

1990 □ 15

### TRENDS IN THE EC AGRICULTURAL PRICE INDICES IN 1990

Results of forecasts <sup>1) 2)</sup>

**Producer prices of agricultural products (output):**

- Small increase in nominal terms (+ 1.5%).
- Significant fall in real terms (-4.8).

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

- Small increase in nominal terms (+ 1.1%)
- Significant fall in real terms (-4.2%), after almost no real change in the previous year (-0.3%).

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

- 6.6% increase in nominal terms.
- Very small increase in real terms (+0.7%).

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

- Negative net real price effect for all Member States except Greece.
- Negative net real price effect of -2.9 % for the Community as a whole (+3.1% in 1989).

1) Agricultural output and input price trends in 1990 were forecast, in consultation with the Community's Member States, on the basis of price indices. The forecasts presented in this rapid report reflect the information available at 30 November. No figures are currently available for Portugal.

2) Data for the Federal Republic of Germany as constituted prior to 3 October 1990.



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

According to forecasts available at the end of November, the index of *producer prices of agricultural products* is expected to rise in 1990 by a modest 1.5% in nominal terms for the Community as a whole (excluding Portugal) (see Table 1). This is the net result of a 6.1% increase in crop product prices and a decrease of 2.9% in animal product prices, as measured by the respective nominal price indices.

Real price changes in the EC index are obtained after deflating national price indices by the corresponding rates of inflation, as measured by the consumer price indices forecast for 1990. In real terms, the Community (EUR 11) producer price index is expected to fall by 4.8%. Only Greece is likely to have a positive change in real prices (+0.6%), whilst the largest fall will be in Ireland (-14.6%). Real prices changes for the other nine Member States are forecast to lie between -3.0% (I) and -7.1% (DK).

The fall of 4.8% in real prices is the net result of falls in crop and animal product prices of -1.1% and -8.1% respectively. Cereal prices will fall in real terms in all Member States, in most cases by between 7 and 9%. Real potato prices are down by 17% or more in six Member States. By contrast, fresh fruit prices have remained firm in all major producing countries except Greece and Italy, and fresh vegetable prices are showing modest real increases in the majority of countries. Wine producers in Greece, France and Italy are thought to have received significant increases in real prices, but wine prices have fallen in Germany, Luxembourg and Spain.

In the animal sector, real cattle prices are forecast to fall in all Member States, with declines of more than 10% in Belgium, Denmark, Ireland and the United Kingdom. Real pig prices are down in most Member States, with falls of 10% or more in Ireland, Spain and Denmark. Real sheep prices show heavy falls almost everywhere, particularly in the United Kingdom, the Netherlands, Germany and Ireland. In addition, milk prices are down in real terms in most Member States, with double-digit falls expected in Belgium, Spain, Ireland and the Netherlands.

## 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 in the Community as a whole (excluding Portugal) in 1990 by 1.1% in nominal terms (see Table 2), less than a quarter of the nominal rate of change for this index in 1989.

There are several new features here relative to previous years. Energy prices are forecast to increase by 14.5% in nominal terms for the Community as a whole. The indices for both animals for rearing and animal feedingstuffs fell in nominal terms after two years of increase. The change in the overall index for intermediate consumption is less than that of most its component price indices due to the weight of over 40% attached to animal feedingstuffs.

In real terms, intermediate consumption prices will fall by 4.2% for the Community as a whole (EUR 11), continuing the decline of the previous three years. Real prices of all the main categories of this index except energy are expected to be lower than in 1989. For individual Member States, real rates of change in the input I price index range from -1.1% (GR) to -6.5% (B) (see Table 3).

The index of *purchase prices of goods and services contributing to agricultural investment* (input II) is expected to rise by 6.6% in nominal terms for the Community as a whole (EUR 11), and by 0.7% in real terms.

**3. Comparison of the forecast real change in the EC index of 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 index is expected to fall by 4.8% in 1990. The deflated Input I price index will be 4.2% lower than in 1989, thereby offsetting part of the effect of falling output prices on producers' incomes. Interpretation of these offsetting changes should take into account the fact that purchases of goods and services for current consumption in agriculture account for only about 45% of the total value of sales in EUR 11 (calculated according to the national farm concept). This means that when a decrease in real producer prices is accompanied by a fall in real input prices (as is forecast to occur in ten Member States in 1990), the change in value added reflects both the output price decrease and, to a lesser extent, the decrease in prices of intermediate consumption.

Column 5 of the following table shows, for each Member State, the forecast change in net value added *resulting from these price changes*, expressed as a proportion of the corresponding total output (net price effect). For the Community as a whole, this effect is forecast as -2.9 points (+3.1% in 1989).

The table summarises the forecast real price changes for individual Member States, arranged in increasing size of the resulting net price effect. Only Greece is expected to have a positive net price effect. Ireland (with a net price effect of -11.6 points) is likely to be in the weakest position for the second consecutive year.

Country	Rates of change of real output prices (%)	Rates of change of real input I prices (%)	Input I as a share of output in 1985	Corrected rates of change of real input I prices (%) (2 x 3)	Net price effect (points) (1 - 4)
	1	2	3	4	5
IRL	-14,6	- 2,7	0,480	- 1,3	-11,9
DK	- 6,5	- 1,1	0,519	- 0,6	- 5,9
D	- 7,1	-3,7	0,644	- 2,4	- 4,7
L	- 4,5	- 1,6	0,397	- 0,6	- 3,9
UK	- 5,0	- 2,9	0,567	- 1,6	- 3,4
NL	- 6,2	- 5,5	0,530	- 2,9	- 3,3
E	- 6,1	- 6,3	0,447	- 2,8	- 3,3
B	- 6,3	- 6,5	0,568	- 3,7	- 2,6
F	- 3,5	- 4,2	0,437	- 1,8	- 1,8
I	- 3,0	- 4,4	0,310	- 1,4	- 1,6
GR	+ 0,6	- 1,3	0,264	- 0,3	+ 0,9
EUR 11	- 4,8	- 4,2	0,454	- 1,9	- 2,9

#### 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.

**For further information please contact: A. Burrell, Tel. (+352)4301 2646  
Fax: (+352)4301 3370**

Table 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>

			B	DK	D	GR	E	F	IRL	I	L	NL	UK	EUR 11
Total	Nominal indices	a)	-2,5	-3,3	-1,9	11,4	-2,5	-2,7	4,0	-0,6	1,0	-1,8	1,9	-0,5
		b)	-0,4	1,2	-0,8	12,4	2,6	0,2	10,4	2,0	2,6	1,5	-0,4	2,0
		c)	12,1	7,7	8,8	17,7	7,3	7,9	5,1	7,1	9,7	8,9	7,7	8,6
		d)	-2,7	-3,8	-4,5	21,2	0,3	-0,1	-11,8	2,9	-1,1	-3,9	1,6	1,5
	Deflated indices	a)	-4,0	-7,1	-2,2	-4,3	-7,4	-5,7	0,9	-5,1	1,0	-1,4	-2,2	-4,4
		b)	-1,6	-3,2	-2,0	-1,0	-2,1	-2,4	8,1	-2,9	1,1	0,7	-5,0	-2,2
		c)	8,7	2,8	5,9	3,5	0,4	4,1	0,9	0,8	6,1	7,7	-0,1	3,0
		d)	-6,3	-6,5	-7,1	0,6	-6,1	-3,5	-14,6	-3,0	-4,5	-6,2	-5,0	-4,8
Crop products Produits végétaux	Nominal indices	a)	2,0	-1,5	0,5	12,4	-1,8	-4,9	-4,0	0,1	3,7	2,4	1,1	0,1
		b)	-2,7	-5,1	-2,9	13,3	3,8	-2,3	-0,5	2,1	2,0	-0,5	-6,2	1,2
		c)	8,3	2,1	1,6	17,7	4,6	8,3	6,6	5,7	-2,7	4,1	6,7	7,2
		d)	4,5	-1,4	-0,9	22,0	5,3	3,3	-7,6	4,2	2,8	2,0	5,8	6,1
	Deflated indices	a)	0,4	-5,3	0,3	-3,5	-6,7	-7,8	-6,9	-4,4	3,7	2,8	-2,9	-4,5
		b)	-3,9	-9,2	-4,1	-0,2	-0,9	-4,8	-2,6	-2,9	0,5	-1,4	-10,6	-3,6
		c)	5,1	-2,5	-1,2	3,5	-2,1	4,5	2,4	-0,5	-5,8	3,0	-1,0	0,8
		d)	0,7	-4,0	-3,6	1,2	-1,4	-0,2	-10,5	-1,8	-0,7	-0,4	-1,2	-1,1
Animal products Produits animaux	Nominal indices	a)	-4,8	-4,3	-3,0	9,2	-3,3	-0,3	5,3	-1,6	0,5	-4,0	2,4	-1,1
		b)	0,8	4,5	0,2	10,0	1,0	2,8	12,0	2,2	2,7	2,7	3,2	2,7
		c)	14,1	10,4	11,7	17,7	10,9	7,3	4,8	8,9	12,3	11,4	8,3	9,9
		d)	-6,3	-5,0	-6,0	19,4	-6,0	-3,4	-12,4	1,2	-1,9	-8,8	-0,8	-2,9
	Deflated indices	a)	-6,3	-8,0	-3,2	-6,2	-8,1	-3,4	2,1	-6,0	0,6	-3,6	-1,7	-4,3
		b)	-0,4	0,0	-1,0	-3,1	-3,6	0,1	9,6	-2,8	1,2	1,8	-1,6	-0,9
		c)	10,7	5,3	8,7	3,5	3,8	3,6	0,7	2,5	8,6	10,2	0,4	4,7
		d)	-9,7	-7,6	-8,6	0,9	-12,0	-6,7	-15,1	-4,7	-5,2	-10,9	-7,3	-8,1

1) On the base / sur la base 1985 = 100    a =  $\frac{1987}{1986}$     b =  $\frac{1988}{1987}$     c =  $\frac{1989}{1988}$     d =  $\frac{1990}{1989}$  2)

2) Forecast / prévision

EC Indices of purchase prices of the means of agricultural production:

Rates of change of the price indices for EUR 11 (in %) (1)

Table 2

Indices CE des prix d'achat des moyens de production agricoles:

Taux de variation des indices des prix pour EUR 11 (en %) (1)

	<u>1987</u> 1986	<u>1988</u> 1987	<u>1989</u> 1988	<u>1990</u> 1989
<u>Nominal indices / Indices nominaux</u>				
01 <u>Goods &amp; services currently consumed</u> <u>in agric./Biens &amp; services de</u> <u>consommation courante de l'agric.</u>	-1,7	2,7	4,7	1,1
1. Seeds / Semences	4,1	0,3	5,5	3,0
2. Animals for rearing/Animaux d'élevage	-1,8	4,3	18,9	-5,1
3. Energy / Energie	-4,4	-2,1	6,8	14,5
4. Fertilizers / Engrais	-9,3	0,7	2,6	0,9
5. Plant protection products/ Produits de protection des cultures	2,2	2,0	2,1	4,9
6. Animal feedingstuffs/Aliments des animaux	-2,7	3,8	4,2	-3,3
7. Small tools / petit outillage	3,4	3,5	4,3	4,1
8. Maintenance and repair of plant/ Entretien et réparation du matériel	7,4	4,6	4,1	4,9
9. Maintenance and repair of buildings/ Entretien et réparat.des bâtim.d'expl.	3,1	4,6	8,1	5,5
10. Veterinary services/Services vétérinaires	2,8	2,8	1,7	4,4
11. General expenses / Frais généraux	2,9	3,6	3,6	3,2
02 <u>Goods &amp; services contributing to agric.</u> <u>investment/ Biens et services concourant</u> <u>aux investissements de l'agriculture</u>	4,2	5,1	5,6	6,6
12. Machinery / Machines	4,0	5,0	5,2	5,1
13. Buildings / Ouvrages	4,4	5,3	6,3	9,4
<u>Deflated indices / Indices déflatés</u>				
01 <u>Goods &amp; services currently consumed</u> <u>in agric./Biens &amp; services de consommation</u> <u>courante de l'agriculture</u>	-5,1	-0,9	-0,3	-4,2
1. Seeds / Semences	0,6	-3,3	0,5	-2,2
2. Animals for rearing/Anim.d'élevage	-4,3	1,2	14,2	-10,0
3. Energy / Energie	-8,1	-5,9	2,1	7,7
4. Fertilizers / Engrais	-12,6	-2,9	-2,3	-4,1
5. Plant protection products/ Produits de protection des cultures	-1,4	-1,6	-2,9	0,1
6. Animal feedingstuffs/Alim.des animaux	-6,1	0,1	-0,9	-8,6
7. Small tools / petit outillage	-0,2	-0,3	-1,0	-1,4
8. Maintenance and repair of plant/ Entretien et réparation du matériel	3,6	0,7	-1,3	-0,6
9. Maintenance and repair of buildings/ Entretien et réparat.des bâtim.d'expl.	-0,8	0,0	0,9	-1,0
10. Veterinary services/Serv. vétérinaires	-0,6	-0,8	-3,0	-0,3
11. General expenses / Frais généraux	0,2	0,3	-1,0	-1,5
02 <u>Goods &amp; services contributing to agricultural</u> <u>investments/Biens &amp; services concourant</u> <u>aux investissements de l'agriculture</u>	0,2	0,9	0,0	0,7
12. Machinery / Machines	0,4	1,1	-0,0	-0,1
13. Buildings / Ouvrages	-0,3	0,6	0,1	2,4

(1) On the base / sur la base 1985 = 100

(2) Forecast / prévision

Table 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>

			B	DK	D	GR	E	F	IRL	I	L	NL	UK	EUR 11
Goods & services currently consumed in agriculture / Biens & services de consom. courante de l'agriculture	Nominal indices	a)	-5,4	-3,7	-5,3	8,7	1,0	-1,8	-4,7	0,4	-4,9	-7,9	0,5	-1,7
		b)	2,5	4,9	1,0	7,7	1,4	1,8	2,7	3,3	0,8	2,6	4,6	2,7
		c)	3,3	3,9	5,7	11,5	1,8	4,2	5,4	4,9	3,3	3,8	5,5	4,7
		d)	-3,0	1,7	-1,0	18,9	0,1	-0,9	0,4	1,4	1,8	-3,2	3,9	1,1
	Deflated indices	a)	-6,9	-7,4	-5,5	-6,6	-4,1	-4,8	-7,6	-4,1	-4,8	-7,5	-3,5	-5,1
		b)	1,3	0,4	-0,2	-5,2	-3,2	-0,9	0,5	-1,7	-0,7	1,7	-0,3	-0,9
		c)	0,2	-0,8	2,8	-2,0	-4,7	0,6	1,3	-1,2	-0,1	2,7	-2,1	-0,3
		d)	-6,5	-1,1	-3,7	-1,3	-6,3	-4,2	-2,7	-4,4	-1,6	-5,5	-2,9	-4,2
of which / dont: Animal feedingstuffs/ Aliments pour animaux	Nominal indices	a)	-6,9	-6,0	-8,8	9,0	0,8	-3,2	-2,0	0,7	-6,2	-10,5	0,2	-2,7
		b)	3,6	4,5	2,6	7,0	0,5	6,1	2,5	4,2	-0,8	3,6	5,5	3,8
		c)	2,3	4,6	3,0	18,6	-0,6	4,8	6,8	4,3	2,8	5,3	5,4	4,2
		d)	-6,5	-2,9	-8,0	12,6	-3,2	-7,6	-1,8	-0,5	-1,0	-10,0	1,2	-3,3
	Deflated indices	a)	-8,3	-9,6	-9,0	-6,3	-4,3	-6,1	-5,0	-3,9	-6,2	-10,2	-3,8	-6,1
		b)	2,4	0,0	1,3	-5,7	-4,2	3,3	0,3	-0,9	-2,2	2,7	0,6	0,1
		c)	-0,8	-0,1	0,2	4,3	-6,9	1,2	2,6	-1,8	-0,6	4,2	-2,2	-0,9
		d)	-9,9	-5,5	-10,5	-6,6	-9,4	-10,7	-4,9	-6,2	-4,3	-12,1	-5,5	-8,6
Goods and services contributing to agricultural invest- ment / Biens et services concourant aux investissements de l'agriculture	Nominal indices	a)	1,0	3,7	2,0	11,3	4,3	4,3	4,3	3,5	2,3	2,9	6,6	4,2
		b)	3,1	5,4	2,0	10,0	5,0	4,0	4,1	6,4	1,9	2,6	6,1	5,1
		c)	5,0	4,6	2,6	13,6	6,5	4,1	4,8	6,3	6,8	3,0	6,2	5,6
		d)	2,0	5,3	4,0	14,9	11,1	3,4	3,7	7,0	4,2	3,4	5,8	6,6
	Deflated indices	a)	-0,6	-0,3	1,7	-4,4	-0,9	1,1	1,1	-1,2	2,4	3,3	2,4	0,2
		b)	1,9	0,8	0,7	-3,1	0,2	1,3	1,9	1,3	0,4	1,8	1,1	0,9
		c)	1,8	-0,2	-0,2	-0,1	-0,3	0,4	0,7	0,0	3,3	1,9	-1,5	0,0
		d)	-1,7	2,4	1,2	-4,6	4,1	-0,1	0,5	0,9	0,7	1,0	-1,2	0,7

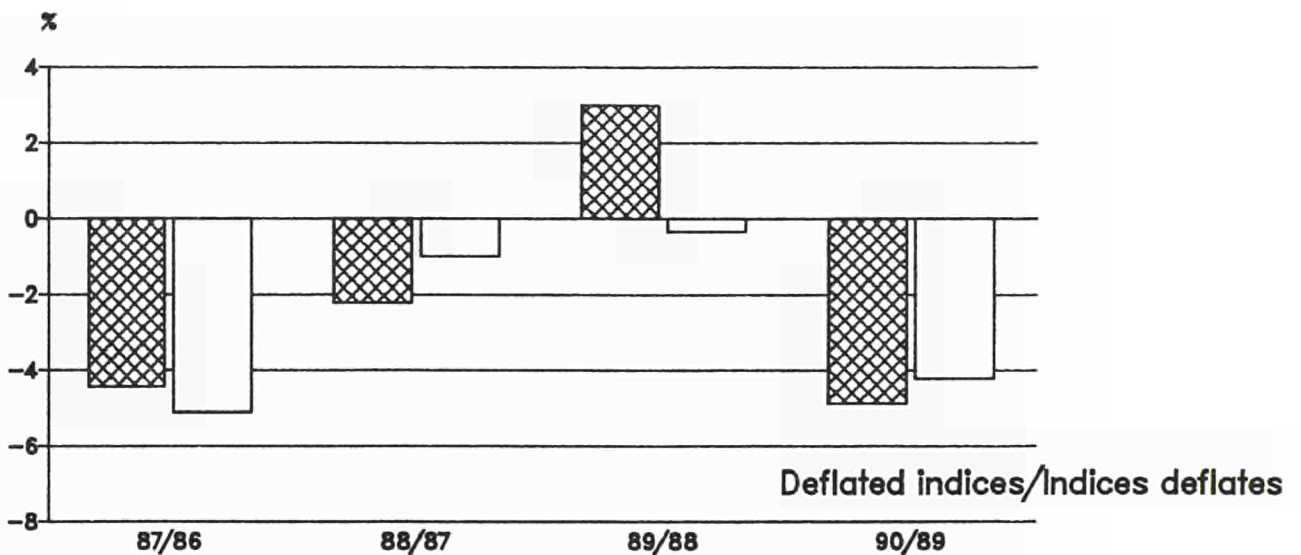
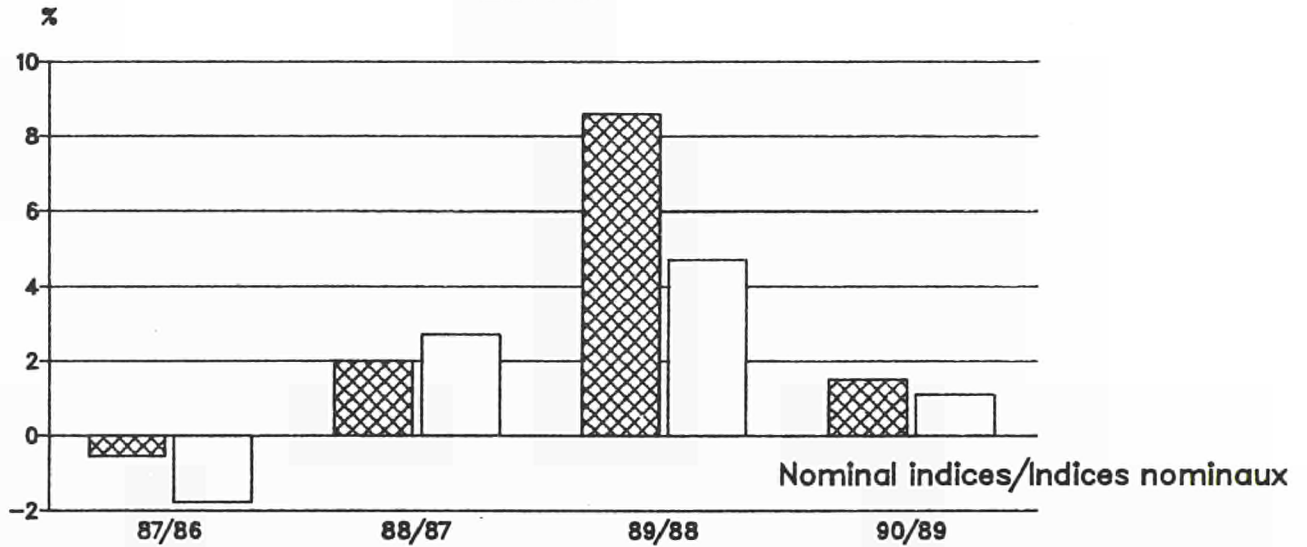
1) On the base / sur la base 1985 = 100    a =  $\frac{1987}{1986}$     b =  $\frac{1988}{1987}$     c =  $\frac{1989}{1988}$     d =  $\frac{1990}{1989}$  2)

2) Forecast / prévision



TRENDS IN THE EC AGRICULTURAL PRICE INDICES(OUTPUT AND INPUT)  
 1990(\*)  
 EVOLUTION DES INDICES CE DES PRIX AGRICOLES(OUTPUT ET INPUT)  
 1990(\*)

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

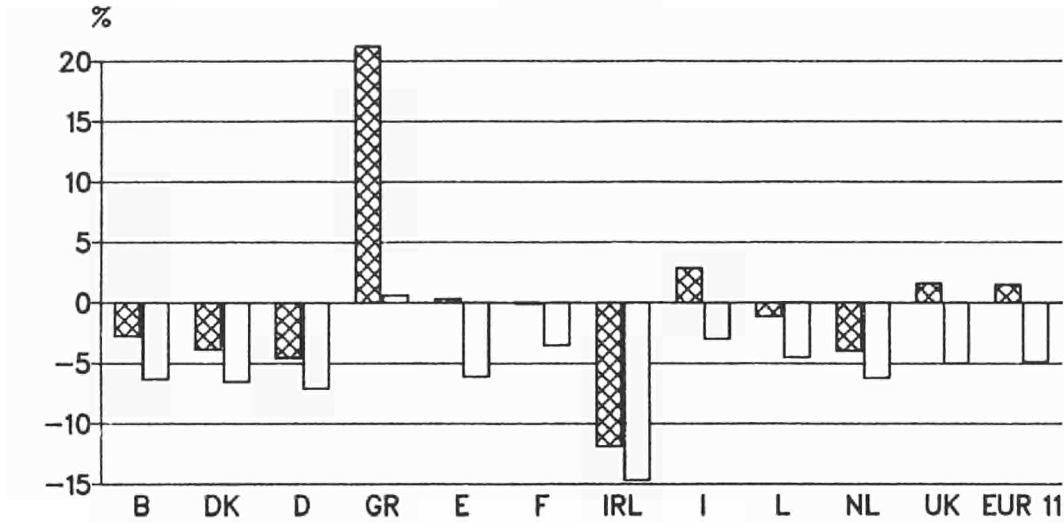


Output prices/Prix output
  Input prices/Prix input

(\*) 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

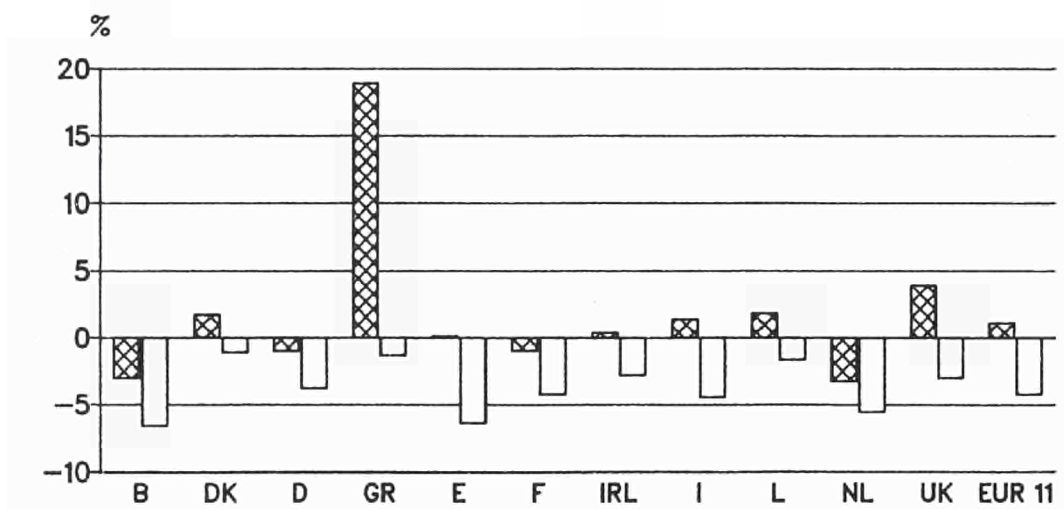
1990(\*)



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

1990(\*)

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



Nominal Indices/Indices nominaux



Deflated Indices/Indices deflates



