



RAPID REPORTS

Agriculture, forestry and fisheries

1993 □ 7

ISSN 1017-5776

TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE FOURTH QUARTER OF 1992

Producer prices of agricultural products (output)

*Strongest real price fall recorded
(-11.8%, 3rd Quarter 1992: -8.3%)*

The average monthly index of producer prices of **agricultural products** (including fruit and vegetables), for the Community as a whole (EUR 11), declined (-7.9%) in *nominal* terms, in the fourth quarter of 1992 relative to the corresponding quarter of the previous year (see Table 1). This compares with the decline of (-4.1%) in the third quarter of 1992. Adjusted for inflation, output prices declined (-11.8%) relative to the same quarter a year ago, confirming the increasingly negative trend that has emerged since the fourth quarter in 1991, and represents the twelfth consecutive quarterly fall. It is also the strongest real price decline recorded between corresponding quarters.

Real producer prices for **crop products** again dropped even more sharply than the previous

quarter, falling -19.0% (3rd Quarter: -15.4%) relative to the same period in 1991. Significant falls in real prices were observed for all crop products. The real price decline for cereals continued (-4.1%) for a sixth consecutive quarter although it was less than half the rate of the previous quarter. The real prices for fruit (-38.2%), root crops (-26.4%) and vegetables (-22.5%) were particularly down on the corresponding period of the year before, with the first two particularly related to better harvests. Relatively smaller falls, although still sizeable, were recorded for olives (-19.2%), wine must/wine(-14.2%) and flowers (-11.5%), for which in the case of flowers the previous quarter (+2.8%) provided only temporary respite.

Manuscript completed on = 18.04.1993

For further information please contact: E. COOK
Eurostat, L-2920 Luxembourg, tel. 4301-37321 Fax: 4301-37317

Price (excl. VAT) in Luxembourg: Subscription ECU 206

Catalogue number: CA-NN-93-007-EN-C

Although the *real* producer price for **animals and animal products** decreased by much less than that of crop products, the decline in the fourth quarter was stronger (-4.9%) than the previous quarter (-1.5%). This was principally due to the large fall in the real price of animals (-6.0% compared to -1.0% in the 3rd quarter), which in turn was most affected by the acceleration in the rate of real price decline for pigs (-17.9% compared to -3.7% in the 3rd quarter). By contrast, the real price for cattle increased (+4.1%), confirming the reversal of the negative trend experienced in the eleven quarters up until the third quarter of 1992. The real price of sheep fell slightly (-0.9%) after the large increase in the previous quarter (+8.2%), the same pattern as the first two quarters of the year. There was a reappearance of a stronger

rate of decline for real milk prices in the Community (EUR11) as they continued to slide (-2.3%). The quarterly rates of change for the real price of milk have now been negative since the first quarter of 1990. Re-emphasising the sharp falls in the previous three quarters of the year and continuing another long negative trend, real egg prices also decreased (-11.4%) and at a marginally stronger rate than the preceding quarter.

Looking at the trends across **Member States**, (see Table 2) the picture remains a sombre one for agriculture. No Member State showed an increase in real price indices for the total agricultural products, with the resultant downward changes ranging from -1.4% in the United Kingdom to -17.7% in Spain.

Purchase prices of the means of agricultural production (input 00)

Continued rise in nominal terms (+2.8%)

Modest decline in real terms (-1.7%)

The average monthly index of the **purchase prices of the means of agricultural production (input 00)** continued to rise in nominal terms for the Community (EUR11) (+2.8%) in the 4th quarter, following (+2.6%) in the 3rd quarter (see Table 3), but at rates below the general rate of inflation. Hence the deflated index shows a persistent fall, but at rates of decline substantially below that recorded for the output indices in the last three quarters in 1992.

The nominal EC index (EUR11) for purchase prices of **goods and services for current consumption in agriculture (input I)** continued to rise (+1.7%) in the 4th quarter 1992 (3rd quarter: +1.4%) compared with the same period a year ago, whilst by contrast real prices continued to decline (-2.7%) (see Table 3). The real decline in intermediate consumption prices in the 4th quarter was due in large measure to falls in animal feedingstuffs (-3.0%), energy (-3.3%), and fertilizers (-5.3%), which in the case of the first two were not as severe as the preceding quarter, and in the case of the last remained at a relatively constant rate. Animals for rearing experienced

the greatest real price decline in the quarter (-9.9%), which was also the most notable change from the figures in the third quarter (-3.3%) when the end of the positive trend was first in evidence.

The monthly EC index for purchase prices of **goods and services contributing to agricultural investment (input II)** at the level of the Community (EUR11) increased (+5.7%) in nominal terms and (+1.0%) in real terms in the 4th quarter 1992 compared to the same period of 1991. This increase in real prices was comprised of a real price rise recorded for farm machinery (+0.6%), and a continued rise recorded for buildings (+1.7%).

In nominal terms most **countries of the Community** (EUR11) displayed modest positive increases in the purchase prices of the means of agricultural production (Input 00), with the notable exceptions of Greece (+14.1%) and Italy (+5.2%) where rises were larger and Ireland where the nominal price fell (-0.3%) (see Table 4). In real terms, there were continuing moderate falls in the prices of Input 00 across most countries of the Community

(EUR11). The exceptions were the United Kingdom (+0.1%) and Italy (+0.5%) where the

real price increased very slightly, and Spain for which the decline was a little stronger (-4.4%).

Comparison of trends in real output and input prices Agricultural Terms of Trade ¹⁾

Much stronger erosion of the agricultural terms of trade in most Member States in the 4th Quarter 1992 than the previous quarter.

Negative change of the terms of trade (-10.2 %), (3rd Quarter : -6.5 %) for EUR11

Analysis by Eurostat shows that the **real agricultural terms of trade** for the Community as a whole (EUR11) has now declined month by month throughout almost all of 1992. The monthly index of terms of trade recorded an absolute low point in the 4th quarter since the base year of 1985, and remains weak (see attached chart). The latest data for the 4th quarter (EUR 11) shows a marked decline in real terms of trade (-10.2%) relative to the same period a year ago. This follows the (-6.5%) decline recorded in 3rd quarter.

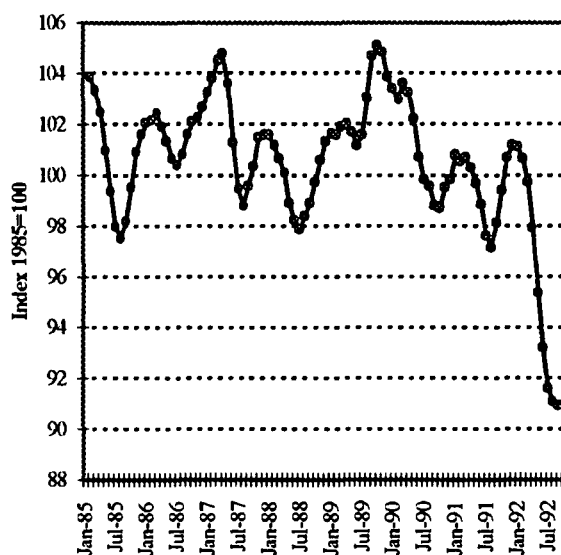
because its real input prices fell (-2.6%) faster than real output prices (-1.7%). The decline in the Terms of Trade among the other Member States ranged from the United Kingdom (-1.5%) to Spain (13.9%). In the case of the United Kingdom, the terms of trade might have improved had it not been for the small rise in the real price of input 00. However, four Member States (B, NL, F and IRL) did have higher index levels for the terms of trade in the fourth quarter relative to the third quarter.

Real Agricultural Terms of Trade

	3rd Quarter 1992		4th Quarter 1992	
	index (1985=100)	07/92-09/92	index (1985=100)	10/92-12/92
		07/91-09/91 (%)		10/91-12/91 (%)
B	95,8	0,0	100,5	- 6,4
DK	88,5	- 1,0	86,5	- 6,2
D	91,2	- 3,6	88,2	- 9,1
GR	92,1	- 5,9	88,4	-13,0
E	93,9	-10,9	91,3	-13,9
F	88,0	- 9,3	90,5	-12,3
IRL	88,1	4,7	88,9	1,0
I	102,4	-11,9	100,6	-11,9
L	92,3	- 0,4	90,6	- 4,8
NL	95,6	- 4,8	96,3	-13,8
UK	92,4	0,7	90,6	- 1,5
EUR 11	91,1	- 6,5	90,6	-10,2

Looking at trends across **Member States** in the fourth quarter, it is evident that there are few divergence's. All Member States with the exception of Ireland (+1.0%) recorded agricultural terms of trade that were worse than the corresponding quarter in the previous year (see Table below). Ireland was the exception

Trend in the Agricultural Terms of Trade from January 1985 to November 1992 for EUR 11



Source: Eurostat, F-1, Three Monthly Moving Average

¹⁾ For practical purposes Eurostat has decided to replace the previously used concept of the "net price effect" with the well-known concept of the "terms of trade" (price scissors) using the following formula :

$$\text{Real terms of trade} = \frac{\text{total real output price index}}{\text{total real input price index}} \times 100$$

**Table 1 : EC Index of producer prices of agricultural products :
Rates of change of the price indices for EUR 11 (in %) ⁽¹⁾**

	<u>10/91-12/91</u> 10/90-12/90	<u>01/92-03/92</u> 01/91-03/91	<u>04/92-06/92</u> 04/91-06/91	<u>07/92-09/92</u> 07/91-09/91	<u>10/92-12/92</u> 10/91-12/91
NOMINAL INDICES					
TOTAL	6.2	4.7	-0.8	-4.1	-7.9
CROP PRODUCTS	8.3	4.0	-4.6	-10.6	-14.7
Cereals and rice	0.5	-0.8	-6.5	-4.4	-0.1
Root crops	7.2	-2.8	-13.9	-22.0	-22.5
Fruit	30.8	27.6	7.2	-24.3	-34.5
Fresh vegetables	6.2	6.7	-8.3	-4.0	-18.0
Wine must and wine	0.0	0.0	-2.5	-6.7	-9.7
Olives and olive oil	15.5	-9.3	-17.5	-19.0	-13.4
Seeds	0.0	-3.6	-2.2	-1.5	-0.4
Flowers etc.	3.5	-5.4	-4.0	8.4	-7.7
Other crop products	6.7	4.1	4.1	-5.4	-5.8
ANIMALS & ANIMAL PRODUCTS	4.0	5.5	3.4	2.8	-0.5
Animals	6.0	9.5	5.1	3.5	-1.2
Calves	2.4	5.0	7.5	9.6	5.5
Cattle excluding calves	-1.8	2.9	1.8	5.7	7.9
Pigs	19.0	19.9	11.0	1.4	-13.0
Sheep and lambs	4.2	18.1	4.5	13.9	5.4
Poultry	1.5	3.1	0.0	-2.8	-0.6
Other animals	1.4	-1.2	-5.5	-3.8	-0.9
Milk	1.3	1.1	1.7	2.8	1.4
Eggs	2.3	-6.0	-4.6	-5.6	-6.2
Other animal products	-8.5	-0.6	6.5	9.9	13.7
DEFLATED INDICES					
TOTAL	-0.2	-1.4	-6.1	-8.3	-11.8
CROP PRODUCTS	0.5	-3.1	-10.8	-15.4	-19.0
Cereals and rice	-4.9	-6.2	-11.7	-9.0	-4.1
Root crops	2.5	-7.5	-18.4	-24.6	-26.4
Fruit	18.0	18.6	0.4	-27.8	-38.2
Fresh vegetables	-1.3	-2.2	-15.5	-11.2	-22.5
Wine must and wine	-5.0	-4.9	-7.4	-11.5	-14.2
Olives and olive oil	3.5	-19.2	-24.6	-25.6	-19.2
Seeds	-5.2	9.0	-7.2	-5.7	-3.7
Flowers etc.	-2.2	-10.1	-9.6	2.8	-11.5
Other crop products	-5.3	-8.0	-7.5	-18.5	-17.7
ANIMALS & ANIMAL PRODUCTS	-0.7	0.4	-1.3	-1.5	-4.9
Animals	1.2	4.1	0.3	-1.0	-6.0
Calves	-2.9	-0.8	1.8	5.4	0.6
Cattle excluding calves	-5.8	-1.4	-2.3	2.0	4.1
Pigs	14.5	14.2	6.1	-3.7	-17.9
Sheep and lambs	-3.6	10.4	-1.4	8.2	-0.9
Poultry	-3.9	-2.6	-5.0	-7.1	-5.0
Other animals	-6.4	-9.3	-12.5	-11.2	-8.4
Milk	-3.2	-3.5	-2.8	-1.0	-2.3
Eggs	-3.2	-11.4	-9.9	-10.4	-11.4
Other animal products	-13.8	-7.0	-1.4	2.0	3.6

(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	UK	EUR11 ⁽³⁾
Total	Nominal indices	a)	3.1	5.9	4.5	16.0	4.6	1.5	2.3	4.6	-0.9	3.6	2.9	4.7
		b)	2.6	1.6	2.8	5.5	-1.4	-4.3	3.4	-2.9	-0.5	-1.9	-1.0	-0.8
		c)	0.3	-0.8	-2.3	4.6	-10.3	-8.4	5.0	-7.4	0.8	-4.0	2.5	-4.1
		d)	-5.9	-6.1	-8.9	-0.8	-13.5	-12.0	0.7	-7.5	-3.2	-13.3	1.6	-7.9
	Deflated indices	a)	0.7	3.5	0.1	-1.9	-1.8	-1.5	-1.7	-1.0	-3.7	-0.6	-1.2	-1.4
		b)	-0.2	-0.8	-1.6	-8.7	-7.3	-7.2	-0.4	-7.8	-3.9	-5.9	-5.0	-6.1
		c)	-2.0	-2.8	-5.6	-8.9	-15.0	-10.9	2.1	-11.8	-2.3	-7.2	-1.1	-8.3
		d)	-8.0	-7.4	-12.1	-13.8	-17.7	-13.9	-1.7	-11.6	-6.1	-15.9	-1.4	-11.8
Crop products	Nominal indices	a)	-3.9	2.5	-1.0	15.9	4.1	0.5	3.9	5.1	-1.0	1.7	-1.2	4.0
		b)	-8.3	-4.8	-4.6	3.9	-2.8	-8.8	4.0	-5.7	-1.2	-10.0	-7.2	-4.6
		c)	-13.5	2.5	-12.7	2.0	-16.5	-18.3	-6.4	-12.5	-1.0	-9.0	-4.4	-10.6
		d)	-17.7	-2.5	-16.2	-5.2	-20.6	-20.8	-11.5	-14.2	-13.8	-19.8	-4.3	-14.7
	Deflated indices	a)	-6.1	0.1	-5.1	-1.9	-2.3	-2.5	-0.2	-0.6	-3.8	-2.4	-5.1	-3.1
		b)	-10.7	-7.1	-8.7	-10.1	-8.7	-11.6	0.2	-10.5	-4.6	-13.6	-10.9	-10.8
		c)	-15.4	0.4	-15.6	-11.1	-20.9	-20.5	-9.0	-16.7	-4.0	-12.0	-7.7	-15.4
		d)	-19.5	-4.0	-19.2	-17.6	-24.5	-22.5	-13.6	-18.0	-16.3	-22.3	-7.1	-19.0
Animal products	Nominal indices	a)	7.2	7.6	6.9	16.2	5.2	2.7	2.1	3.9	-0.9	4.8	5.6	5.5
		b)	9.3	4.8	6.2	9.8	0.7	1.1	3.3	1.7	-0.4	3.3	3.3	3.4
		c)	7.2	-2.2	2.1	11.2	-0.5	2.7	6.7	1.2	1.1	-1.4	6.3	2.8
		d)	0.8	-7.7	-5.9	11.2	-2.7	-2.4	2.4	3.7	-1.5	-9.1	5.1	-0.5
	Deflated indices	a)	4.7	5.2	2.4	-1.7	-1.2	-0.4	-1.9	-1.7	-3.7	0.5	1.4	0.4
		b)	6.4	2.3	1.6	-5.1	-5.3	-2.0	-0.5	-3.5	-3.8	-0.9	-0.8	-1.3
		c)	4.8	-4.3	-1.3	-3.1	-5.8	-0.1	3.7	-3.7	-2.0	-4.6	2.6	-1.5
		d)	-1.5	-9.1	-9.3	-3.4	-7.5	-4.5	-0.1	-1.0	-4.4	-11.9	2.0	-4.9

(1) On the base 1985 = 100

a = $\frac{01/92-03/92}{01/91-03/91}$

b = $\frac{04/92-06/92}{04/91-06/91}$

c = $\frac{07/92-09/92}{07/91-09/91}$

d = $\frac{10/92-12/92}{10/91-12/91}$

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

(3) EUR 12 - Portugal

**Table 3 : EC Indices of purchase prices of means of agricultural production :
Rates of change of the price indices for EUR 11 (in %) ⁽¹⁾**

	<u>10/91-12/91</u> 10/90-12/90	<u>01/92-03/92</u> 01/91-03/91	<u>04/92-06/92</u> 04/91-06/91	<u>07/92-09/92</u> 07/91-09/91	<u>10/92-12/92</u> 10/91-12/91
NOMINAL INDICES					
00 TOTAL	3.6	3.7	3.4	2.6	2.8
01 GOODS & SERVICES CURRENTLY CONSUMED IN AGRICULTURE	2.9	2.5	2.4	1.4	1.7
1. Seeds	1.0	-2.7	-3.4	-1.8	-0.3
2. Animals for rearing	9.4	10.8	9.2	1.1	-4.6
3. Energy	-1.1	-0.3	4.7	2.3	4.1
4. Fertilizers	-1.3	-2.0	-0.6	-0.4	-1.2
5. Plant protection products	5.4	2.9	1.7	1.9	1.3
6. Animal feedingstuffs	3.0	3.1	1.4	0.2	1.2
7. Small tools	4.6	3.2	2.6	1.8	2.3
8. Maintenance and repair of plant	6.8	6.8	6.9	6.1	5.5
9. Maintenance and repair of buildings	5.5	4.7	4.4	4.4	4.1
10. Veterinary services	3.6	2.1	2.5	2.9	0.3
11. General expenses	6.1	4.8	5.0	4.8	5.1
02 GOODS & SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT	5.7	7.0	6.2	5.9	5.7
12. Machinery	4.1	4.9	4.7	4.9	5.0
13. Buildings	8.4	10.7	8.8	7.5	6.7
DEFLATED INDICES					
00 TOTAL	-1.6	-1.6	-1.7	-2.0	-1.7
01 GOODS & SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-2.1	-2.6	-2.6	-3.0	-2.7
1. Seeds	-3.9	-7.1	-7.6	-5.8	-4.1
2. Animals for rearing	5.2	6.7	4.9	-3.3	-9.9
3. Energy	-8.1	-7.7	-1.8	-4.2	-3.3
4. Fertilizers	-6.4	-8.0	-6.7	-5.2	-5.3
5. Plant protection products	1.0	-1.5	-2.6	-1.9	-2.1
6. Animal feedingstuffs	-1.8	-1.6	-3.3	-4.0	-3.0
7. Small tools	-0.5	-1.9	-2.4	-2.6	-1.9
8. Maintenance and repair of plant	1.7	1.7	1.7	1.7	1.5
9. Maintenance and repair of buildings	0.8	-0.2	-0.4	0.3	0.3
10. Veterinary services	-0.8	-2.2	-1.7	-0.8	-3.3
11. General expenses	1.3	0.4	0.6	0.9	1.5
02 GOODS & SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT	0.0	1.2	0.8	1.1	1.0
12. Machinery	-0.9	-0.3	-0.3	0.5	0.6
13. Buildings	1.8	4.1	2.8	2.1	1.7

(1) On the base 1985 = 100

Table 4
EC Indices 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	UK	EUR11 ⁽³⁾
Total	Nominal indices	a)	1.0	-0.6	4.1	12.6	1.2	0.2	1.0	7.2	-0.2	2.5	3.0	3.7
		b)	0.7	0.4	4.3	11.5	0.3	1.3	1.0	6.3	0.7	1.1	2.3	3.4
		c)	0.3	0.2	1.3	11.9	0.6	1.0	0.3	5.1	1.2	0.9	1.7	2.6
		d)	0.5	0.1	0.3	14.1	0.5	0.3	-0.3	5.2	1.7	0.7	3.2	2.8
	Deflated indices	a)	-1.4	-2.8	-0.2	-4.8	-5.0	-2.8	-3.0	1.4	-3.0	-1.7	-1.0	-1.6
		b)	-2.0	-2.0	-0.2	-3.6	-5.8	-1.8	-2.8	0.9	-2.8	-3.0	-1.8	-1.7
		c)	-2.0	-1.8	-2.1	-3.2	-4.7	-1.7	-2.5	0.2	-1.9	-2.4	-1.8	-2.0
		d)	-1.8	-1.4	-3.3	-0.9	-4.4	-1.8	-2.6	0.5	-1.3	-2.4	0.1	-1.7
Goods and services currently consumed in agriculture	Nominal indices	a)	0.8	-1.4	-3.9	12.2	0.6	-0.7	-0.8	3.9	-2.5	2.3	2.7	2.5
		b)	0.6	-0.1	4.2	12.5	0.1	0.6	0.7	2.9	-0.9	0.6	1.9	2.4
		c)	0.1	-0.1	0.4	11.5	0.3	0.3	-0.1	1.3	-0.1	0.2	1.3	1.4
		d)	0.3	0.0	-1.0	14.7	0.4	-0.4	-0.6	1.8	0.6	0.0	3.3	1.7
	Deflated indices	a)	-1.6	-3.6	-0.5	-5.1	-5.6	-3.7	-3.2	-1.7	-5.2	-1.9	-1.4	-2.6
		b)	-2.1	-2.5	-0.3	-2.7	-5.9	-2.4	-3.0	-2.4	-4.4	-3.5	-2.2	-2.6
		c)	-2.2	-2.2	-3.0	-2.8	-5.0	-2.4	-2.9	-3.4	-3.2	-3.0	-2.3	-3.0
		d)	-1.9	-1.5	-4.5	-0.4	-4.6	-2.5	-3.0	-2.7	-2.3	-3.0	0.3	-2.7
Goods and services contributing to agricultural investment	Nominal indices	a)	2.3	2.6	5.0	13.5	3.3	3.4	1.7	11.1	3.9	3.0	4.6	7.0
		b)	1.6	2.2	4.9	9.2	1.0	3.7	2.1	10.4	3.6	3.0	4.1	6.2
		c)	1.5	1.5	4.4	10.0	1.7	3.3	2.0	9.5	3.6	3.0	3.8	5.9
		d)	1.4	0.7	4.3	12.5	1.1	2.9	1.2	9.1	3.6	3.0	2.5	5.7
	Deflated indices	a)	-0.1	0.3	0.6	-4.0	-3.0	0.4	-2.3	5.0	1.0	-1.2	0.5	1.2
		b)	-1.1	-0.2	0.4	-5.6	-5.1	0.6	-1.7	4.7	0.1	-1.2	0.0	0.8
		c)	-0.8	-0.6	0.9	-4.1	-3.7	0.6	-0.9	4.3	0.4	-0.4	0.2	1.1
		d)	-0.9	-0.8	0.6	-2.2	-3.9	0.7	-1.2	4.2	0.5	-0.1	-0.5	1.0

(1) On the base 1985 = 100

a = $\frac{01/92-03/92}{01/91-03/91}$

b = $\frac{04/92-06/92}{04/91-06/91}$

c = $\frac{07/92-09/92}{07/91-09/91}$

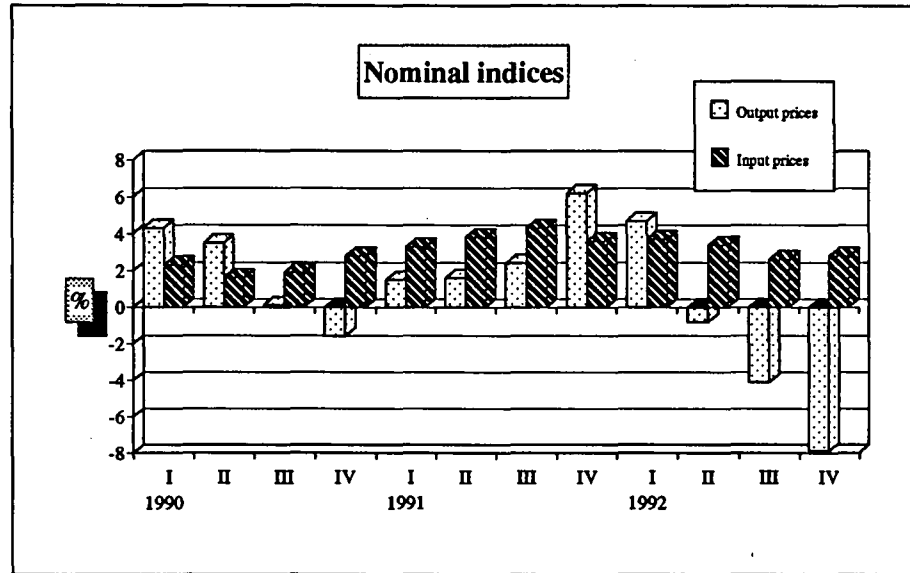
d = $\frac{10/92-12/92}{10/91-12/91}$

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

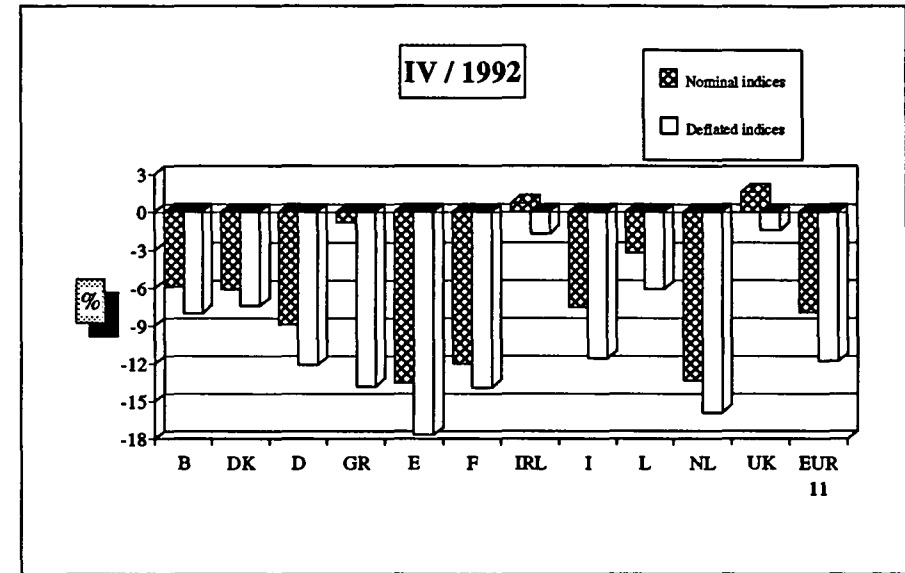
(3) EUR 12 - Portugal

Rates of change of the EC agricultural price indices

EUR 11



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

