

1989 □ 10

TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE FOURTH QUARTER OF 1988

Producer prices of agricultural products (output):

Real prices slightly down again

The average monthly index of producer prices of agricultural products (including fruit and vegetables) for the Community as a whole (EUR 10) rose in the fourth quarter of 1988 by 4.5% in nominal terms over the corresponding quarter in the previous year (cf. Table 1), which means that producer prices increased by much the same amount as in the third quarter. In real terms, though, prices were down again (-0.9%).

Following a general stabilization of real producer prices of crop products in the third quarter (-0.7%), the fourth quarter saw a fresh marked decline (-4.4%), with an above-average decline for fresh vegetables (-10.1%), fruit (-7.8%), flowers and ornamental plants (-5.7%) and cereals and rice (-4.9%). Prices were up, though, for seeds (+3.9%) and wine must/wine (+2.7%).

The producer prices for animals and animal products were up 1.9% in real terms in the fourth quarter of 1988, boosting the real price increase first noted in the previous quarter (+0.7%). This development was due largely to much higher prices for calves (+7.0%) and cattle excluding calves (+4.2%). After a long period of downward movements, pig prices remained rather stable (+0.2%). Prices for sheep and lambs (-3.8%) and poultry (-1.3%) were down compared to the corresponding period in 1987. This is true to an even larger extent for eggs, although the rate of decline was lower than in the previous three quarters. Producer prices for milk, on the other hand, were once again up (+3.0%) in real terms for the fourth quarter in succession.

At Member State level (cf. Table 2), the rates of change of nominal producer price indices for agricultural products as a whole range from between -1.4% (UK) to +15.2% (GR). In deflated form, the range is between -7.4% (UK) and +10.1% (IRL).

**Purchase prices of goods and services for
current consumption in agriculture (Input I):**

Upward trend consolidated in both nominal and real terms

In the fourth quarter of 1988, the purchase prices of goods and services for current consumption in agriculture in the Community as a whole (EUR 10) were up in nominal terms by 5.2% compared with the same period in the previous year, i.e. almost one percentage point higher than in the third quarter of 1988 (+4.3%) (cf. Table 3).

This accelerating trend is also reflected by the rate of change in real purchase prices. Following a steady decline in the negative rates of change up to the middle of 1988, one observes a positive rate of change (+0.7%) for the third quarter of 1988, followed by (+1.3%) in the fourth quarter.

This is due mainly to the continued increase in real feedingstuffs prices (+5.9%; III/1988:+4.3%). Also prices for productive and breeding livestock were up above average (+3.0%). On the other hand, there was a decline in real prices for energy and lubricants (-7.6%), veterinary services (-3.4%), plant protection products (-2.8%), fertilizers (-2.4%), seeds and plants (-0.8%) and materials and small tools (-0.5%).

As expected, a comparison of the rates of change of nominal input prices between Member States (cf. Table 4) reveals a broad spectrum ranging from +1.2% (L) to +9.3% (UK). The rates of change of real input prices range from -6.9% (GR) to +4.7% (DK).

**Purchase prices of goods and services contributing
to agricultural investment (Input II):**

Slight increase in real terms (+0.4%)

Compared with the same quarter in the previous year, the purchase prices of goods and services contributing to agricultural investment in the Community as a whole (EUR 10) rose by a nominal 5.3% in the fourth quarter of 1988 (III/1988: +5.2%) and by 0.4% in real terms (III/1988: +0.7%). A comparison of countries shows rates of change of deflated purchase prices ranging from -2.3% (GR) to +2.1% (NL).

Comparison of trends in output and input (I) prices:

**Four countries with a positive and six countries with
a negative effect on agricultural income. Negative net price effect (1.5
percentage points) on average in the Community.**

In the Community as a whole (EUR 10) the deflated output price indices increased by 0.9% in the fourth quarter of 1988, while deflated input price indices increased by 1.3% over the same period. This combination of factors, both of which have a negative effect on agriculture, has to be viewed against the fact that purchases of goods and services for current consumption in the Community as a whole (EUR 10) account for only 45.3% in value terms of the overall sales of agricultural products (calculated with reference to the national farm concept). The result for the farmer is a negative effect on real agricultural income (in the sense here of gross value added) of 1.5 percentage points. This represents a deterioration of the situation for the agricultural sector compared with the previous quarter (-0.2 percentage points).

A real decline in both output and input prices is revealed only for Italy. In the United Kingdom, output prices declined while input prices increased, with the opposite situation applying in Luxembourg and Greece (i.e. output prices up and input prices down). The other Member States reported increases in both output and input prices. Taking the value share of goods and services for current consumption in sales of agricultural products per Member State into account, the real price effect on agricultural income was positive for four of the ten Member States and negative for the other six. The table below shows the Member States in order of increasing difference between the two rates of change: change percentage of deflated output prices minus percentage change of deflated input prices, taking into account the value share of purchases of goods and services for current consumption in sales of agricultural products in 1980:

Country	Rates of change of real output prices (%)	Rates of change of real input I prices (%)	Input I as a share of output in 1980	Corrected rates of change of real input I prices (%) (2 x 3)	Net price effect (points) (1 - 4)
	1	2	3	4	5
UK	- 7,4	+ 1,4	0,549	+ 0,8	- 8,2
DK	+ 0,1	+ 4,7	0,566	+ 2,7	- 2,6
I	- 2,3	- 0,5	0,297	- 0,1	- 2,2
NL	+ 0,7	+ 4,6	0,556	+ 2,6	- 1,9
D	+ 0,4	+ 1,6	0,602	+ 1,0	- 0,6
B	+ 1,0	+ 2,7	0,564	+ 1,5	- 0,5
F	+ 1,0	+ 1,3	0,482	+ 0,6	+ 0,4
L	+ 2,1	- 0,8	0,412	- 0,3	+ 2,4
GR	+ 1,0	- 6,9	0,235	- 1,6	+ 2,6
IRL	+ 10,1	+ 2,8	0,452	+ 1,3	+ 8,8
EUR 10	- 0,9	+ 1,3	0,453	+ 0,6	- 1,5

Agricultural price trends in Spain

The monthly agricultural price indices for Spain currently available to EUROSTAT are not entirely compatible in terms of methodology with the first ten Member States. In the fourth quarter of 1988, the Spanish indices of the producer prices of agricultural products show a nominal 8.8% increase over the same period in 1987, with a 3.2% increase when the figures are deflated by the consumer price index. The input (I) price indices were up by a nominal 1.8% and down in real terms by 3.6%.

Technical note

The EC agricultural price indices (output and input) are available in EUROSTAT's CRONOS data bank ("PRAG" domain) in both nominal and deflated form. By using deflated indices, it is possible to eliminate the distortions in the nominal indices caused by different inflation rates in the Member States. The nominal agricultural price indices are deflated by means of the consumer price index. The terms "deflated" and "real" are used synonymously.

Spain has been included in the agricultural price index system for the annual price indices, but not yet for the monthly price indices. The rates of change of the monthly agricultural price indices for Spain for the fourth quarter of 1988 are however given in a separate chapter. No agricultural price indices are yet available for Portugal.

EC Index of producer prices of agricultural products:
 Rates of change of the price indices for EUR 10 (in %) (1)
 Tab. 1 Indice CE des prix à la production des produits agricoles:
 Taux de variation des indices des prix pour EUR 10 (en %) (1)

	10/87-12/87	01/88-03/88	04/88-06/88	07/88-09/88	10/88-12/88
	10/86-12/86	01/87-03/87	04/87-06/87	07/87-09/87	10/87-12/87
Nominal indices / Indices nominaux					
TOTAL	2,3	1,0	- 0,5	5,3	4,5
CROP PRODUCTS / PRODUITS VEGETAUX	3,4	0,4	- 3,2	6,1	2,8
Cereals and rice / Céréales et riz	- 3,1	- 4,2	- 7,0	- 1,4	0,7
Root crops / Plantes sarclées	- 4,0	- 9,4	- 6,2	9,5	6,2
Fruit / Fruits	2,1	24,9	- 2,7	14,2	- 1,4
Fresh vegetables / Légumes frais	24,7	- 4,1	- 3,4	10,5	2,0
Wine must or wine / Moût ou vin	- 0,8	1,2	2,5	3,1	7,7
Olives and olive oil/Olives & huile d'olive	3,0	- 1,6	- 0,7	2,2	7,2
Seeds / Semences	- 4,5	- 5,6	- 3,5	- 2,8	7,8
Flowers etc. / Fleurs etc.	11,9	0,5	- 1,6	10,4	- 0,1
Other crop products / Autres prod. végétaux	0,1	- 1,2	0,5	7,2	4,5
ANIMALS & ANIMAL PRODUCTS / ANIMAUX ET PRODUITS ANIMAUX	1,3	1,5	2,2	4,5	6,1
Animals / Animaux	0,6	1,6	2,4	4,3	6,6
Calves / Veaux	5,1	4,7	9,1	10,3	12,3
Cattle excl. calves / Bovins sans veaux	2,8	4,0	5,9	7,0	8,2
Pigs / Porcs	- 5,4	- 4,0	- 5,3	- 1,1	3,6
Sheep and lambs / Moutons et agneaux	11,9	8,6	0,9	2,0	4,4
Poultry / Volailles	- 2,5	0,4	5,4	5,3	4,3
Other animals / Autres animaux	8,4	2,9	- 0,2	1,0	8,7
Milk / Lait	2,0	3,6	5,1	6,5	6,4
Eggs / Oeufs	3,7	- 12,4	- 19,4	- 7,5	- 1,3
Other animal products / Autres prod.animaux	1,9	5,2	10,3	9,3	9,7
Deflated indices / Indices déflatés					
TOTAL	- 2,1	- 3,2	- 4,5	0,1	- 0,9
CROP PRODUCTS / PRODUITS VEGETAUX	- 1,4	- 4,6	- 7,8	- 0,7	- 4,4
Cereals and rice / Céréales et riz	- 7,8	- 8,6	- 11,5	- 6,4	- 4,9
Root crops / Plantes sarclées	- 8,3	- 13,0	- 9,9	2,6	- 0,2
Fruit / Fruits	- 4,0	18,4	- 7,2	6,9	- 7,8
Fresh vegetables / Légumes frais	25,0	- 7,1	- 6,7	0,1	- 10,1
Wine must or wine / Moût ou vin	- 5,6	- 3,4	- 1,9	- 1,3	2,7
Olives and olive oil/Olives & huile d'olive	- 6,4	- 10,9	- 9,7	- 6,6	- 1,5
Seeds / Semences	- 9,5	- 10,0	- 8,2	- 6,6	3,9
Flowers etc. / Fleurs etc.	8,4	- 2,1	- 3,8	5,3	- 5,7
Other crop products / Autres prod. végétaux	- 10,7	- 10,4	- 8,8	- 1,7	- 4,0
ANIMALS & ANIMAL PRODUCTS / ANIMAUX ET PRODUITS ANIMAUX	- 2,6	- 2,1	- 1,6	0,7	1,9
Animals / Animaux	- 3,5	- 2,3	- 1,6	0,1	2,0
Calves / Veaux	1,1	0,8	5,3	5,8	7,0
Cattle excl. calves / Bovins sans veaux	- 0,3	1,5	2,8	3,6	4,2
Pigs / Porcs	- 8,6	- 7,5	- 8,9	- 4,7	0,2
Sheep and lambs / Moutons et agneaux	2,3	1,0	- 4,6	- 4,2	- 3,8
Poultry / Volailles	- 7,0	- 4,1	0,1	- 0,1	- 1,3
Other animals / Autres animaux	- 0,5	- 4,4	- 5,9	- 5,4	0,8
Milk / Lait	- 1,3	0,6	2,0	3,3	3,0
Eggs / Oeufs	- 1,3	- 16,9	- 24,7	- 12,0	- 6,3
Other animal products / Autres prod.animaux	- 4,5	- 1,2	2,2	0,4	- 0,6

(1) On the base / sur la base 1980 = 100

Tab. 2

EC Index of producer prices of agricultural products : Rates of change of the price indices by Member States (in %) (1)
 Indice CE des prix à la production des produits agricoles: Taux de variation des indices des prix par Etat membre (en %) (1)

			D	F	I	NL	B	L	UK	IRL	DK	GR	EUR 10
Total	Nominal indices Indices nominaux	a)	-0,4	-4,4	2,1	-0,1	-2,3	2,1	0,7	4,2	1,3	9,4	1,0
		b)	-3,2	-2,0	-0,9	-1,8	-1,9	0,9	-1,0	8,6	2,3	4,5	-0,5
		c)	1,3	2,7	3,7	4,4	0,2	2,2	2,6	12,0	1,8	17,0	5,3
		d)	1,9	4,0	2,7	1,5	2,6	4,2	-1,4	13,1	4,6	15,2	4,5
	Deflated indices Indices déflatés	a)	-1,3	-6,6	-2,9	-0,9	-3,2	1,5	-2,6	2,2	-3,3	-3,7	-3,2
		b)	-4,2	-4,4	-5,6	-2,7	-2,9	-0,4	-5,0	6,6	-2,2	-7,1	-4,5
		c)	0,1	-0,1	-1,2	3,3	-0,9	0,3	-2,7	9,7	-2,5	2,7	0,1
		d)	0,4	1,0	-2,3	0,7	1,0	2,1	-7,4	10,1	0,1	1,0	-0,9
Crop products Produits végétaux	Nominal indices Indices nominaux	a)	2,4	-9,7	3,3	2,0	0,7	-3,0	-5,1	-13,5	-1,0	9,2	0,4
		b)	-5,4	-5,7	-2,7	-3,7	1,5	-3,0	-9,3	-13,6	-3,8	3,4	-3,2
		c)	-1,8	1,9	4,3	1,1	-3,0	-2,7	-3,1	1,3	-5,2	21,3	6,1
		d)	-6,2	2,2	1,8	-8,6	-5,2	0,3	-10,3	4,3	-2,9	16,1	2,8
	Deflated indices Indices déflatés	a)	1,5	-11,9	-1,7	1,2	-0,3	-3,6	-8,2	-15,1	-5,5	-3,9	-4,6
		b)	-6,3	-8,0	-7,4	-4,5	0,5	-4,2	-13,0	-15,2	-8,0	-8,0	-7,8
		c)	-2,9	-0,9	-0,7	-0,1	-4,0	-4,5	-8,1	-0,8	-9,2	6,4	-0,7
		d)	-7,6	-0,8	-3,2	-9,3	-6,7	-1,7	-15,8	1,5	-7,1	1,8	-4,4
Animal products Produits animaux	Nominal indices Indices nominaux	a)	-1,7	0,5	0,4	-1,4	-3,7	2,7	3,9	6,9	2,2	9,8	1,5
		b)	-2,2	1,5	1,9	-0,7	-3,7	1,3	3,9	12,2	4,9	6,8	2,2
		c)	2,5	3,4	2,9	6,1	1,6	2,7	5,5	13,5	4,5	8,3	4,5
		d)	5,4	5,5	4,1	7,7	6,5	4,6	3,3	14,3	7,6	13,1	6,1
	Deflated indices Indices déflatés	a)	-2,5	-1,8	-4,5	-2,1	-4,7	2,0	0,5	4,9	-2,5	-3,3	-2,1
		b)	-3,3	-1,1	-3,0	-1,6	-4,7	0,1	-0,3	10,1	0,3	-5,0	-1,6
		c)	1,3	0,5	-2,0	4,9	0,5	0,9	0,0	11,1	0,1	-5,0	0,7
		d)	3,8	2,4	-0,9	6,8	4,8	2,5	-3,0	11,3	3,0	-0,8	1,9

(1) On the base / sur la base 1980 = 100

$$a = \frac{01/88-03/88}{01/87-03/87} \quad b = \frac{04/88-06/88}{04/87-06/87} \quad c = \frac{07/88-09/88}{07/87-09/87} \quad d = \frac{10/88-12/88}{10/87-12/87}$$

Table 3 EC Indices of purchase prices of the means of agricultural production:
 Rates of change of the price indices for EUR 10 (in %) (1)
 Indices CE des prix d'achat des moyens de production agricoles:
 Taux de variation des indices des prix pour EUR 10 (en %) (1)

	10/87-12/87	01/88-03/88	04/88-06/88	07/88-09/88	10/88-12/88
	10/86-12/86	01/87-03/87	04/87-06/87	07/87-09/87	10/87-12/87
Nominal indices / Indices nominaux					
01 Goods & serv. currently cons. in agricult. Biens & serv. de cons. courante de l'agric.					
1. Seeds / Semences	- 1,9	- 3,8	- 4,3	- 3,1	3,1
2. Animals for rearing/Animaux d'élevage	3,4	2,2	2,4	4,5	8,4
3. Energy / Energie	6,3	- 0,3	0,1	- 1,9	- 3,2
4. Fertilizers / Engrais	0,5	3,0	2,5	1,6	1,1
5. Plant protection products / Produits de protection des cultures	2,0	1,8	1,0	1,0	1,2
6. Animal feeding stuffs/Alim. des animaux	- 1,9	- 0,7	1,6	7,8	9,6
7. Small tools / Petit outillage	3,9	3,7	3,4	3,3	3,6
8. Maintenance and repair of plant / Entretien et réparation du matériel	7,3	5,5	5,5	5,3	5,1
9. Maintenance and repair of buildings / Entretien et réparat. des bâtim. d'expl.	4,5	4,5	4,2	4,5	4,9
10. Veterinary services/Serv. vétérinaires	3,4	3,7	3,5	1,7	- 0,1
11. General expenses / Frais généraux	4,1	3,5	3,5	3,7	3,8
02 Goods & serv. contr. to agricult. investm. Biens et serv. conc. aux invest. de l'agric.					
12. Machinery / Machines	4,2	5,2	4,8	4,7	5,2
13. Buildings / Ouvrages	4,9	5,8	5,7	6,1	5,5
Deflated indices / Indices déflatés					
01 Goods & serv. currently cons. in agricult. Biens & serv. de cons. courante de l'agric.					
1. Seeds / Semences	- 5,3	- 6,5	- 7,2	- 6,5	- 0,8
2. Animals for rearing/Animaux d'élevage	- 1,1	- 1,7	- 1,7	0,1	3,0
3. Energy / Energie	3,5	- 3,4	- 3,1	- 5,7	- 7,6
4. Fertilizers / Engrais	- 3,8	- 0,8	- 1,3	- 1,9	- 2,4
5. Plant protection products / Produits de protection des cultures	- 1,6	- 1,5	- 2,3	- 2,7	- 2,8
6. Animal feeding stuffs/Alim. des animaux	- 6,2	- 4,6	- 2,1	4,3	5,9
7. Small tools / Petit outillage	0,0	0,6	0,2	- 0,4	- 0,5
8. Maintenance and repair of plant / Entretien et réparation du matériel	3,4	2,2	2,2	1,6	1,1
9. Maintenance and repair of buildings / Entretien et réparat. des bâtim. d'expl.	1,1	1,7	1,1	0,9	0,9
10. Veterinary services/Serv. vétérinaires	0,1	0,9	0,5	- 1,5	- 3,4
11. General expenses / Frais généraux	0,9	0,9	0,7	0,5	0,3
02 Goods & serv. contr. to agricult. investm. Biens et serv. conc. aux invest. de l'agric.					
12. Machinery / Machines	- 0,2	1,2	0,7	0,4	0,3
13. Buildings / Ouvrages	0,2	1,5	1,3	1,5	0,7

(1) On the base / sur la base 1980 = 100

Tab. 4

EC Indices of purchase prices of the means of agricultural production: Rates of change of the price indices by Member States (in %) (1)

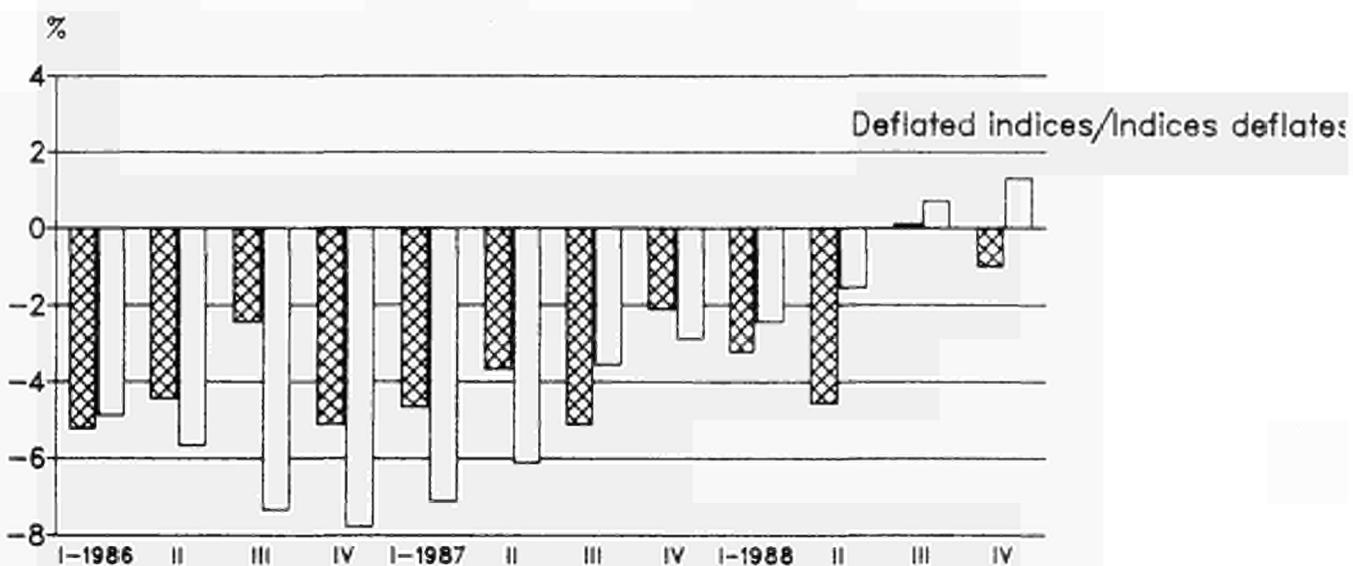
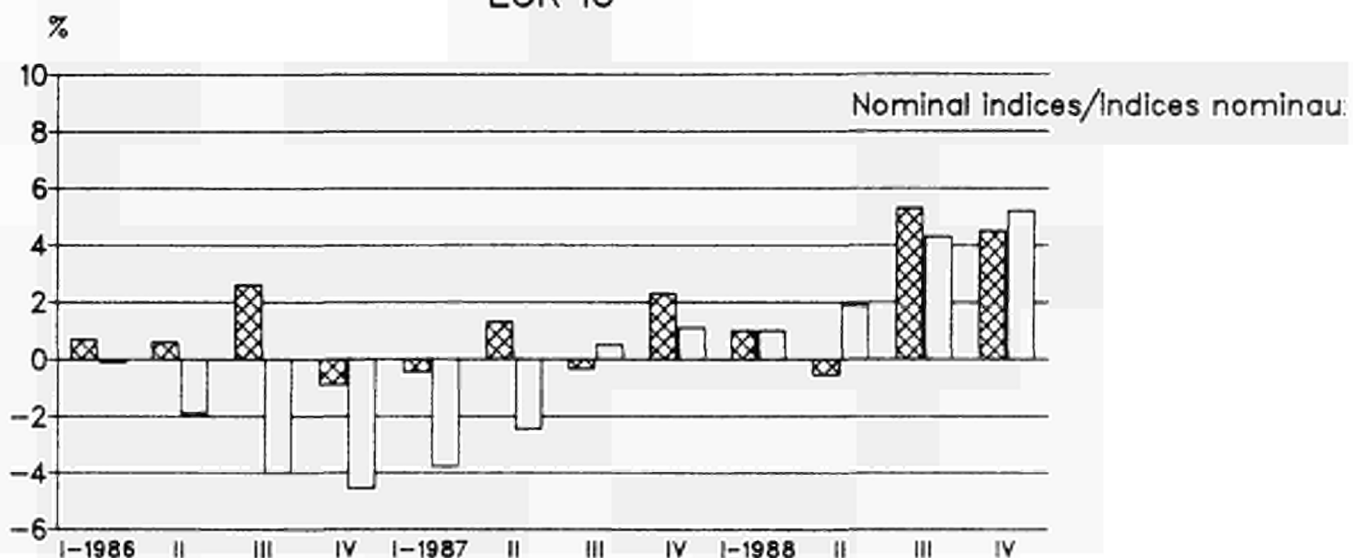
Indices CE des prix d'achat des moyens de production agricoles: Taux de variation des indices des prix par Etat membre (en %) (1)

			D	F	I	NL	B	L	UK	IRL	DK	GR	EUR 10
Goods and services currently consumed in agriculture / Biens et services de consommation courante de l'agriculture	Nominal indices Indices nominaux	a)	- 2,3	0,5	1,5	- 1,1	- 2,4	0,6	2,6	1,0	0,8	9,0	1,0
		b)	- 0,7	1,4	2,5	1,8	- 1,0	0,1	2,8	1,4	3,7	6,8	1,9
	Deflated indices Indices déflatés	c)	2,2	3,1	4,2	5,5	2,4	0,4	7,3	3,7	7,0	5,6	4,3
		d)	3,1	4,3	4,5	5,4	4,3	1,2	8,0	5,6	9,3	6,2	5,2
of which / dont : Animal feedingstuffs/ Aliments pour animaux	Nominal indices Indices nominaux	a)	- 5,6	- 0,7	1,5	- 5,5	- 4,0	- 3,2	- 0,5	- 2,4	- 2,9	8,2	- 0,7
		b)	- 2,1	2,1	3,5	1,2	- 0,7	- 2,1	- 0,2	- 0,9	2,4	5,3	1,6
	Deflated indices Indices déflatés	c)	6,9	9,5	6,0	9,1	5,0	1,0	10,9	6,1	8,7	6,3	7,8
		d)	10,3	11,8	5,9	11,6	6,4	1,9	12,2	10,3	14,0	8,6	9,6
Goods and services contributing to agricultural investment / Biens et services concourant aux investissements de l'agriculture	Nominal indices Indices nominaux	a)	2,1	3,5	7,2	3,0	1,7	1,3	6,0	3,1	6,0	8,2	5,4
		b)	2,1	3,2	6,1	3,0	2,2	1,4	6,2	3,5	5,6	8,5	5,1
	Deflated indices Indices déflatés	c)	2,2	3,0	6,3	3,0	3,0	1,5	6,2	4,1	6,0	9,1	5,2
		d)	2,2	2,4	6,1	3,0	3,5	1,4	5,8	4,0	6,1	11,4	5,3
	Nominal indices Indices nominaux	a)	1,2	1,1	1,9	2,2	0,7	0,6	2,6	1,1	1,2	- 4,8	1,3
		b)	1,0	0,7	1,1	2,0	1,2	0,1	1,9	1,6	1,0	- 3,5	0,9
	Deflated indices Indices déflatés	c)	1,0	0,1	1,2	1,8	2,0	- 0,4	0,7	1,9	1,5	- 4,3	0,7
		d)	0,7	- 0,5	1,0	2,1	1,9	- 0,5	- 0,7	1,3	1,6	- 2,3	0,4

(1) On the base / sur la base 1980 = 100 a = $\frac{01/88-03/88}{01/87-03/87}$ b = $\frac{04/88-06/88}{04/87-06/87}$ c = $\frac{07/88-09/88}{07/87-09/87}$ d = $\frac{10/88-12/88}{10/87-12/87}$

TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT)
 4th Quarter 1988
 EVOLUTION DES INDICES CE DES PRIX AGRICOLES (OUTPUT ET INPUT)
 4eme Trimestre 1988

Rates of change over 12 months of the agricultural price indices
 Taux de variation en 12 mois des indices des prix agricoles
 EUR 10

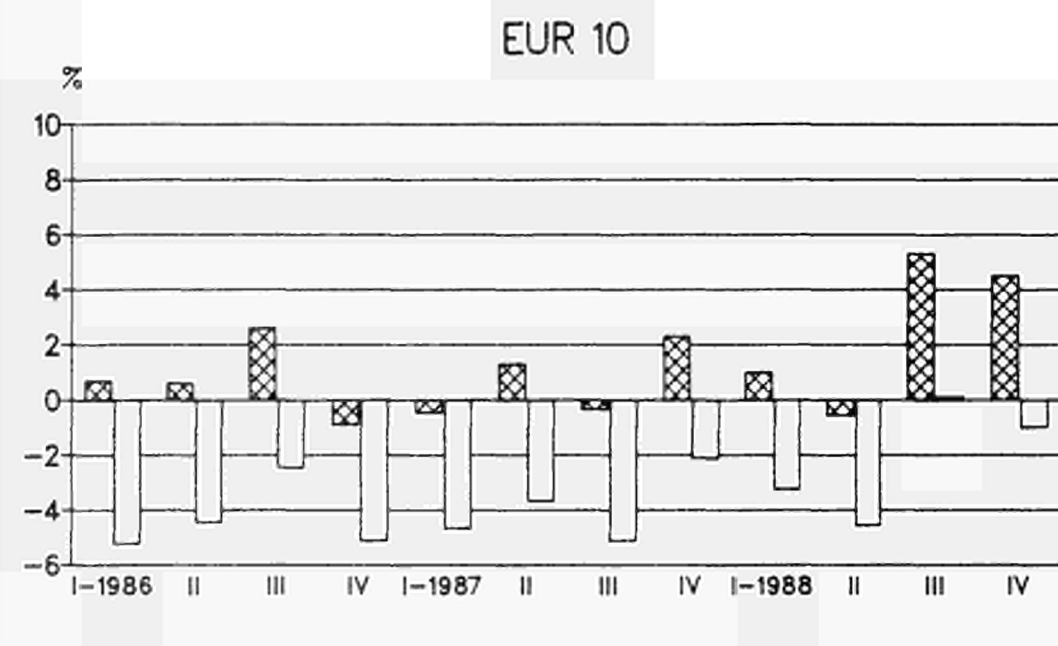


 Output prices/Prix output

 Input prices/Prix Input

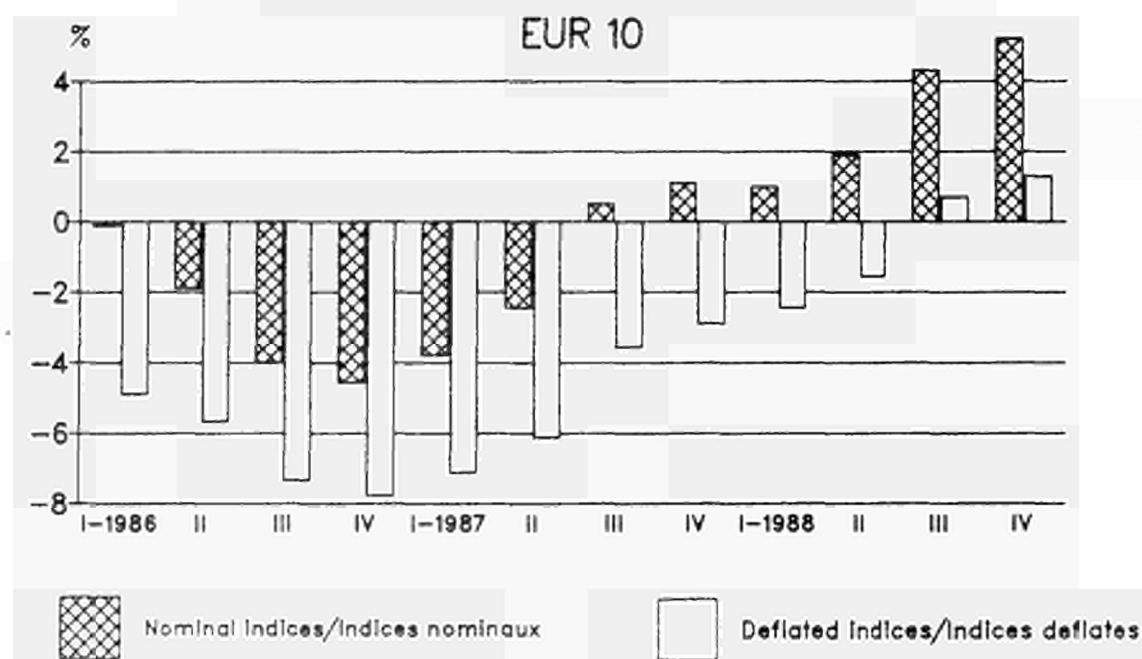
EC Index of producer prices of agricultural products:
Rates of change of the price indices

Indice CE des prix a la production des produits agricoles:
Taux de variation des indices des prix



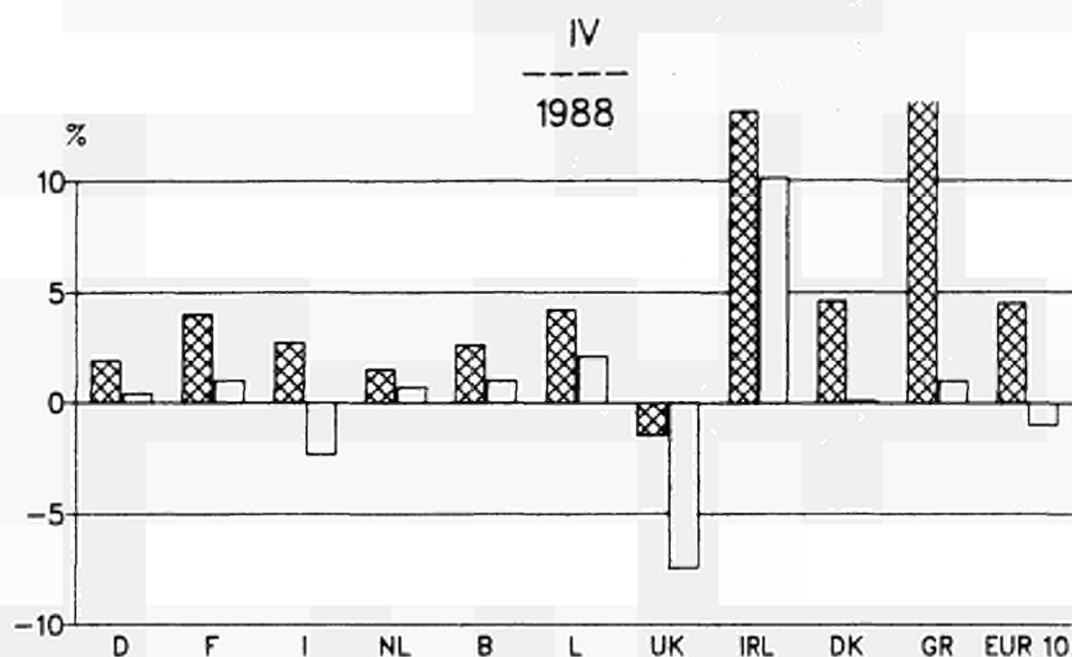
EC Indices of purchase prices of goods and services currently
consumed in agriculture:
Rates of change of the price indices

Indices CE des prix d'achat des biens et services de consommation
courante de l'agriculture:
Taux de variation des indices des prix



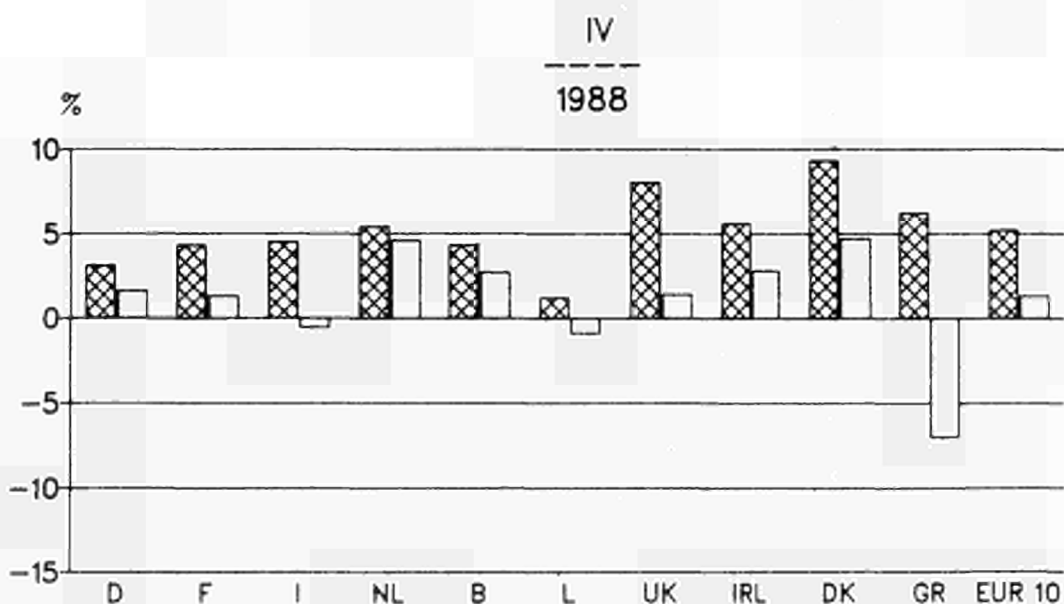
EC Index of producer prices of agricultural products:
Rates of change of the price indices by Member States

Indice CE des prix a la production des produits agricoles:
Taux de variation des indices des prix des Etats Membres



EC Indices of purchase prices of goods and services currently
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Indices CE des prix d'achat des biens et services de consommation
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Taux de variation des indices des prix des Etats Membres



Nominal Indices/Indices nominaux



Deflated Indices/Indices deflates

