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TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE FIRST QUARTER OF 1994

Producer prices of agricultural products (Output)

*Real prices continue to fall
(1st Quarter 1994, -2.7%; 4th Quarter 1993, -1.5%)*

The average monthly index of the **producer prices of agricultural products** (including fruit and vegetables) for the Community as a whole (EUR 12, but excluding the new German "Länder") rose +2.9% in *nominal* terms in the first quarter of 1994 relative to the corresponding quarter of the previous year (see Table 1). However this price rise was less than the rate of inflation and so the *real* price index continued to decline. A decrease in the real price index has been observed each quarter since 1989.

Real producer prices for **crop products** in the Community as a whole decreased relative to the first quarter of 1993 (-3.7%). The price indices for cereals and rice, and for fresh vegetables declined markedly (-17.7% and -9.5% respectively). A price decline was seen for each of the cereals (but not for rice), ranging from -15.9% for malting barley, through -19.8% for soft wheat, to -21.3% for oats. These price decreases are largely due to

the reductions in institutional prices which have formed part of the reform of the Common Agricultural Policy. The reductions are offset by direct compensatory payments to producers. The price index for root crops rose strongly (+25.6%). This was due to potatoes for consumption for which the price recovered from a low level the previous year when there had been an abundant harvest.

Real producer prices for **animals and animal products** continued to fall (-1.7%) but at a more moderate rate than since the third quarter of 1992. The decline was mainly due to the continued decrease in the real pig price (-9.8%) although this change was more moderate than in previous quarters. The pig price index (1985=100), stood at 83.8 in February 1992 and has fallen over two years to reach 54.3 in February 1994. The price index for milk continued to rise in nominal terms (+2.5%) but fall in real terms (-1.9%).

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Across **Member States** (see Table 2) the real producer price index for agricultural products fell in eight cases, most notably in Italy (-7.0%), Denmark (-6.5%), the United Kingdom (-5.9%) and Germany (-5.3%). The index rose in Portugal (+3.4%), Greece (+4.8%), Ireland (+7.1%) and Spain (+8.4%). The price rises may be the effect of currency movements, especially in the case of Portugal and Greece. The decrease in the price index for cereals and rice was seen in all Member States (except Portugal) and most markedly in the Netherlands (-24.8%), Germany (-23.9%) the United Kingdom (-23.4%) and France (-23.1%). The increase in the price index for root crops was seen in nearly all Member

States, the exceptions being Luxembourg and Denmark. There was a notable decrease in the real price index for fresh vegetables in Italy (-24.1%), France (-23.9%), Germany (-20.1%) and Belgium (-19.4%). In contrast, prices of fresh vegetables rose strongly in Greece (+21.5%). For animals and animal products, the decline in the real pig price index was seen in all Member States, and most markedly in Italy (-20.5%), the United Kingdom (-15.4%) and Portugal (-14.1%). The real milk price index showed notable decreases in the Netherlands (-8.4%) and Germany (-7.3%) but the index increased in other Member States, especially Ireland (+4.4%), Spain (+6.7%) and Greece (+12.0%).

Purchase prices of the means of agricultural production (Input)

Continued rise in nominal terms (+2.0%)

Modest decline in real terms (-1.9%)

The average monthly index for the purchase prices of the means of agricultural production (**Input 00**) for the first quarter of 1994 continued to rise in nominal terms (+2.0%) for the Community (EUR 12, excluding the new German Länder) relative to the corresponding quarter of 1993 (see Table 3). However this nominal rise was less than the inflation rate and so the real price index fell (-1.9%), continuing the trend seen in each quarter since 1989.

The index of the prices of goods and services for **current consumption in agriculture (Input I)** decreased in real terms (-2.4%), as did the indices for the main items: feedingstuffs (-4.7%), fertilizers (-2.0%) and energy and lubricants (-0.9%). Both straight feedingstuffs and compound feeds showed a price decline (-4.1% and -4.9% respectively) and within the straight feedingstuffs, there was a marked decline for cereals and milling by-products (-9.3%). This is largely a consequence of the reduction in the producer price for cereals under the reform of the CAP. Straight fertilizers showed a somewhat steeper price decrease (-3.2%) than compound fertilizers (-1.0%). Concerning energy, the price fall for heating fuels (-5.7%) is in contrast with the

rise for motor fuels (+1.8%).

The real index of purchase prices of goods and services contributing to **agricultural investment (Input II)** declined slightly (-0.7%) relative to the first quarter of 1993. Small decreases were found for both machinery (-0.8%) and buildings (-0.5%).

Across **Member States** (see Table 4) the index of the real prices of the means of agricultural production was unchanged in Ireland but fell in all other Member States, notably the Netherlands (-5.1%), Germany (-2.9%), Luxembourg (-2.8%) and Denmark (-2.6%). The price of feedingstuffs declined in all Member States (except Greece) most markedly in the four cited above:- the Netherlands (-8.4%), Germany (-10.6%), Luxembourg (-8.0%) and Denmark (-6.7%). The price index for fertilizer decreased in most Member States, especially Portugal (-21.0%). However it increased notably in the United Kingdom (+5.8%) and Italy (+6.2%). The price index for energy and lubricants fell in nearly all Member States, particularly Greece (-8.2%) and Portugal (-5.0%) but rose strongly in the United Kingdom (+12.8%).

Comparison of trends in output and input prices Agricultural terms of trade

Slight decrease (-0.8%)

The real agricultural terms of trade, calculated by dividing the real output price index by the real input price index, fluctuated about the 1985 base year index level of 100 until early 1992, after which it has fallen steeply to reach a level of 91.5 in the first quarter of 1994 (see Graph below). This figure for the Community (EUR 12, excluding the new German "Länder") was slightly lower (-0.8%) than in the corresponding quarter of 1993, so resuming the downward trend.

Across Member States (see Table below), there was an improvement in the terms of trade for Greece (+7.1%) and continued improvements for Portugal, Ireland and Spain (+5.8%, +7.1% and +10.1% respectively). The terms of trade for Ireland are now 112, considerably above the base level of 100 in 1985. Several Member States showed changes in the terms of trade in the range $\pm 3\%$, but there were larger declines in Denmark (-4.0%), the United Kingdom (-5.4%) and Italy (-6.1%).

Methodological note: Rebasing

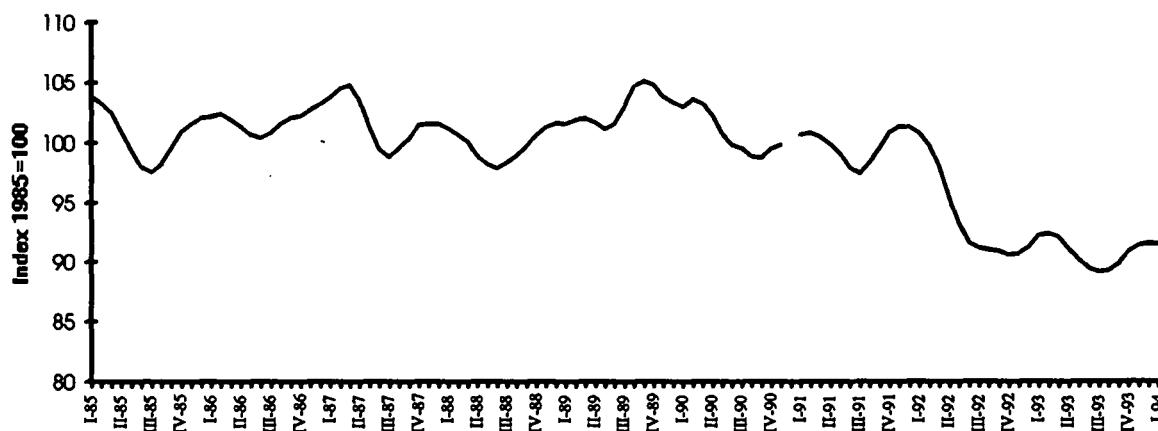


Eurostat and the Member States are in the process of changing from the base 1985=100 to 1990=100. Ten Member States calculated the agricultural price indices for the first quarter of 1994 still on the base 1985=100. Greece (for both output and input indices) and France (for output indices) used the base 1990=100. Eurostat re-referenced these indices to the base 1985=100, which remains the base for all the indices presented in this Rapid Report.

Real Agricultural Terms of Trade

	4th Quarter 1993		1st Quarter 1994	
	Index (1985=100)	10/93-12/93 10/92-12/92 (%)	Index (1985=100)	01/94-03/94 01/93-03/93 (%)
B	94.0	- 2.9	93.9	0.0
DK	78.1	- 8.4	78.9	- 4.0
D	84.6	- 4.0	83.6	- 2.5
GR	87.1	- 1.2	96.5	7.1
E	102.6	12.4	103.2	10.1
F	88.9	- 2.2	89.6	- 1.5
IRL	108.1	7.5	112.0	7.1
I	88.0	- 2.7	87.5	- 6.1
L	91.3	0.8	89.7	0.0
NL	98.1	1.9	101.3	1.8
P	103.7	16.8	99.4	5.8
UK	88.2	- 1.5	88.3	- 5.4
EUR 12	90.9	0.3	91.5	- 0.8

Trend in Agricultural Terms of Trade
1985 to 1990 EUR 11 (without Portugal), 1991 to 1993 EUR 12



Source Eurostat F-1, Three Monthly Moving Average

Table 1

**EC Index of producer prices of agricultural products:
Rates of change of the price indices for EUR 12 (in %) (1)**

	01/93-03/93 01/92-03/92	04/93-06/93 04/92-06/92	07/93-09/93 07/92-09/92	10/93-12/93 10/92-12/92	01/94-03/94 01/93-03/93
NOMINAL INDICES					
0 TOTAL	-5.6	-0.7	1.5	3.5	2.9
1 CROP PRODUCTS	-8.8	-1.5	2.1	5.5	3.4
11 Cereals and rice	5.1	8.1	-4.4	-8.8	-13.2
12 Root crops	-21.8	-5.2	14.5	22.2	37.4
13 Fruit	-30.1	-17.3	-0.1	10.6	11.9
14 Fresh vegetables	-4.8	8.5	5.7	12.0	-1.9
15 Wine must and wine	-8.4	-7.0	-5.0	-0.1	7.1
16 Olives and olive oil	-5.4	5.8	13.7	15.4	19.4
17 Seeds	2.7	1.0	-3.5	0.2	-0.3
18 Flowers etc.	2.2	1.8	0.7	6.1	-4.8
19 Other crop products	-8.2	-8.2	10.4	10.9	10.9
2 ANIMALS AND ANIMAL PRODUCTS	-2.1	0.2	0.9	1.6	2.3
21 Animals	-5.4	-2.6	-1.3	0.5	2.0
21A Calves	2.5	5.8	9.7	8.4	12.4
21B Cattle excluding calves	8.5	11.8	9.5	5.8	4.0
21C Pigs	-23.3	-24.3	-19.9	-12.4	-6.8
21D Sheep and lambs	-0.9	16.0	5.6	2.3	9.7
21E Poultry	0.7	4.8	6.3	8.8	3.2
21F Other animals	-0.3	0.4	2.0	1.4	1.0
22 Milk	2.9	3.9	2.7	2.5	2.5
23 Eggs	1.5	10.6	14.0	8.7	5.7
24 Other animal products	8.2	-0.6	-4.7	-6.2	-3.5
DEFLATED INDICES					
0 TOTAL	-9.5	-5.4	-3.2	-1.5	-2.7
1 CROP PRODUCTS	-12.7	-6.6	-2.7	-0.3	-3.7
11 Cereals and rice	1.2	4.1	-9.3	-13.5	-17.7
12 Root crops	-25.4	-10.5	7.5	15.0	25.6
13 Fruit	-33.3	-20.4	-0.1	4.4	-0.1
14 Fresh vegetables	-6.8	1.0	1.1	6.9	-9.5
15 Wine must and wine	-13.6	-12.0	-10.2	-5.0	3.0
16 Olives and olive oil	-11.7	-1.8	6.2	7.5	11.6
17 Seeds	-0.1	-1.9	-5.9	-2.3	-2.8
18 Flowers etc.	-1.3	-1.2	-3.1	1.3	-8.5
19 Other crop products	-20.1	-20.2	4.0	6.4	8.0
2 ANIMALS AND ANIMAL PRODUCTS	-6.5	-4.2	-3.6	-2.4	-1.7
21 Animals	-9.8	-7.1	-5.7	-3.3	-1.8
21A Calves	-3.1	0.4	4.4	3.6	8.3
21B Cattle excluding calves	4.6	7.8	5.4	2.1	0.8
21C Pigs	-27.3	-28.1	-23.8	-15.4	-9.8
21D Sheep and lambs	-5.5	12.3	1.4	-0.8	4.8
21E Poultry	-3.7	0.6	1.8	4.3	-1.0
21F Other animals	-5.9	-6.6	-4.0	-3.5	-5.7
22 Milk	-1.3	-0.4	-1.7	-2.0	-1.9
23 Eggs	-3.5	6.3	9.6	5.0	2.1
24 Other animal products	0.1	-8.7	-12.2	-13.5	-11.9

(1) On the base 1985 = 100

Table 2

EC Index of producer prices of agricultural products : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	P	UK	EUR12
Total	Nominal indices	a)	-8.2	-12.4	-10.6	9.6	0.8	-6.7	5.2	5.0	-4.7	-10.0	-0.1	8.5	-0.7
		b)	-4.7	-10.4	-8.1	9.2	7.1	-4.7	7.4	3.1	-4.7	-5.6	3.0	6.6	1.5
		c)	-2.7	-8.7	-4.6	9.0	16.4	-2.2	8.9	2.7	1.3	-0.3	13.9	0.7	3.5
		d)	0.0	-4.9	-2.2	16.1	13.8	-1.5	8.9	-3.0	-0.3	-0.5	9.7	-3.6	2.9
	Deflated indices	a)	-10.6	-13.2	-14.2	-5.6	-3.7	-8.5	4.4	0.6	-8.0	-12.0	-5.5	7.2	-5.4
		b)	-7.4	-11.5	-11.8	-4.5	2.3	-6.7	6.0	-1.4	-8.0	-8.1	-2.6	4.9	-3.2
		c)	-5.2	-10.1	-8.0	-2.8	11.1	-4.2	7.3	-1.6	-2.1	-3.0	7.2	-0.8	-1.5
		d)	-2.4	-6.5	-5.3	4.8	8.4	-3.2	7.1	-7.0	-2.7	-3.3	3.4	-5.9	-2.7
Crop products	Nominal indices	a)	-7.8	-4.1	-13.4	9.5	0.3	-9.6	-14.9	4.5	-9.9	-9.0	-1.3	0.9	-1.5
		b)	3.0	-11.9	-7.1	9.3	7.9	-7.2	6.7	0.9	-13.0	-0.5	5.2	4.1	2.1
		c)	-3.7	-11.7	-4.4	10.0	22.7	-3.1	16.8	1.2	-5.0	5.5	23.7	-3.1	5.5
		d)	-4.3	-9.4	-3.9	16.8	17.8	-4.6	14.7	-6.4	-4.6	2.8	22.6	-9.6	3.4
	Deflated indices	a)	-10.2	-5.1	-16.9	-5.7	-4.2	-11.4	-15.6	0.1	-13.0	-11.1	-6.7	-0.4	-6.6
		b)	0.2	-13.0	-10.8	-4.4	3.1	-9.2	5.4	-3.5	-16.1	-3.2	-0.5	2.4	-2.7
		c)	-6.2	-13.0	-7.8	-2.1	17.1	-5.2	15.2	-3.1	-8.2	2.7	16.4	-4.6	-0.3
		d)	-6.6	-10.9	-7.0	5.5	12.2	-6.2	12.8	-10.3	-6.9	-0.2	15.5	-11.7	-3.7
Animal products	Nominal indices	a)	-8.5	-16.1	-9.5	10.0	1.5	-3.5	8.1	5.8	-3.9	-10.5	1.3	13.3	0.2
		b)	-7.9	-9.8	-8.5	8.8	6.0	-2.4	7.5	6.3	-3.4	-8.0	0.7	7.7	0.9
		c)	-2.2	-7.3	-4.6	6.7	8.6	-1.3	7.9	4.9	2.2	-3.5	4.9	2.7	1.6
		d)	2.2	-2.5	-1.5	14.4	8.4	1.6	8.2	2.1	0.4	-2.7	-3.0	-0.3	2.3
	Deflated indices	a)	-10.8	-16.9	-13.1	-5.3	-3.0	-5.4	7.3	1.3	-7.2	-12.6	-4.3	11.8	-4.2
		b)	-10.5	-10.9	-12.2	-4.8	1.3	-4.5	6.1	1.7	-6.7	-10.5	-4.8	6.0	-3.6
		c)	-4.7	-8.7	-8.1	-4.9	3.6	-3.4	6.4	0.4	-1.3	-6.1	-1.4	1.1	-2.4
		d)	-0.3	-4.2	-4.7	3.3	3.2	-0.2	6.4	-2.2	-2.1	-5.5	-8.6	-2.6	-1.7

(1) On the base 1985 = 100

a = 04/93-06/93
04/92-06/92

b = 07/93-09/93
07/92-09/92

c = 10/93-12/93
10/92-12/92

d = 01/94-03/94
01/93-03/93

(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Table 3

EC Index of purchase prices of the means of agricultural production:
Rates of change of the price indices for EUR 12 (in %) (1)

	01/93-03/93 01/92-03/92	04/93-06/93 04/92-06/92	07/93-09/93 07/92-09/92	10/93-12/93 10/92-12/92	01/94-03/94 01/93-03/93
NOMINAL INDICES					
00 TOTAL	3.3	3.5	3.4	2.4	2.0
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	2.8	3.0	2.9	1.8	1.5
1. Seeds	2.4	1.6	8.2	-2.5	2.1
2. Animals for rearing	-7.4	-8.5	-4.2	-1.4	4.3
3. Energy	11.4	12.2	7.8	4.8	3.0
4. Fertilizers	-4.1	-5.7	-5.6	-2.8	1.6
5. Plant protection products	2.4	3.0	3.1	3.4	2.6
6. Animal feedingstuffs	2.7	3.8	3.5	1.8	-0.4
7. Small tools	1.8	2.1	1.6	1.1	1.5
8. Maintenance and repair of plant	6.3	5.8	5.4	6.0	5.2
9. Maintenance and repair of buildings	4.3	4.7	4.5	4.3	4.3
10. Veterinary services	0.4	0.1	-0.1	0.2	2.0
11. General expenses	3.8	3.6	3.1	1.9	2.2
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	4.8	5.0	4.7	4.0	3.5
12. Machinery	5.1	5.0	4.8	3.8	3.0
13. Buildings	4.1	5.0	4.7	4.3	4.3
DEFLATED INDICES					
00 TOTAL	-1.1	-0.9	-1.0	-1.7	-1.9
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-1.6	-1.3	-1.4	-2.3	-2.4
1. Seeds	-1.4	-1.6	4.4	-5.0	-2.2
2. Animals for rearing	-13.2	-14.5	-10.1	-6.3	0.5
3. Energy	3.1	3.5	1.2	-0.7	-0.9
4. Fertilizers	-7.4	-8.8	-8.9	-6.0	-2.0
5. Plant protection products	-1.1	-0.1	-0.2	0.2	-0.8
6. Animal feedingstuffs	-1.5	-0.5	-1.0	-2.7	-4.7
7. Small tools	-2.0	-1.4	-1.9	-2.3	-1.6
8. Maintenance and repair of plant	2.5	2.2	1.9	2.2	1.5
9. Maintenance and repair of buildings	0.8	1.1	0.8	0.7	0.5
10. Veterinary services	-2.3	-2.7	-3.0	-2.8	-1.5
11. General expenses	0.6	0.6	0.0	-1.0	-0.7
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	0.3	0.4	0.1	-0.3	-0.7
12. Machinery	0.7	0.7	0.3	-0.2	-0.8
13. Buildings	-0.6	-0.2	-0.3	-0.4	-0.5

(1) On the base 1985 = 100

Table 4
EC Index of purchase prices of the means of agricultural production : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	P	UK	EUR12
Total	Nominal indices	a)	0.4	1.1	-0.9	17.4	2.1	0.5	0.4	7.3	1.4	-1.0	-2.6	5.8	3.5
		b)	-0.3	0.4	-0.6	12.3	5.8	0.0	0.5	6.9	0.3	-2.1	-3.1	5.3	3.4
		c)	0.2	-0.3	-0.6	10.3	3.6	0.0	1.3	5.6	0.5	-2.2	-2.5	2.2	2.4
		d)	0.1	-0.9	0.4	8.4	3.3	0.0	1.7	3.3	-0.3	-2.2	3.7	1.8	2.0
	Deflated indices	a)	-3.0	0.1	-4.9	1.1	-2.4	-1.4	-0.4	2.7	-2.1	-3.3	-7.9	4.5	-0.9
		b)	-3.1	-0.8	-4.6	-1.8	1.1	-2.2	-0.8	2.2	-3.2	-4.7	-8.3	3.6	-1.0
		c)	-2.4	-1.8	-4.2	-1.7	-1.2	-2.1	-0.2	1.2	-3.0	-4.8	-8.3	0.6	-1.7
		d)	-2.3	-2.6	-2.9	-2.1	-1.6	-1.7	0.0	-1.0	-2.8	-5.1	-2.3	-0.5	-1.9
Goods and services currently consumed in agriculture	Nominal indices	a)	-1.1	0.7	-2.3	17.4	1.7	0.1	0.0	8.7	0.2	-1.8	-2.9	6.4	3.0
		b)	-1.0	-0.2	-1.8	11.0	6.4	-0.7	0.2	8.6	-1.6	-3.2	-4.0	5.8	2.9
		c)	-0.5	-1.0	-1.5	10.4	3.3	-0.7	0.9	6.8	-1.2	-3.3	-3.5	2.0	1.8
		d)	-0.3	-1.4	0.0	7.8	3.1	-0.7	1.3	3.1	-1.2	-2.9	3.3	1.5	1.5
	Deflated indices	a)	-3.7	-0.3	-6.2	1.1	-2.9	-1.9	-0.7	4.1	-3.2	-4.1	-8.2	5.1	-1.3
		b)	-3.8	-1.4	-5.7	-2.9	1.6	-2.8	-1.1	3.8	-5.0	-5.8	-9.2	4.1	-1.4
		c)	-3.0	-2.5	-5.1	-1.7	-1.5	-2.8	-0.6	2.3	-4.6	-5.9	-9.3	0.4	-2.3
		d)	-2.7	-3.1	-3.2	-2.6	-1.8	-2.4	-0.4	-1.2	-3.6	-5.7	-2.7	-0.8	-2.4
Goods and services contributing to agricultural investment	Nominal indices	a)	4.7	2.6	3.4	17.3	3.8	2.2	1.9	5.6	3.4	1.7	0.7	3.1	5.0
		b)	4.5	2.5	2.9	15.5	3.8	2.3	1.9	5.1	3.4	1.7	6.1	3.4	4.7
		c)	4.7	2.2	2.1	10.2	4.5	2.4	3.0	4.2	3.4	1.7	7.4	3.1	4.0
		d)	2.3	0.9	1.5	9.9	4.1	2.4	3.5	3.5	1.2	0.0	7.4	3.2	3.5
	Deflated indices	a)	2.0	1.6	-0.8	1.0	-0.9	0.2	1.2	1.2	-0.2	-0.7	-4.8	1.8	0.4
		b)	1.6	1.3	-1.2	1.0	-0.8	0.2	0.6	0.5	-0.2	-1.1	0.4	1.7	0.1
		c)	2.0	0.7	-1.6	-1.9	-0.3	0.3	1.6	-0.2	-0.2	-1.1	1.1	1.6	-0.3
		d)	-0.1	-0.8	-1.8	-0.8	-0.8	0.7	1.8	-0.8	-1.3	-2.9	1.3	0.8	-0.7

(1) On the base 1985 = 100

a = 04/93-06/93
04/92-06/92

b = 07/93-09/93
07/92-09/92

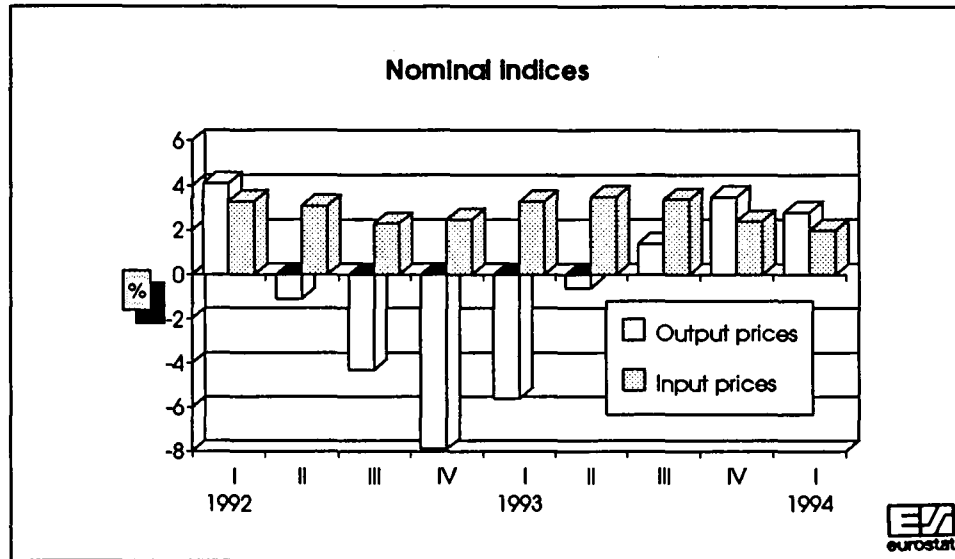
c = 10/93-12/93
10/92-12/92

d = 01/94-03/94
01/93-03/93

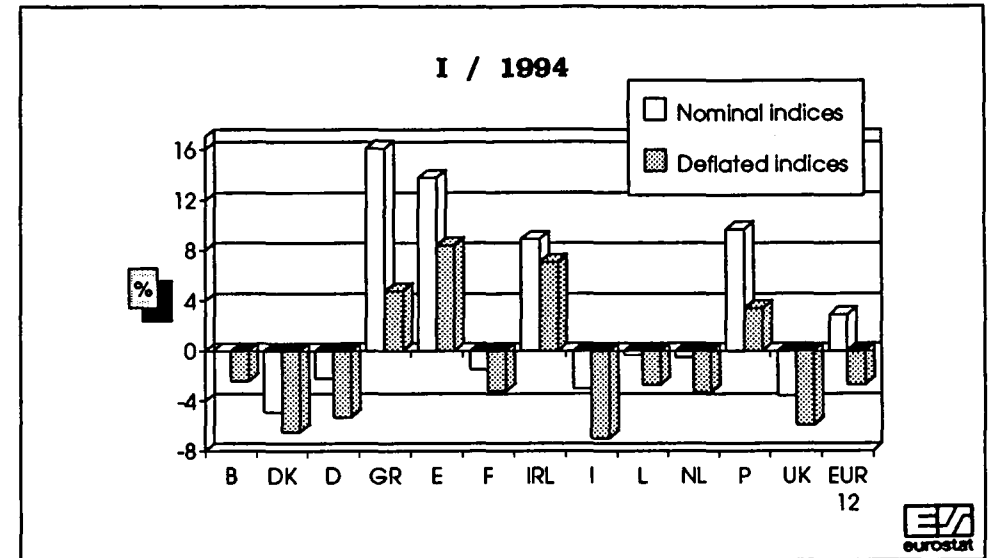
(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Rates of change of the EC agricultural price indices

EUR 12



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



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

