

1988 □ 19

### FORECAST DEVELOPMENT OF THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN 1988<sup>1)</sup>

- Producer prices of agricultural products (output):  
Up again in nominal terms (1988: +2.5%; 1987: -0.1%), slower decline in real terms than in 1987 (1988: -1.9%; 1987: -4.5%)
- Purchase prices of goods and services for current consumption in agriculture (input I): 2.8% up in nominal terms, continued decline in real terms (-1.1%), albeit much less than in 1987 (-4.8%).
- Purchase prices of goods and services contributing to agricultural investment (input II): 1.1% increase following a year of constant prices in real terms.
- Comparison of the development of real output and input (I) prices:  
Five countries with a positive and six countries with a negative effect on agricultural income. Negative price effect put at 1.4 percentage points on the Community average.

#### 1. EC Index of producer prices of agricultural products (output prices)

According to forecasts available to date, the Index of producer prices of agricultural products is expected to be up 2.5% in nominal terms in the Community as a whole (excluding Portugal) in 1988 compared with 1987 (cf. Table 1).

1) As in previous years, EUROSTAT has joined forces with the Community Member States to forecast the development of agricultural output and input prices at the end of the current year on the basis of price indices. The forecasts for 1988 set out in this rapid report are based on information available as at 30 November 1988. No figures are currently available for Portugal.

Following a virtually unchanged situation in 1988, this index has now reached roughly the same level as in 1986. Prices of crop products are expected to increase by 2.1% in 1988, compared with a 2.9% rise for animals and animal products.

The national rates of changes of the nominal indices of producer prices of agricultural products forecast for 1988 range from -0.2% for Belgium (the only country with a negative rate of change) to +12.7% for Greece (the only other country with a rise of more than 10% being Ireland). The other Member States report rises of between +0.1% (F) and +3.2% (E).

Deflating the overall index of producer prices of agricultural products by the consumer price index, the picture for the Community as a whole (EUR 11) is of a 1.9% fall in real producer prices (cf. Table 1), which is, however, a lot less than in previous years.

Apart from the Netherlands (+1.2%) and Ireland (+7.9%), there are unlikely to be real increases in agricultural producer prices in 1988 in any of the other nine Member States covered by the survey. Leaving out the Netherlands and Ireland, the rates of change are expected to lie in a range from -0.2% (L) to -3.9% (UK).

## 2. EC Indices of the purchase prices of the means of agricultural production (input prices)

The index of the purchase prices of goods and services for current consumption in agriculture (input I) is expected to increase by 2.8% in nominal terms in the Community as a whole (excluding Portugal) in 1988 (cf. Table 2). This marks a return to a nominal price increase following two successive years in which both deflated and nominal prices fell.

The increase in nominal Input I prices is due in the main to higher prices for maintenance and repair (+5%), feedingstuffs (+4.1%), general expenses (+4.0%) and small tools (+3.7%). Energy and fertilizer prices declined steeply over the previous two years and are expected to show virtually no change in 1988 (1988: -0.8% and +0.2% respectively).

In all eleven of the Member States covered by the survey, nominal input prices are expected to rise: only slightly in Luxembourg (+0.5%), Spain (+1.1%), FR Germany (+1.2%) and Belgium (+1.3%), by somewhat more in the Netherlands (+2.0%), France (+2.6%), Ireland (+2.8%), Italy (+3.1%), Denmark (+4.3%) and the United Kingdom (+4.8%) and much faster in Greece (+7.8%) (cf. Table 3).

In deflated form, Input I prices in the Community as a whole (excluding Portugal) are expected to fall in 1988 by 1.1% compared with 1987 (cf. Table 2), i.e. 3.7 percentage points less than the fall in the previous year. Forecast rates of change of real input prices in the Member States range from -4.9% (EL) to 1.5% (NL).

The index of purchase prices of goods and services contributing to agricultural investment (Input II) is expected to be up 5.0% in nominal terms (1987: +4.2%) and 1.1% in real terms (1987: 0.0%) in the Community as a whole (excluding Portugal) in 1988.

**3. Comparison of the forecast real development of the EC index of the producer prices of agricultural products with that of the EC index of the purchase prices of goods and services for current consumption in agriculture**

In the Community as a whole (excluding Portugal), the deflated output price indices are expected to be 1.9% down in 1988, whereas the deflated Input I price indices are expected to fall by 1.1% over the same period. The decline in real output prices is offset somewhat by the concurrent fall in real input prices as purchases of goods and services for current consumption in agriculture make up only 45.7% in value terms of the purchase prices of agricultural products (national farm concept) in the Community as a whole (EUR 11). There is thus a negative real price effect on agricultural income (in the sense of gross value added) of 1.4 percentage points.

In seven of the eleven Member States covered by the survey, both output and input prices declined in real terms. In Belgium, output prices fell while input prices remained stagnant. In the United Kingdom, output prices fell while input prices increased slightly. Finally, in the Netherlands and Ireland, there was a real rise in both output and input prices.

Taking goods and services for current consumption in agriculture as a value share of the sales of agricultural products in each Member State, five of the eleven concerned have a positive and six a negative real price effect on agricultural income. The following list shows the Member States in order of increasing difference between the two rates of increase: growth rate of deflated output prices minus growth rate of deflated input prices, taking account of the purchases of goods and services for agricultural consumption as a value share of the 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	- 3.9	+ 0.5	0.549	+ 0.3	- 4.2
I	- 3.5	- 1.2	0.297	- 0.4	- 3.1
DK	- 3.1	- 0.5	0.566	- 0.3	- 2.8
F	- 2.5	- 0.2	0.482	- 0.1	- 2.4
B	- 1.4	0.0	0.564	0.0	- 1.4
D	- 1.0	- 1.4	0.601	- 0.8	- 0.2
L	- 0.2	- 0.9	0.412	- 0.4	+ 0.2
E	- 1.4	- 3.4	0.485	- 1.6	+ 0.2
NL	+ 1.2	+ 1.5	0.556	+ 0.8	+ 0.4
EL	- 0.5	- 4.9	0.235	- 1.2	+ 0.7
IRL	+ 7.9	+ 0.7	0.452	+ 0.3	+ 7.6
EUR 11	- 1.9	- 1.1	0.457	- 0.5	- 1.4

## Technical note

The EC agricultural price indices (output and input) are available in the EUROSTAT CRONOS databank ("PRAG" domain) in both nominal and deflated form. By using deflated indices, it is possible to eliminate the distortions in the nominal indices resulting from differing 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 now been included in the yearly agricultural price index system; no agricultural price indices are yet available for Portugal.

Tab. 1:

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

			D	F	I	NL	B	L	UK	IRL	DK	GR	E	EUR 11
Total	Nominal indices	a)	-3,9	1,5	6,8	-1,9	-2,0	3,5	-1,6	-2,7	-2,0	18,1	5,1	3,4
		b)	-5,6	0,2	4,3	-6,6	-5,8	0,3	1,3	-0,3	-4,2	13,1	8,9	2,7
		c)	-3,0	-2,1	-0,6	-1,9	-3,3	0,5	1,7	4,2	-2,7	9,8	-2,0	-0,1
		d)	0,3	0,1	0,7	2,0	-0,2	1,3	0,2	10,2	1,5	12,7	3,2	2,5
	Deflated indices déflatés	a)	-5,9	-4,1	-2,2	-4,1	-6,5	-0,6	-7,3	-7,7	-6,4	-1,0	-2,6	-4,1
		b)	-5,3	-2,4	-1,4	-6,9	-7,0	0,0	-2,0	-4,0	-7,5	-8,1	0,1	-3,1
		c)	-3,3	-5,1	-5,1	-1,7	-4,8	0,6	-2,3	1,0	-6,4	-5,7	-6,9	-4,5
		d)	-1,0	-2,5	-3,5	1,2	-1,4	-0,2	-3,9	7,9	-3,1	-0,5	-1,4	-1,9
Crop products Produits végétaux	Nominal indices nominaux	a)	-5,2	-0,4	8,0	-7,1	-8,9	0,8	-8,1	-15,8	-1,2	17,7	2,0	3,4
		b)	-3,4	2,1	5,6	-4,8	-4,4	1,3	4,7	12,1	-1,2	13,0	15,6	6,3
		c)	-0,3	-4,1	-0,1	1,8	1,9	3,2	3,1	-2,5	2,7	9,9	-1,9	0,7
		d)	0,4	-2,8	0,2	4,0	-1,0	2,0	-6,5	-1,2	-4,2	14,2	4,4	2,1
	Deflated indices déflatés	a)	-7,3	-5,9	-1,1	-9,2	-13,1	-3,1	-13,4	-20,2	-5,7	-1,4	-5,4	-5,2
		b)	-3,1	-0,5	-0,3	-5,1	-5,7	1,0	1,3	8,0	-4,7	-8,1	6,3	-0,6
		c)	-0,5	-7,1	-4,6	2,0	0,4	3,2	-1,0	-5,5	-1,3	-5,6	-6,8	-4,5
		d)	-0,9	-5,4	-4,0	3,2	-2,3	0,6	-10,3	-3,2	-8,7	0,8	-0,3	-3,3
Animal products Produits animaux	Nominal indices nominaux	a)	-3,3	3,2	5,1	0,9	1,5	3,9	2,0	-0,6	-2,2	19,1	8,4	3,5
		b)	-6,5	-1,6	2,6	-7,6	-6,4	0,2	-0,4	-2,1	-5,2	13,3	2,0	-0,6
		c)	-4,2	-0,3	-1,4	-3,8	-5,6	0,1	1,0	5,2	-4,7	9,6	-2,1	-0,8
		d)	0,2	2,5	1,6	0,8	0,2	1,2	3,7	11,8	3,4	9,6	1,9	2,9
	Deflated indices déflatées	a)	-5,4	-2,5	-3,7	-1,3	-3,2	-0,2	-3,9	-5,7	-6,6	-0,1	0,5	-3,2
		b)	-6,2	-4,1	-3,1	-7,9	-7,6	-0,1	-3,7	-5,7	-8,5	-7,9	-6,3	-5,3
		c)	-4,4	-3,3	-5,9	-3,6	-7,1	0,2	-3,1	2,0	-8,4	-5,9	-7,0	-4,6
		d)	-1,0	-0,1	-2,6	-0,1	-1,1	-0,2	-0,6	9,4	-0,8	-3,3	-2,7	-1,0

1) On the base / sur la base 1980 = 100    a =  $\frac{1985}{1984}$     b =  $\frac{1986}{1985}$     c =  $\frac{1987}{1986}$     d =  $\frac{1988}{1987}$  2)

2) Forecast / prévision

Tab. 2

EC Indices of purchase prices of the means of agricultural production  
 Rates of change of the price indices for EUR 11 (in %) (1)  
 Indices CE des prix d'achat des moyens de production agricoles:  
 Taux de variation des indices des prix pour EUR 11 (en %) (1)

	<u>1984</u> 1983	<u>1985</u> 1984	<u>1986</u> 1985	<u>1987</u> 1986	<u>1988</u> <sup>2)</sup> 1987
<b>Nominal indices / Indices nominaux</b>					
<b>01 Goods&amp;serv.currently cons.in agric.</b> <b>Biens&amp;serv.de cons.courante de l'agric.</b>	7,4	2,1	-1,2	-0,8	2,8
1. Seeds / Semences	12,9	-3,2	2,3	4,3	-1,5
2. Animals for rearing/Animaux d'élevage	13,0	7,0	2,7	0,8	1,6
3. Energy / Energie	6,9	8,1	-17,5	-4,3	-0,8
4. Fertilizers / Engrais	4,9	6,3	-3,5	-8,1	0,2
5. Plant protection products/ Produits de protection des cultures	8,0	4,5	3,0	2,0	1,1
6. Animal feedingstuffs/Alim.des animaux	7,7	-2,9	-0,5	-1,7	4,1
7. Small tools / petit outillage	8,2	6,2	4,7	4,2	3,7
8. Maintenance and repair of plant/ Entretien et réparation du matériel	7,5	7,5	6,0	7,0	5,4
9. Maintenance and repair of buildings/ Entretien et réparat.des bâtim.d'expl.	6,6	5,4	4,6	4,5	4,2
10. Veterinary services/Serv. vétérinaires	6,3	6,9	4,9	3,3	2,7
11. General expenses / Frais généraux	7,2	6,7	4,9	3,9	4,0
<b>02 Goods&amp;serv.contr.to agric.investm.</b> <b>Biens et serv.conc.aux invest.de l'agr.</b>	10,7	7,1	7,2	4,2	5,0
12. Machinery / Machines	13,0	7,0	7,9	4,2	4,8
13. Buildings / Ouvrages	6,5	7,2	6,0	4,2	5,3
<b>Deflated indices / Indices déflatés</b>					
<b>01 Goods&amp;serv.currently cons.in agric.</b> <b>Biens&amp;serv.de cons.courante de l'agric.</b>	-0,2	-4,2	-5,8	-4,8	-1,1
1. Seeds / Semences	4,5	-9,4	-1,7	0,4	-4,9
2. Animals for rearing/Anim.d'élevage	2,7	-1,3	-3,5	-3,6	-2,1
3. Energy / Energie	0,0	1,4	-23,2	-8,3	-4,4
4. Fertilizers / Engrais	-2,3	0,5	-7,5	-12,1	-3,1
5. Plant protection products/ Produits de protection des cultures	0,2	-2,3	-1,1	-1,6	-2,3
6. Animal feedingstuffs/Alim.des animaux	-0,1	-9,2	-5,2	-6,0	0,5
7. Small tools / petit outillage	0,8	-0,1	0,6	0,4	0,7
8. Maintenance and repair of plant/ Entretien et réparation du matériel	0,3	1,3	2,2	3,0	1,6
9. Maintenance and repair of buildings/ Entretien et réparat.des bâtim.d'expl.	-0,4	-0,5	0,4	0,9	0,6
10. Veter.services/Serv. vétérin.	-1,0	0,7	1,3	-0,1	-0,4
11. General expenses / Frais généraux	0,1	0,5	0,5	0,5	0,3
<b>02 Goods&amp;serv.contr.to agric.investm.</b> <b>Biens et serv.conc.aux invest.de l'agr.</b>	2,0	-0,3	1,7	0,0	1,1
12. Machinery / Machines	4,0	-0,2	2,3	0,1	0,7
13. Buildings / Ouvrages	-1,8	-0,4	0,4	-0,1	1,8

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

(2) Forecast / prévision

Tab. 3:

EC Indices of purchase prices of agricultural production : Rates of change of the price indices by Member States (in %) <sup>1)</sup>  
 Indices CE des prix d'achat des moyens de production agricoles: Taux de variation des indices des prix par Etat membre (en %) <sup>1)</sup>

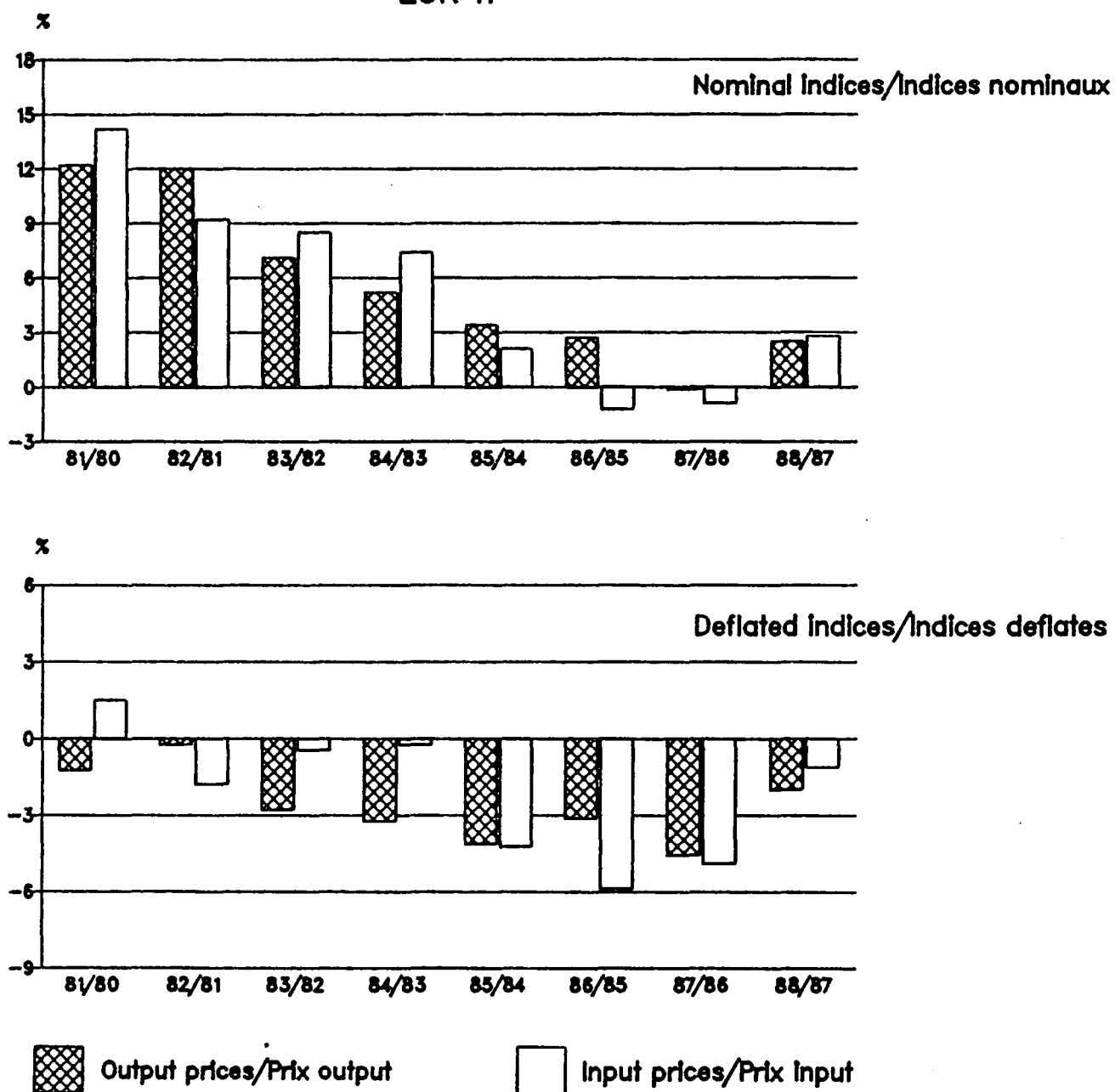
			D	F	I	NL	B	L	UK	IRL	DK	GR	E	EUR 11
Goods & services currently consumed in agriculture / Biens & services de consom. courante de l'agriculture	Nominal indices	a)	-1,9	2,8	1,9	-4,1	-2,0	-1,3	1,3	1,4	-2,9	17,5	6,0	2,1
		b)	-7,6	-2,2	-1,0	-9,8	-5,5	-3,4	-1,0	-4,8	-5,9	17,1	5,4	-1,2
		c)	-5,6	-0,7	0,3	-9,1	-5,4	-4,9	1,3	-3,8	-4,3	9,7	1,2	-0,8
		d)	1,2	2,6	3,1	2,0	1,3	-0,5	4,8	2,8	4,3	7,8	1,1	2,8
	Deflated indices	a)	-4,0	-2,9	-6,6	-6,2	-6,5	-5,2	-4,6	-3,8	-7,3	-1,5	-1,7	-4,2
		b)	-7,3	-4,7	-6,5	-10,1	-6,7	-3,6	-4,2	-8,3	-9,1	-4,8	-3,1	-5,8
		c)	-5,8	-3,7	-4,3	-8,9	-6,9	-4,9	-2,8	-6,7	-8,0	-5,7	-3,9	-4,8
		d)	-1,4	-0,2	-1,2	1,5	0,0	-0,9	0,5	0,7	-0,5	-4,9	-3,4	-1,1
of which / dont: Animal feedingstuffs/ Aliments pour animaux	Nominal indices	a)	-9,0	-3,3	-1,7	-9,3	-4,7	-9,5	-3,5	-6,0	-9,2	16,8	1,8	-2,9
		b)	-6,1	-2,4	0,2	-8,8	-3,6	-3,4	0,9	-2,0	-4,7	15,2	4,6	-0,5
		c)	-8,3	-2,6	0,6	-10,4	-6,8	-6,2	0,2	-1,9	-5,8	11,0	0,5	-1,7
		d)	3,0	5,4	4,4	2,8	1,8	-1,5	5,4	2,5	4,0	7,3	2,4	4,1
	Deflated indices	a)	-10,9	-8,6	-10,0	-11,3	-9,2	-13,1	-9,0	-10,8	-13,3	-2,1	-5,6	-9,2
		b)	-5,8	-4,9	-5,3	-9,1	-4,9	-3,7	-2,4	-5,6	-8,0	-6,3	-3,9	-5,2
		c)	-8,5	-5,6	-4,0	-10,2	-8,2	-6,1	-3,8	-4,9	-9,5	-4,6	-4,5	-6,0
		d)	1,6	2,6	0,0	2,0	0,5	-2,9	0,9	0,3	-0,9	-5,3	-2,1	0,5
Goods and services contributing to agricultural invest- ment / Biens et services concourant aux investissements de l'agriculture	Nominal indices	a)	1,9	5,0	8,6	2,3	7,0	4,7	5,7	2,8	4,6	19,0	10,2	7,1
		b)	1,9	4,5	5,8	2,7	4,9	4,3	6,7	3,8	3,6	31,5	11,6	7,2
		c)	1,9	4,4	3,5	3,0	0,2	1,5	4,3	3,2	4,5	11,4	4,0	4,2
		d)	2,0	3,0	5,8	2,6	2,4	2,2	5,9	3,4	6,4	10,1	4,4	5,0
	Deflated indices	a)	-0,3	-0,9	-0,5	0,0	2,0	0,5	-0,4	-2,5	-0,2	-0,3	2,2	-0,3
		b)	2,2	1,8	-0,1	2,4	3,6	4,0	3,2	-0,1	0,0	6,9	2,5	1,7
		c)	1,7	1,2	-1,2	3,1	-1,4	1,6	0,1	0,1	0,4	-4,3	-1,2	0,0
		d)	0,8	0,3	1,5	1,7	1,1	0,7	1,4	1,2	1,5	-2,8	-0,3	1,1

1) On the base / sur la base 1980 = 100    a =  $\frac{1985}{1984}$     b =  $\frac{1986}{1985}$     c =  $\frac{1987}{1986}$     d =  $\frac{1988}{1987}$  2)

2) Forecast / prévision

TRENDS IN THE EC AGRICULTURAL PRICE INDICES(OUTPUT AND INPUT)  
 1988(\*)  
 EVOLUTION DES INDICES CE DES PRIX AGRICOLES(OUTPUT ET INPUT)  
 1988(\*)

Rates of change of the agricultural price indices  
 Taux de variation des indices des prix agricoles  
 EUR 11

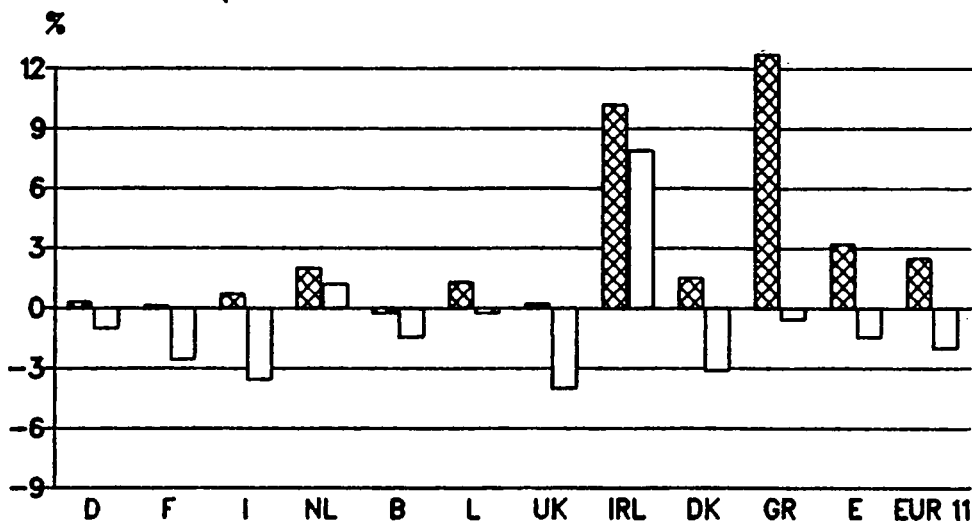


(\*) Forecast/Prevision



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

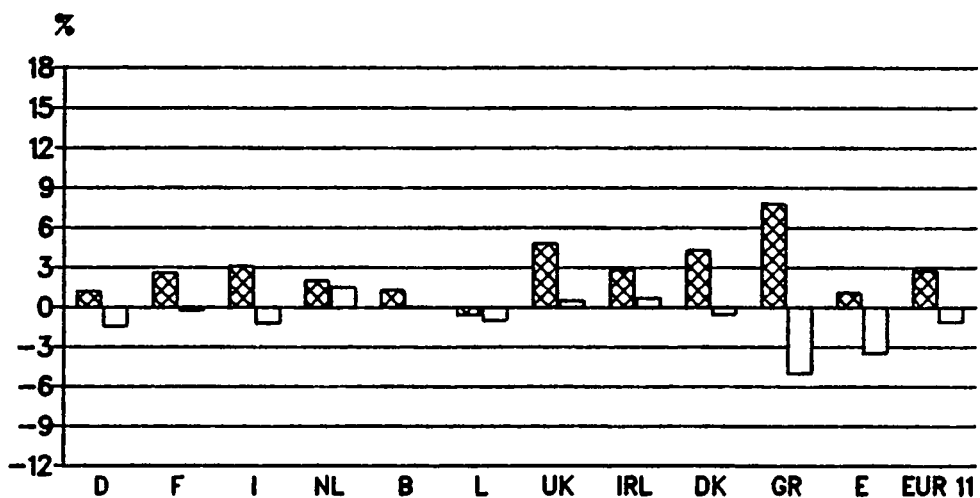
1988(\*)



EC Indices of purchase prices of the means of agricultural production  
 Rates of change of the price indices by Member States  
 Indices CE des prix d'achat des moyens de production agricoles  
 Taux de variation des indices des prix des Etats Membres

1988(\*)

Goods and services currently consumed in agriculture  
 Biens et services de consommation courante de l'agriculture



Nominal Indices/Indices nominaux



Deflated Indices/Indices deflates

(\*) Forecast/Prevision





