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

Producer prices of agricultural products (output)

*Real prices continue to fall
(2nd Quarter 1993, -5.6%; 3rd Quarter 1993, -3.4%)*

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 1.2% in *nominal* terms in the third quarter of 1993 relative to the corresponding quarter of the previous year (see Table 1). This is the first nominal price rise since the first quarter of 1992. In *real* terms, prices continued to decline (-3.4%) an increase in the real index has not now been observed since 1989. Nevertheless, the real price decline was the most moderate since the first quarter of 1992.

overall were lower (-3.1%) relative to the third quarter of 1992. The changes across groups of crop products ranged from -11.1% for cereals and rice and -10.5% for wine must and wine, to +6.2% for olives and olive oil and +9.2% for root crops. The fall in the price index for cereals and rice was due to declines for each of the cereals, notable soft wheat (-7.8%) and feeding barley (-9.2%). In contrast, the real price index for rice rose (+11.2%). The rise in the price index for root crops was due to a price increase for potatoes (+10.3%). The real price index for fruit, which had fallen sharply over four successive quarters, was almost stable (-0.1%) in the third quarter of 1993.

Real producer prices for crop products

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Real producer prices for **animals and animal products** continued to fall (-3.7%) but at a more moderate rate than in previous quarters. The fall was mainly due to a very steep decline in the pig price (-24.6%) continuing the declines recorded over the three previous consecutive quarters. The pig population has been reported to have increased to 111.65 million in August 1993 and the gross indigenous production of pigs is not foreseen to fall before February-March 1994 (see Rapid Report 1993:13, "Pig Population in August 1993"). Prices rose for calves (+4.5%) and cattle excluding calves (+5.5%). The real price index for eggs rose +10.1%.

Across **Member States** (see Table 2) the real producer price index fell in nine cases, by more than -11% in Germany and Denmark, and by -7 to -9% in the Benelux countries. The index rose +2.3% in Spain, +4.9% in the United Kingdom and +5.9% in Ireland. In Germany and Denmark the fall in prices was similar for both crop products and animal products. There was a notable fall in the prices of animal products in the Netherlands and Belgium (-12.0% and -11.2% respectively), and for crop products in France and Luxembourg (-11.5% and -17.8% respectively).

Purchase prices of the means of agricultural production (Input)

*Continued rise in nominal terms (+3.6%)
Modest decline in real terms*

The average monthly index for the purchase prices of the means of agricultural production (input 00) for the third quarter of 1993 continued to rise (+3.6%) in nominal terms for the Community as a whole (EUR 12) relative to the corresponding quarter of 1992 (see Table 3). However, the nominal rise was less than inflation and so the real price index fell slightly (-0.8%), continuing the pattern seen in each quarter since 1989.

The real index of purchase prices of goods and services for **current consumption in agriculture** (input I) fell (-1.1%). There was a marked rise in the real prices of seeds (+9.0%) which had fallen each quarter since 1989. The price index for maintenance and repair of plant continued to rise (+1.9%). On the other hand, there was a marked fall in the price of fertilizer (-8.8%) and animals for rearing (-10.1%).

The real index of purchase prices of goods and services contributing to **agricultural**

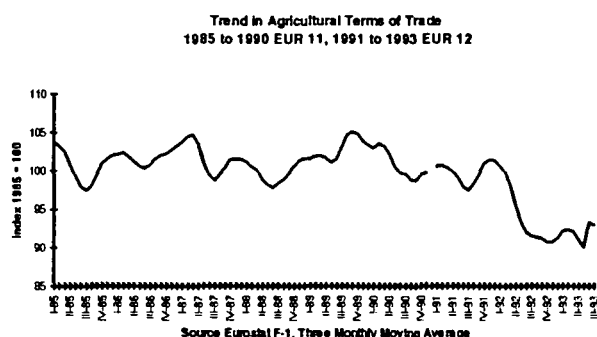
investment (input II) was unchanged relative to the third quarter of 1992. The slight rise in the index for machinery and equipment was balanced by a slight fall for buildings.

Across **Member States** (see Table 4) the real index for the prices of the means of agricultural production, input 00, rose in the United Kingdom, Italy and Spain (+3.5%, +2.3%, and +1.4% respectively). The index fell in all other Member States, but particularly in the Netherlands and Germany (-4.4% and -4.6% respectively). The real input price index for Portugal was estimated by Eurostat to have fallen (-5.2%). Concerning the real price index of goods and services for current consumption in agriculture, the pattern was broadly similar to that of the overall index. For the real price index of goods and services contributing to agricultural investment, eleven Member States showed an index in the range +2% to -2% (Portugal : -5.2%).

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

Continued but smaller decline (-2.7%)

Real agricultural terms of trade, the total output price index divided by the total input price index expressed as a percentage, fluctuated about 100 from 1985, the base year, until early 1992 (see graph) after which it fell steeply to reach a value of 89.0 in the third quarter of 1993. This value for the Community (EUR 12) is lower (-2.7%) than the corresponding quarter of 1992 and continues the decline noted in the second quarter of 1993 (-4.7%).



Across Member States (see Table below), there was a marked improvement in terms of trade in Ireland (+6.3%) and smaller improvements in Portugal, the United Kingdom and Spain. All other Member States showed a decline in terms of trade, but especially Germany (-7.6%) and Denmark (-10.4%).

Real Agricultural Terms of Trade

	2nd Quarter 1993		3rd Quarter 1993	
	Index (1985=100)	04/93-06/93	Index (1985=100)	07/93-09/93
		03/92-06/92 (%)		06/92-09/92 (%)
B	92.6	- 8.0	88.2	- 4.6
DK	81.8	-11.8	79.2	-10.4
D	84.8	- 9.8	84.3	- 7.6
GR	90.1	- 8.0	89.1	- 3.2
E	94.5	- 1.4	94.8	1.0
F	88.9	- 7.3	83.2	- 5.8
IRL	109.7	4.5	108.9	6.3
I	90.0	- 2.1	86.6	- 3.3
L	87.0	- 6.4	87.0	- 5.2
NL	91.8	-10.8	91.1	- 4.7
P	96.8	4.3	100.0	2.2
UK	93.8	2.7	92.7	1.4
EUR 12	91.0	- 4.7	89.0	- 2.7

Table 1

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

	<u>07/92-09/92</u> 07/91-09/91	<u>10/92-12/92</u> 10/91-12/91	<u>01/93-03/93</u> 01/92-03/92	<u>04/93-06/93</u> 04/92-06/92	<u>07/93-09/93</u> 07/92-09/92
NOMINAL INDICES					
0 TOTAL	-4.2	-8.0	-5.7	-0.8	1.2
1 CROP PRODUCTS	-10.7	-14.9	-9.0	-1.6	1.8
11 Cereals and rice	-4.0	0.1	4.5	7.4	-6.0
12 Root crops	-24.3	-24.3	-21.8	-5.4	16.8
13 Fruit	-23.8	-33.8	-30.1	-17.3	-0.1
14 Fresh vegetables	-3.6	-18.6	-4.8	8.6	5.6
15 Wine must and wine	-7.0	-9.5	-8.5	-7.0	-5.2
16 Olives and olive oil	-17.5	-11.8	-5.4	5.8	13.7
17 Seeds	-2.3	-1.2	1.7	-0.4	-3.7
18 Flowers etc.	7.9	-8.1	2.2	2.3	1.4
19 Other crop products	-7.1	-7.2	-8.2	-8.1	8.8
2 ANIMALS & ANIMAL PRODUCTS	2.7	-0.6	-2.3	-0.1	0.7
21 Animals	3.3	-1.5	-5.6	-3.1	-1.5
21A Calves	9.1	5.2	2.5	5.8	9.7
21B Cattle excluding calves	5.3	7.5	8.5	11.8	9.5
21C Pigs	1.7	-12.7	-24.0	-25.5	-20.7
21D Sheep and lambs	13.2	5.8	-0.9	16.0	5.6
21E Poultry	-3.6	-2.7	0.7	4.8	6.7
21F Other animals	-3.5	-0.8	-0.1	0.6	2.1
22 Milk	2.8	1.6	2.9	3.9	2.5
23 Eggs	-5.3	-5.1	1.8	11.3	14.3
24 Other animal products	8.5	11.9	8.9	-0.4	-4.7
DEFLATED INDICES					
0 TOTAL	-8.4	-11.9	-9.6	-5.6	-3.4
1 CROP PRODUCTS	-15.4	-19.1	-12.7	-6.6	-3.1
11 Cereals and rice	-8.4	-3.7	0.9	3.8	-11.1
12 Root crops	-26.3	-27.7	-25.4	-10.7	9.2
13 Fruit	-27.4	-37.7	-33.3	-20.4	-0.1
14 Fresh vegetables	-10.9	-23.1	-6.8	1.0	1.0
15 Wine must and wine	-11.6	-14.1	-13.6	-12.1	-10.5
16 Olives and olive oil	-24.3	-17.9	-11.7	-1.8	6.2
17 Seeds	-6.2	-4.5	-1.1	-2.9	-5.8
18 Flowers etc.	2.2	-12.0	-1.3	-0.6	-2.2
19 Other crop products	-20.3	-19.3	-19.2	-19.2	2.8
2 ANIMALS & ANIMAL PRODUCTS	-1.6	-5.0	-6.7	-4.5	-3.7
21 Animals	-1.2	-6.2	-10.1	-7.7	-5.9
21A Calves	5.0	0.4	-3.1	0.4	4.5
21B Cattle excluding calves	1.8	3.8	4.6	7.8	5.5
21C Pigs	-3.5	-17.7	-28.2	-29.5	-24.6
21D Sheep and lambs	7.5	-0.8	-5.5	12.3	1.4
21E Poultry	-7.7	-6.5	-3.7	0.6	2.2
21F Other animals	-10.9	-8.3	-5.7	-6.3	-3.9
22 Milk	-1.0	-2.1	-1.3	-0.5	-1.9
23 Eggs	-10.2	-10.7	-3.1	7.1	10.1
24 Other animal products	0.9	2.4	0.4	-8.6	-12.0

(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)	-10.0	-6.1	-8.9	-0.8	-13.5	-11.4	0.7	-7.5	-3.6	-13.3	-10.1	1.3	-8.0
		b)	-11.7	-9.9	-11.3	0.3	-7.8	-11.1	1.6	-2.7	-5.5	-10.5	-3.4	3.9	-5.7
		c)	-8.1	-11.0	-10.6	8.7	0.8	-6.6	4.8	5.0	-5.1	-12.3	0.1	8.5	-0.8
		d)	-4.5	-10.1	-8.2	9.1	7.1	-5.8	6.9	3.4	-4.9	-7.0	2.5	6.6	1.2
	Deflated indices	a)	-12.0	-7.5	-12.2	-13.8	-17.7	-13.0	-1.7	-11.7	-6.4	-15.9	-17.3	-1.7	-11.9
		b)	-14.1	-11.1	-15.0	-12.9	-11.6	-13.0	0.1	-6.8	-8.8	-12.8	-10.5	2.1	-9.6
		c)	-10.5	-11.8	-14.2	-6.4	-3.7	-8.4	4.1	0.6	-8.3	-14.2	-5.4	7.2	-5.6
		d)	-7.2	-11.1	-11.8	-4.6	2.3	-7.8	5.9	-1.1	-8.3	-8.8	-3.1	4.9	-3.4
Crop products	Nominal indices	a)	-20.1	-2.6	-16.2	-5.2	-20.6	-20.2	-10.3	-14.2	-16.3	-19.8	-14.7	-7.1	-14.9
		b)	-16.1	-1.4	-15.0	-2.7	-10.9	-16.1	-9.7	-6.4	-12.9	-7.8	-7.6	-1.6	-9.0
		c)	-6.5	0.4	-13.4	8.2	0.3	-9.7	-15.0	4.5	-12.7	-9.1	-1.0	0.9	-1.6
		d)	5.5	-10.6	-6.7	9.2	7.9	-9.6	6.5	1.3	-14.8	-0.4	4.2	4.1	1.8
	Deflated indices	a)	-21.8	-4.0	-19.2	-17.6	-24.5	-21.6	-12.5	-18.1	-18.7	-22.3	-21.5	-9.8	-19.1
		b)	-18.4	-2.7	-18.5	-15.5	-14.6	-17.9	-11.0	-10.4	-16.0	-10.1	-14.5	-3.3	-12.7
		c)	-8.9	-0.6	-16.9	-6.8	-4.2	-11.5	-15.6	0.1	-15.7	-11.1	-6.5	-0.4	-6.6
		d)	2.6	-11.7	-10.4	-4.5	3.1	-11.5	5.5	-3.1	-17.8	-2.4	-1.4	2.4	-3.1
Animal products	Nominal indices	a)	-4.2	-7.7	-6.0	11.2	-2.7	-1.7	2.3	3.7	-1.5	-9.1	-5.5	6.3	-0.6
		b)	-9.4	-14.0	-9.8	8.7	-3.3	-5.6	3.1	3.4	-4.3	-12.4	1.2	7.3	-2.3
		c)	-8.9	-16.1	-9.5	10.0	1.5	-3.3	7.7	5.8	-3.9	-14.0	1.3	13.3	-0.1
		d)	-8.6	-9.8	-8.7	8.8	6.0	-2.4	6.9	6.4	-3.4	-10.2	0.7	7.8	0.7
	Deflated indices	a)	-6.3	-9.1	-9.4	-3.4	-7.5	-3.5	-0.2	-1.0	-4.4	-11.9	-13.0	3.2	-5.0
		b)	-11.9	-15.1	-13.5	-5.6	-7.3	-7.6	1.6	-1.0	-7.7	-14.5	-6.2	5.4	-6.7
		c)	-11.3	-16.9	-13.1	-5.3	-3.0	-5.1	6.9	1.3	7.2	-15.9	-4.3	11.8	-4.5
		d)	-11.2	-10.9	-12.3	-4.8	1.3	-4.4	5.9	1.8	-6.7	-12.0	-4.8	6.0	-3.7

(1) On the base 1985 = 100

a = 10/92-12/92
10/91-12/91b = 01/93-03/93
01/92-03/92c = 04/93-06/93
04/92-06/92d = 07/93-09/93
07/92-09/92

(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)**

	07/92-09/92 07/91-09/91	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
NOMINAL INDICES					
00 TOTAL	2.2	2.6	3.2	3.5	3.6
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	1.4	1.9	2.6	3.1	3.2
1. Seeds	-3.6	2.5	0.5	0.9	14.4
2. Animals for rearing	1.0	-4.6	-7.3	-8.4	-4.1
3. Energy	3.2	5.1	9.8	11.2	6.8
4. Fertilizers	-0.3	-1.2	-4.0	-5.6	-5.5
5. Plant protection products	2.8	2.0	1.9	3.1	3.2
6. Animal feedingstuffs	-0.1	0.8	2.8	3.9	3.7
7. Small tools	2.1	2.3	1.8	2.1	1.9
8. Maintenance and repair of plant	6.1	5.5	6.2	5.8	5.4
9. Maintenance and repair of buildings	4.4	4.1	4.3	4.6	4.5
10. Veterinary services	1.8	2.1	0.4	0.6	0.7
11. General expenses	5.5	5.9	4.7	4.4	3.9
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	4.6	4.5	4.7	4.9	4.6
12. Machinery	5.0	5.1	5.0	5.0	4.6
13. Buildings	4.1	3.5	4.0	4.9	4.5
DEFLATED INDICES					
00 TOTAL	-2.3	-1.9	-1.2	-0.9	-0.8
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-3.0	-2.6	-1.7	-1.3	-1.1
1. Seeds	-7.1	-2.0	-2.6	-2.0	9.0
2. Animals for rearing	-3.4	-9.9	-13.1	-14.5	-10.1
3. Energy	-3.5	-2.5	2.2	2.9	0.7
4. Fertilizers	-5.1	-5.5	-7.3	-8.6	-8.8
5. Plant protection products	-1.3	-1.8	-1.4	0.0	0.0
6. Animal feedingstuffs	-4.2	-3.4	-1.4	-0.4	-0.9
7. Small tools	-2.4	-1.8	-2.0	-1.4	-1.5
8. Maintenance and repair of plant	1.7	1.5	2.4	2.2	1.9
9. Maintenance and repair of buildings	0.3	0.3	0.8	1.0	0.8
10. Veterinary services	-1.5	-1.0	-2.3	-2.0	-2.2
11. General expenses	1.5	2.0	1.0	0.9	0.4
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	0.0	-0.1	0.1	0.3	0.0
12. Machinery	0.6	0.6	0.7	0.6	0.2
13. Buildings	-1.1	-1.4	-0.8	-0.3	-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)	-0.1	0.1	0.3	14.1	0.5	0.7	-0.3	3.4	1.9	0.7	2.9	4.0	2.6
		b)	0.4	1.6	0.1	16.3	1.5	1.4	0.1	5.7	1.9	-0.5	-3.5	4.2	3.2
		c)	0.0	1.0	-0.9	18.1	2.1	0.7	0.4	7.3	1.4	-1.6	-4.0	5.7	3.5
		d)	0.1	0.4	-0.6	12.8	6.1	0.1	0.5	6.9	0.3	-2.5	0.2	5.1	3.6
	Deflated indices	a)	-2.4	-1.4	-3.3	-0.9	-4.4	-1.2	-2.6	-1.3	-1.1	-2.4	-5.4	1.0	-1.9
		b)	-2.4	0.3	-4.0	1.0	-2.7	-0.8	-1.3	1.2	-1.8	-2.9	-10.6	2.3	-1.2
		c)	-2.6	0.0	-4.9	1.7	-2.4	-1.2	-0.4	2.8	-2.1	-3.7	-9.3	4.4	-0.9
		d)	-2.7	-0.8	-4.6	-1.4	1.4	-2.0	-0.5	2.3	-3.2	-4.4	-5.2	3.5	-0.8
Goods and services currently consumed in agriculture	Nominal indices	a)	-0.5	0.0	-0.1	14.7	0.4	0.0	-0.6	1.6	0.7	0.0	2.5	4.3	1.9
		b)	-0.1	1.2	-1.1	17.0	1.3	1.0	-0.1	5.4	1.2	-0.6	-4.0	4.6	2.6
		c)	-0.7	0.6	-2.3	18.5	1.7	0.3	0.0	8.8	0.2	-2.0	-4.5	6.3	3.1
		d)	-0.6	-0.2	-1.8	11.7	6.7	-0.5	0.2	8.6	-1.5	-3.2	-0.2	5.5	3.2
	Deflated indices	a)	-2.7	-1.5	-4.5	-0.4	-4.6	-1.8	-3.0	-3.0	-2.2	-3.0	-5.7	1.3	-2.6
		b)	-2.9	-0.1	-5.2	1.6	-2.9	-1.1	-1.6	1.0	-2.4	-3.1	-11.0	2.7	-1.7
		c)	-3.3	-0.4	-6.2	2.0	-2.9	-1.7	-0.7	4.2	-3.2	-4.2	-9.7	4.9	-1.3
		d)	-3.4	-1.4	-5.7	-2.3	2.0	-2.6	-0.8	3.9	-4.9	-5.1	-5.2	3.9	-1.1
Goods and services contributing to agricultural investment	Nominal indices	a)	2.2	0.7	4.3	12.5	1.1	2.9	1.2	5.5	4.0	3.0	6.3	2.6	4.5
		b)	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
		c)	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
		d)	4.5	2.5	2.9	15.5	3.8	2.2	1.9	5.1	3.4	0.0	0.2	3.3	4.6
	Deflated indices	a)	-0.1	-0.8	0.6	-2.2	-3.9	1.0	-1.2	0.7	1.0	-0.1	-2.3	-0.4	-0.1
		b)	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
		c)	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
		d)	1.6	1.3	-1.2	1.0	-0.8	0.1	0.9	0.5	-0.2	-2.0	-5.2	1.7	0.0

(1) On the base 1985 = 100

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

b = $\frac{01/93-03/93}{01/92-03/92}$

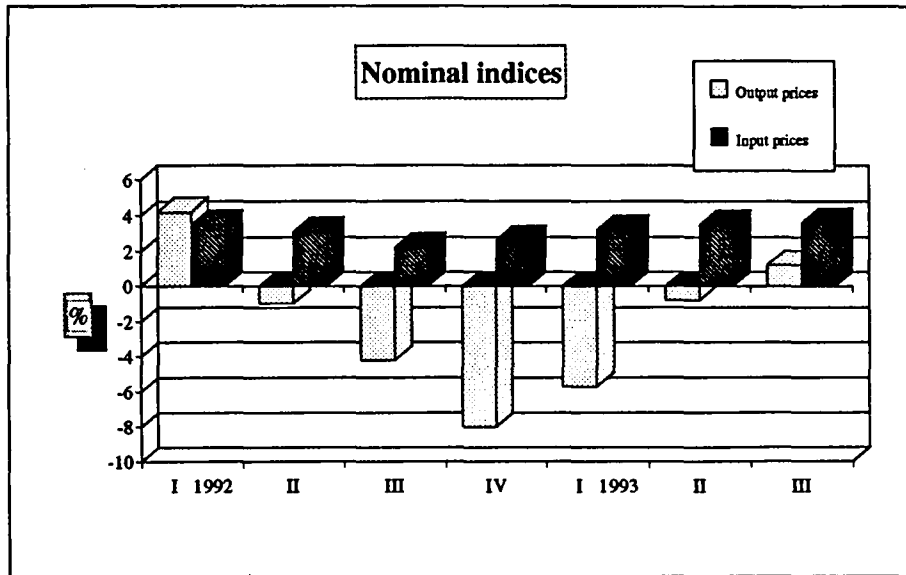
c = $\frac{04/93-06/93}{04/92-06/92}$

d = $\frac{07/93-09/93}{07/92-09/92}$

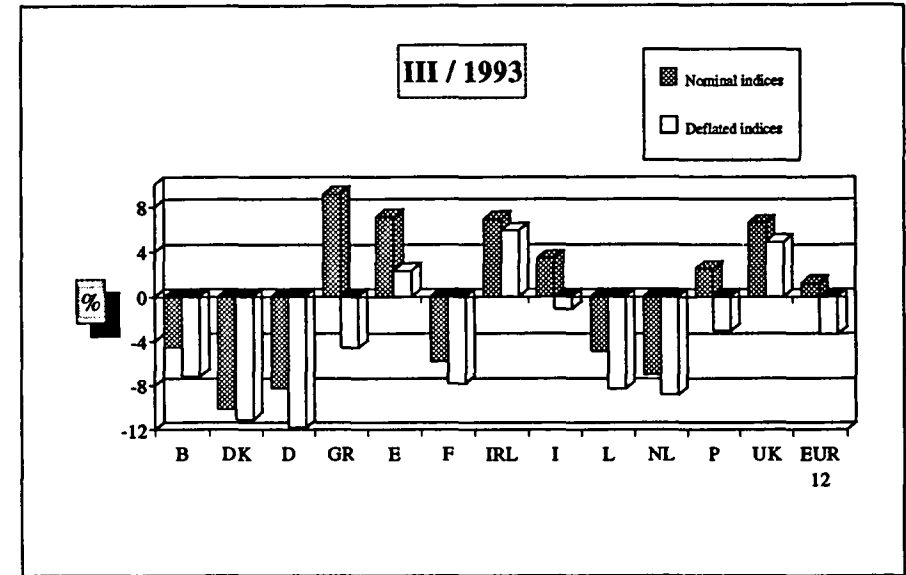
(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

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

