company handed investors dividends of e4.3 billion and share buybacks of e1.5 billion during the year.

Chief executive Alan Jope, soon to be replaced by Hein Schumacher, said: "Unilever delivered a year of strong topline

growth in challenging macroeconomic conditions.”

Unilever has faced strong criticism for still doing business in Russia. It says it has a responsibility to the 3000 staff it has in the country.

Joop said last month: “If we hand [our] assets over to the Russian state or some other Russian oligarch they will be used to support this war and we are minimising [the Russian] business not maximising that business.”

Unilever remains under pressure from investors.

Charlie Huggins, head of equities at Wealth Club, said of the new CEO: “The situation facing Schumacher is a bit like an experienced manager who takes over an under-performing football team flirting with the relegation zone, when it should be contending for European places. There is little wrong with Unilever on the surface. It has good brands and a great footprint in emerging markets. The problem has been execution and getting the best out of the assets it owns.”