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TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE FOURTH QUARTER OF 1993

Producer prices of agricultural products (output)

Real prices fall slightly
(4th Quarter 1993, -1.4%, 3rd Quarter 1993, -3.2%)

The average monthly index of the producer prices of **agricultural products** (including fruit and vegetables) for the Community as a whole (EUR 12, but still excluding the new German "Länder") rose by +3.5% in *nominal* terms in the fourth quarter of 1993 relative to the corresponding quarter of the previous year (see Table 1). Once more, this price rise was however less than inflation and so the *real* prices continued to decline (-1.4%). An increase in the real price index has not now been observed since 1989. Nevertheless, the real price decline was the most moderate since the fourth quarter of 1991.

Real producer prices for **crop products** as a whole decreased very slightly relative to the fourth quarter of 1992 (-0.3%). However, across product groups, the real price changes ranged from -13.5% for

cereals and rice and -5.0% for wine must and wine, to +7.5% for olives and olive oil and +15.0% for root crops. The real price indices for fruit and fresh vegetables both increased (+4.4% and +7.0% respectively). A marked real price decline was observed for each cereal type, ranging from -8.2% for durum wheat, through -16.0% for soft wheat, to -20.4% for other cereals. Much of these price declines are due to the reductions in institutional prices which have formed part of the reform of the Common Agricultural Policy, reductions offset by direct compensatory payments. In contrast to cereals, the real price index for rice rose markedly (+18.4%). The rise in the real price index for root crops was mainly due to potatoes for consumption; the price recovered in 1993 from a low level in 1992 when there had been a bumper harvest.

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Real producer prices for **animals and animal products** continued to fall (-2.3%) but at a more moderate rate than that since the third quarter of 1992. The fall was mainly due to the continued steep decline in the real pig price (-15.4%). The price index for milk continued to rise slightly in nominal terms but fall in real terms (-1.9%). There were moderate real price rises for cattle (+2.1%) and for calves (+3.8%), continuing the trend of previous quarters. The real price indices for poultry and eggs also rose (+4.3% and +5.1% respectively).

Across **Member States** (see Table 2) the real producer price index fell in nine cases, most notably -11.2% in Denmark and -8.1% in Germany. The index rose +7.2% in Portugal, +7.5% in Ireland and +11.1%

in Spain. In Denmark and Germany the real price index fell for both crop and animal products. However, the fall in the price of crop products in Denmark was particularly steep (-16.4%) mainly due to decreases for cereals, root crops, and other crop products. Spain, Portugal and Ireland showed a marked increase in the real price of crop products (+17.1%, +16.4% and +14.5% respectively). In Spain and Portugal, a fall in the real price index for cereals was offset by marked rises in the real price indices for root crops, fresh vegetables, wine, and olives and olive oil. Ireland also showed a notable increase in the real price of animals and animal products (+6.7%), mainly due to rises in the real prices of cattle, milk, and sheep and lambs.

Purchase prices of the means of agricultural production (Input)

Continued rise in nominal terms (+2.3%)

Modest decline in real terms (-1.7%)

The average monthly index for the purchase prices of the **means of agricultural production (Input 00)** for the fourth quarter of 1993 continued to rise in nominal terms (+2.3%) for the Community as a whole (EUR 12, excluding the new German "Länder") relative to the corresponding quarter of 1992 (see Table 3). However this nominal rise was less than the rate of inflation and so the real price index fell (-1.7%), continuing the pattern seen in each quarter since 1989.

The index of the prices of goods and services for **current consumption in agriculture, Input I**, fell in real terms by -2.2% with the real price of the main item, feedingstuffs, declining by -2.6%. There was, however, a modest real rise in the real price index for the maintenance and repair of machinery (+2.2%), and slight rises in

the real prices for plant protection products and maintenance and repair of buildings. All other indices declined, especially seeds (-4.9%), reversing the trend of the third quarter, fertilizers (-6.0%) and animals for rearing and production (-6.2%), in both cases continuing the downward trend seen over several quarters.

The index of purchase prices of goods and services contributing to **agricultural investment (Input II)** was almost unchanged in real terms relative to the fourth quarter of 1992 (-0.3%), as were the real price indices for machinery and for buildings.

Across the **Member States** (see Table 4) the index for the real prices of the means of agricultural production, **Input 00**, rose slightly in Italy (+1.2%) and in the United Kingdom (+0.6%) but fell in all other

Member States, especially Germany (-4.2%), the Netherlands (-4.2%) and Portugal (-8.3%), continuing the downward trend observed in these three countries over the past four quarters. For Germany and the Netherlands, the decrease was mainly due to a reduction in the real price of animal feedingstuffs.

Concerning the real price index for goods and services for current consumption in agriculture, the pattern was broadly similar to that of the overall index. The real price index of goods and services contributing to agricultural investment changed by no more than $\pm 2\%$ in the Member States.

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

Slight improvement

The real agricultural terms of trade, the real output price index divided by the real input price index, fluctuated around the 1985 base year index level of 100 until early 1992 after which it fell steeply to reach a value of 90.9 in the fourth quarter of 1993. This value for the Community (EUR 12, excluding the new German "Länder") is slightly higher (+0.3%) than the corresponding quarter of 1992 and thus seems to halt the decline noted since the second quarter of 1992.

Across Member States (see Table below) there was a marked improvement in the terms of trade for Portugal (+16.8%) and Spain (+12.4%) and a continued improvement for Ireland (+7.7%). The terms of trade for these three countries are now more favourable than in 1985. The

change in the terms of trade for the other Member States was limited to $\pm 3\%$, with the exception of Germany (-4.0%) and Denmark (-9.6%), continuing the previously noted declines for these two countries. The terms of trade in Denmark, 77.1 relative to 1985=100, are now the lowest in the Community.

Real Agricultural Terms of Trade

	3rd Quarter 1993		4th Quarter 1993	
	index (1985=100)	07/93-09/93	index (1985=100)	10/93-12/93
		07/92-09/92 (%)		10/92-12/92 (%)
B	88.0	- 4.7	94.0	- 2.8
DK	76.8	-11.9	77.1	- 9.6
D	84.3	- 7.6	84.5	- 4.0
GR	89.2	- 2.8	87.1	- 1.2
E	95.1	1.2	102.6	12.4
F	84.3	- 4.6	88.8	- 2.2
IRL	108.9	6.3	108.4	7.7
I	86.4	- 3.5	88.0	- 2.7
L	87.3	- 4.9	91.0	0.5
NL	92.6	- 3.2	98.5	2.3
P	99.4	6.2	103.7	16.8
UK	92.5	1.2	88.2	- 1.5
EUR 12	89.2	- 2.2	90.9	0.3

Table 1

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

	10/92-12/92 10/91-12/91	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
NOMINAL INDICES					
0 TOTAL	-7.9	-5.6	-0.6	1.4	3.5
1 CROP PRODUCTS	-14.8	-8.8	-1.5	2.0	5.5
11 Cereals and rice	0.5	5.1	8.1	-4.4	-8.8
12 Root crops	-24.0	-21.8	-5.2	14.5	22.2
13 Fruit	-33.7	-30.1	-17.3	-0.1	10.6
14 Fresh vegetables	-18.6	-4.8	8.5	5.7	12.0
15 Wine must and wine	-9.5	-8.4	-7.0	-5.0	-0.1
16 Olives and olive oil	-11.8	-5.4	5.8	13.7	15.4
17 Seeds	-0.3	2.7	1.0	-3.5	0.2
18 Flowers etc.	-8.1	2.2	1.8	0.7	6.1
19 Other crop products	-8.2	-8.1	-8.1	9.7	10.3
2 ANIMALS AND ANIMAL PRODUCTS	-0.6	-2.1	0.2	0.8	1.6
21 Animals	-1.5	-5.4	-2.6	-1.3	0.5
21A Calves	5.2	2.5	5.8	9.7	8.4
21B Cattle excluding calves	7.5	8.5	11.8	9.5	5.8
21C Pigs	-12.7	-23.3	-24.3	-19.9	-12.4
21D Sheep and lambs	5.8	-0.9	16.0	5.6	2.3
21E Poultry	-2.7	0.7	4.8	6.3	8.8
21F Other animals	-0.8	-0.1	0.5	2.0	1.4
22 Milk	1.6	2.9	3.9	2.7	2.4
23 Eggs	-5.1	1.8	10.7	14.0	8.7
24 Other animal products	11.2	8.2	-0.6	-4.7	-6.2
DEFLATED INDICES					
0 TOTAL	-11.9	-9.5	-5.4	-3.2	-1.4
1 CROP PRODUCTS	-19.1	-12.7	-6.6	-2.8	-0.3
11 Cereals and rice	-3.5	1.2	4.1	-9.3	-13.5
12 Root crops	-27.6	-25.4	-10.5	7.5	15.0
13 Fruit	-37.7	-33.3	-20.4	-0.1	4.4
14 Fresh vegetables	-23.0	-6.8	1.0	1.1	7.0
15 Wine must and wine	-14.0	-13.6	-12.0	-10.2	-5.0
16 Olives and olive oil	-17.9	-11.7	-1.8	6.2	7.5
17 Seeds	-3.5	-0.1	-1.8	-5.7	-2.0
18 Flowers etc.	-12.0	-1.3	-1.1	-2.9	1.7
19 Other crop products	-20.7	-20.0	-20.0	2.9	5.4
2 ANIMALS AND ANIMAL PRODUCTS	-5.0	-6.5	-4.2	-3.5	-2.3
21 Animals	-6.2	-9.7	-7.1	-5.6	-3.2
21A Calves	0.4	-3.1	0.4	4.6	3.8
21B Cattle excluding calves	3.8	4.6	7.8	5.5	2.1
21C Pigs	-17.7	-27.3	-28.0	-23.7	-15.4
21D Sheep and lambs	-0.8	-5.5	12.3	1.4	-0.8
21E Poultry	-6.5	-3.7	0.6	1.8	4.3
21F Other animals	-8.3	-5.7	-6.5	-4.0	-3.5
22 Milk	-2.1	-1.3	-0.4	-1.6	-1.9
23 Eggs	-10.7	-3.1	6.4	9.7	5.1
24 Other animal products	2.1	0.0	-8.7	-12.0	-13.3

(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)	-11.8	-11.0	-11.3	1.2	-7.8	-11.1	1.6	-2.7	-5.1	-9.3	-3.4	3.9	-5.6
		b)	-8.2	-12.2	-10.6	9.6	0.8	-6.7	4.8	5.0	-4.7	-10.0	-0.1	8.5	-0.6
		c)	-4.7	-11.5	-8.1	9.2	7.1	-4.7	6.9	3.1	-4.7	-5.6	3.0	6.6	1.4
		d)	-2.7	-9.8	-4.6	9.0	16.4	-2.2	9.1	2.7	1.0	-0.3	13.9	0.7	3.5
	Deflated indices	a)	-14.2	-12.2	-15.0	-12.1	-11.6	-13.0	0.1	-6.8	-8.5	-11.5	-10.5	2.1	-9.5
		b)	-10.6	-13.0	-14.2	-5.6	-3.7	-8.5	4.1	0.6	-8.0	-12.0	-5.5	7.2	-5.4
		c)	-7.4	-12.6	-11.8	-4.5	2.3	-6.7	5.5	-1.4	-8.0	-7.4	-2.6	4.9	-3.2
		d)	-5.2	-11.2	-8.1	-2.9	11.1	-4.2	7.5	-1.6	-2.5	-2.0	7.2	-0.8	-1.4
Crop products	Nominal indices	a)	-16.3	-4.7	-15.0	-1.5	-10.9	-16.1	-9.7	-6.4	-10.1	-7.8	-7.6	-1.6	-8.8
		b)	-7.8	-3.5	-13.4	9.5	0.3	-9.6	-15.0	4.5	-9.9	-9.0	-1.3	0.9	-1.5
		c)	3.0	-15.4	-7.1	9.3	7.9	-7.2	6.5	0.9	-13.0	-0.5	5.2	4.1	2.0
		d)	-3.7	-15.1	-4.4	10.0	22.7	-3.1	16.1	1.2	-5.0	5.5	23.7	-3.1	5.5
	Deflated indices	a)	-18.6	-6.0	-18.5	-14.5	-14.6	-17.9	-11.0	-10.4	-13.3	-10.1	-14.5	-3.3	-12.7
		b)	-10.2	-4.4	-16.9	-5.7	-4.2	-11.4	-15.6	0.1	-13.0	-11.1	-6.7	-0.4	-6.6
		c)	0.2	-16.4	-10.8	-4.4	3.1	-9.2	5.1	-3.5	-16.1	-2.5	-0.5	2.4	-2.8
		d)	-6.2	-16.4	-7.8	-2.1	17.1	-5.2	14.5	-3.1	-8.2	3.7	16.4	-4.6	-0.3
Animal products	Nominal indices	a)	-9.4	-14.0	-9.8	8.6	-3.3	-5.6	3.1	3.4	-4.3	-10.2	1.2	7.3	-2.1
		b)	-8.5	-16.1	-9.5	10.0	1.5	-3.5	7.7	5.8	-3.9	-10.5	1.3	13.3	0.2
		c)	-7.9	-9.8	-8.5	8.8	6.0	-2.4	6.9	6.3	-3.4	-8.0	0.7	7.7	0.8
		d)	-2.2	-7.3	-4.8	6.7	8.6	-1.3	8.2	4.9	1.9	-3.5	4.9	2.7	1.6
	Deflated indices	a)	-11.9	-15.1	-13.5	-5.7	-7.3	-7.6	1.6	-1.0	-7.7	-12.5	-6.2	5.4	-6.5
		b)	-10.8	-16.9	-13.1	-5.3	-3.0	-5.3	6.9	1.3	-7.2	-12.5	-4.3	11.8	-4.2
		c)	-10.5	-10.9	-12.2	-4.8	1.3	-4.5	5.6	1.7	-6.7	-9.8	-4.8	6.0	-3.5
		d)	-4.7	-8.7	-8.2	-4.9	3.6	-3.4	6.7	0.4	-1.6	-5.2	-1.4	1.1	-2.3

(1) On the base 1985 = 100

a = 01/93-03/93
01/92-03/92

b = 04/93-06/93
04/92-06/92

c = 07/93-09/93
07/92-09/92

d = 10/93-12/93
10/92-12/92

(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)

	10/92-12/92 10/91-12/91	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
NOMINAL INDICES					
00 TOTAL	2.5	3.3	3.5	3.4	2.3
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	1.8	2.8	3.0	2.9	1.8
1. Seeds	2.8	2.4	1.6	8.2	-2.5
2. Animals for rearing	-4.6	-7.4	-8.5	-4.2	-1.4
3. Energy	-4.1	11.4	12.2	7.8	4.8
4. Fertilizers	-1.0	-4.0	-5.7	-5.6	-2.8
5. Plant protection products	2.0	2.4	3.0	3.1	3.5
6. Animal feedingstuffs	0.8	2.7	3.8	3.5	1.8
7. Small tools	2.3	1.8	2.1	1.6	1.1
8. Maintenance and repair of plant	5.4	6.3	5.8	5.4	6.0
9. Maintenance and repair of buildings	4.1	4.3	4.7	4.5	4.3
10. Veterinary services	2.1	0.4	0.1	-0.1	0.2
11. General expenses	5.9	3.8	3.6	3.1	1.7
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT	4.5	4.7	4.9	4.7	3.9
12. Machinery	5.1	5.0	5.0	4.7	3.7
13. Buildings	3.5	4.0	4.9	4.6	4.2
DEFLATED INDICES					
00 TOTAL	-2.0	-1.1	-0.9	-1.0	-1.7
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-2.6	-1.6	-1.3	-1.4	-2.2
1. Seeds	-1.8	-1.4	-1.6	4.5	-4.9
2. Animals for rearing	-9.9	-13.2	-14.5	-10.1	-6.2
3. Energy	-3.2	3.1	3.5	1.3	-0.6
4. Fertilizers	-5.4	-7.4	-8.7	-8.9	-6.0
5. Plant protection products	-1.8	-1.1	0.0	0.0	0.4
6. Animal feedingstuffs	-3.4	-1.5	-0.5	-1.0	-2.6
7. Small tools	-1.8	-2.0	-1.4	-1.8	-2.2
8. Maintenance and repair of plant	1.5	2.5	2.2	1.9	2.2
9. Maintenance and repair of buildings	0.3	0.8	1.1	0.8	0.7
10. Veterinary services	-1.0	-2.3	-2.7	-3.0	-2.8
11. General expenses	2.1	0.6	0.6	0.1	-1.0
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT	-0.1	0.1	0.3	0.0	-0.3
12. Machinery	0.6	0.7	0.6	0.3	-0.2
13. Buildings	-1.4	-0.8	-0.3	-0.5	-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	1.7	0.1	15.9	1.5	1.2	0.1	5.6	1.9	-0.7	1.0	4.3	3.3
		b)	0.0	1.1	-0.9	17.4	2.1	0.5	0.4	7.3	1.4	-1.4	-2.6	5.8	3.5
		c)	-0.1	0.4	-0.6	12.3	5.8	0.0	0.5	6.9	0.3	-2.5	-3.1	5.3	3.4
		d)	0.1	-0.3	-0.6	10.3	3.6	0.0	1.2	5.6	0.5	-2.5	-2.5	2.2	2.3
	Deflated indices	a)	-2.4	0.4	-4.0	0.6	-2.7	-0.9	-1.3	1.2	-1.7	-3.1	-6.5	2.5	-1.1
		b)	-2.6	0.1	-4.9	1.1	-2.4	-1.4	-0.4	2.7	-2.1	-3.6	-7.9	4.5	-0.9
		c)	-2.9	-0.8	-4.6	-1.8	1.1	-2.2	-0.8	2.2	-3.2	-4.4	-8.3	3.6	-1.0
		d)	-2.5	-1.7	-4.2	-1.7	-1.2	-2.0	-0.2	1.2	-2.9	-4.2	-8.3	0.6	-1.7
Goods and services currently consumed in agriculture	Nominal indices	a)	-0.1	1.4	-1.1	16.5	1.3	0.8	-0.1	5.4	1.2	-0.8	0.9	4.7	2.8
		b)	-0.7	0.7	-2.3	17.4	1.7	0.1	0.0	8.7	0.2	-1.8	-2.9	6.4	3.0
		c)	-0.8	-0.2	-1.8	11.0	6.4	-0.7	0.2	8.6	-1.6	-3.2	-4.0	5.8	2.9
		d)	-0.6	-0.9	-1.5	10.4	3.3	-0.6	0.8	6.8	-1.1	-3.3	-3.5	2.0	1.8
	Deflated indices	a)	-2.9	0.1	-5.2	1.2	-2.9	-1.3	-1.6	0.9	-2.4	-3.3	-6.5	2.9	-1.6
		b)	-3.3	-0.3	-6.2	1.1	-2.9	-1.9	-0.7	4.1	-3.2	-4.0	-8.2	5.1	-1.3
		c)	-3.5	-1.4	-5.7	-2.9	1.6	-2.8	-1.1	3.8	-5.0	-5.1	-9.2	4.1	-1.4
		d)	-3.1	-2.4	-5.1	-1.7	-1.5	-2.7	-0.6	2.3	-4.5	-4.9	-9.3	0.4	-2.2
Goods and services contributing to agricultural investment	Nominal indices	a)	3.8	3.1	3.8	14.3	2.3	2.6	1.5	5.9	3.0	0.0	1.1	2.6	4.7
		b)	4.7	2.6	3.4	17.3	3.8	2.2	1.9	5.6	3.4	0.0	0.7	3.1	4.9
		c)	4.5	2.5	2.9	15.5	3.8	2.3	1.9	5.1	3.4	0.0	6.1	3.4	4.7
		d)	4.7	2.2	2.1	10.2	4.5	2.4	3.0	4.2	3.4	0.0	7.4	3.1	3.9
	Deflated indices	a)	0.9	1.7	-0.4	-0.7	-1.9	0.5	-0.1	1.5	-0.6	-2.5	-6.3	0.8	0.1
		b)	2.0	1.6	-0.8	1.0	-0.9	0.2	1.2	1.2	-0.2	-2.2	-4.8	1.8	0.3
		c)	1.6	1.3	-1.2	1.0	-0.8	0.2	0.6	0.5	-0.2	-2.0	0.4	1.7	0.0
		d)	2.0	0.7	-1.6	-1.9	-0.3	0.3	1.6	-0.2	-0.2	-1.7	1.1	1.6	-0.3

(1) On the base 1985 = 100

a = 01/93-03/93
01/92-03/92

b = 04/93-06/93
04/92-06/92

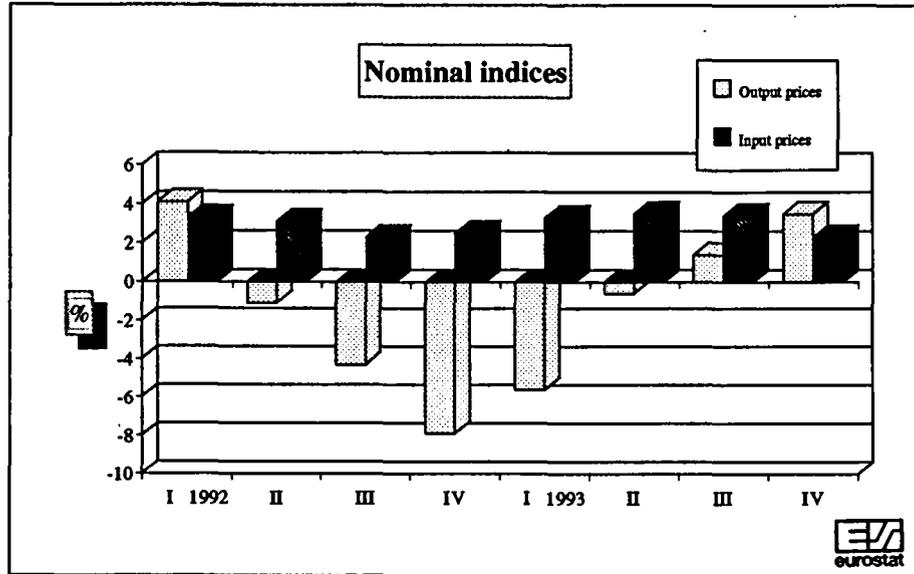
c = 07/93-09/93
07/92-09/92

d = 10/93-12/93
10/92-12/92

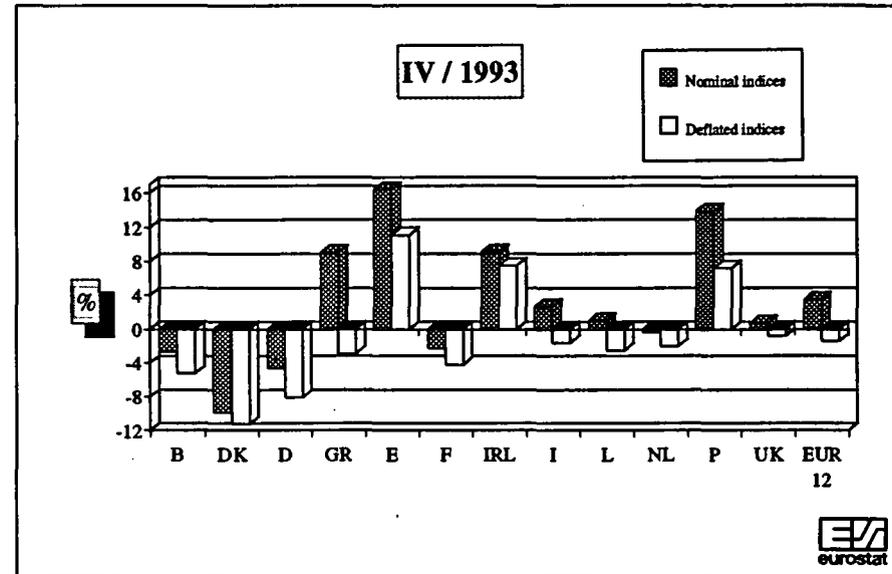
(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

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

