

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

Producers prices of agricultural products (Output) Real prices almost stable for the first time since 1989

(2nd Quarter 1994, -0.1%; 1st Quarter 1994, -2.8%)

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 +5.3% in nominal terms in the second quarter of 1994 relative to the corresponding quarter of the previous year (see Table 1). This price rise was nearly equal to the rate of inflation and so the real price index remained almost stable. Thus the decrease in the real price index, observed each quarter since 1989, has practically been halted.

Real producer prices for **crop products** in the Community as a whole increased relative to the second quarter of 1993 (+2.1%). This increase was partly due to the continued strong rise in the price index for root crops (+35.6%), because of the recovery in the price of potatoes for consumption. Other groups of crop products also showed notable price

increases, including fruit (+5.5%), fresh vegetables (+5.4%), wine must and wine (+8.2%) and olives and olive oil (+6.1%). The price index for cereals and rice declined markedly for the fourth successive quarter. This price decline was seen for all the cereals products (except rice) and the price index fell most steeply for soft wheat (-20.2%), oats (-23.8%) and durum wheat (-29.8%).

Real producer prices for **animals and animal products**, in contrast to crop products, continued to fall (-2.1%). Declines were recorded for almost all groups of animals and animal products, especially eggs (-8.3%). Over several previous quarters the real price index for pigs has declined steeply but in the second quarter of 1994 the decrease was more moderate (-1.4%). The price index for milk continued to rise in nominal terms (+2.5%) but fall in real terms (-2.2%).

Across **Member States** (see Table 2), the real producer price index for agricultural products rose in six cases and fell in the six others. The price index increased (+5.0%) in Belgium, reversing the downward trend of previous quarters. A small rise in the index for France replaced a decline observed over the preceeding quarters. The real price index in Spain, Greece, Portugal and Ireland continued to rise. For the other Member States, the

decline seen in recent quarters continued, with decreases in the range -1% to -3% but in Luxembourg the index fell more (-5.3%). Concerning the price index for pigs which had previously fallen so steeply, it rose in five Member States (B, DK, D, D, E, F) especially in Germany (+5.2%). This index continued to fall in the other Member States, most markedly in the Netherlands (-8.6%), Italy (-9.7%) and the United Kingdom (-11.7%).

Purchase prices of the means of agricultural production (Input)

Continued rise in nominal terms (+1.7%)

Modest decline in real terms (-2.1%)

The average monthly index for the purchase prices of the **means of agricultural production (Input 00)** for the second quarter of 1994 continued to rise in nominal terms (+1.7%) for the Community (EUR 12, excluding the new German "Länder") relative to the corresponding quarter of 1993 (see Table 3). However, this nominal price rise was less than the rate of inflation and so the real price index fell (-2.1%), 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 (-2.6%) as did the indices for the main items, especially feedingstuffs (-5.2%) and energy and lubricants (-3.6%). The decline in the price index for feedingstuffs was mainly due to a marked fall in the price of cereals and milling by products (-12.3%). Concerning energy, the most notable price change was the decline in the real price of heating fuels (-6.0%), continuing the trend of previous quarters. In contrast to other inputs, the price index for ani-

mals for rearing and production rose (+5.8%).

The real index for the purchase prices of goods and services contributing to **agricultural investment (Input II)** declined slightly (-0.8%) relative to the second quarter of 1993. Small decreases were found for both machinery (-0.9%) and buildings (-0.7%).

Across **Member States** (see Table 4) the index of the real prices of the means of agricultural production rose slightly in Portugal but fell in all other Member States, especially the United Kingdom (-3.1%) and the Netherlands (-3.9%). The price index for feedingstuffs continued to decline in all Member States (except Greece), most markedly in Germany (-9.2%) and Luxembourg (-7.3%). The price index for energy and lubricants also fell in all Member States except Germany and Belgium where rises of less than +1% were recorded. The steepest declines, in the range -6% to -7%, were seen in the Netherlands, Portugal, Luxembourg and Greece.

Comparison of trends in output and input prices

Agricultural terms of trade

Significant increase (+2.0%)

The real agricultural terms of trade, calculated by dividing the real output price index by the real input price index, fluctuated about the base level of the index, i.e. 100, from 1985 to 1991. In 1992 it fell sharply to about 90, a

level around which it has fluctuated, reaching 93.0 in the second quarter of 1994 (see Graph below). With the stabilisation of the real price index for agricultural products and the continued decline in the real price index for

the means of agricultural production, the agricultural terms of trade improved (+2.0%) in the second quarter of 1994 compared to the corresponding quarter of 1993.

Across Member States (see Table below) there was a marked improvement in the terms

of trade for Spain (+8.8%), Greece (+7.2%) and Belgium (+6.5%). Several other Member States showed increases in the range 0 to +4%. Italy and Luxembourg were the only Member States to show a decline in the terms of trade (-0.4% and -2.4% respectively).

Methodological note: Rebasing

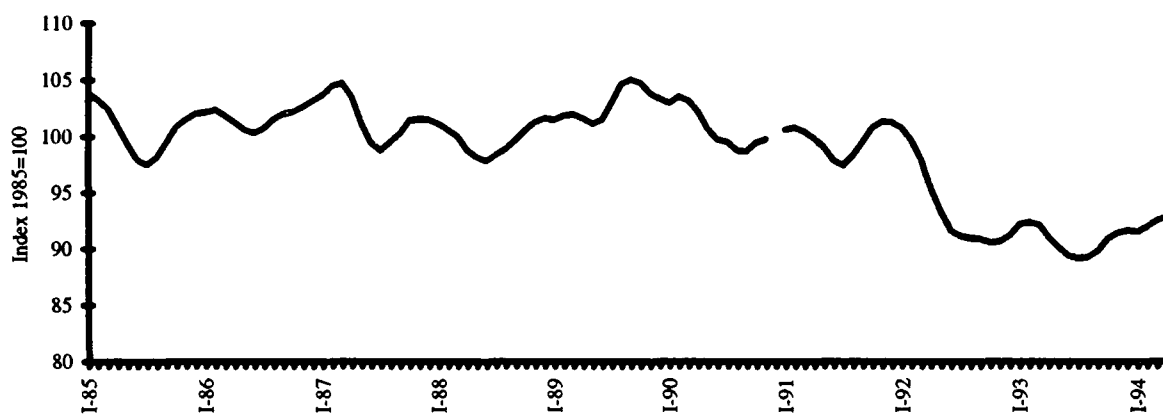
Eurostat and the Member States are in the process of changing the price indices from the base 1985=100 to 1990=100. Several Member States continued to calculate the agricultural price indices for the second quarter of 1994 on the base 1985=100. Italy, Greece, Belgium, Denmark (for both output and input indices in each case) and France (for output indices) already use the new base 1990=100. Eurostat re-referenced these indices to the base 1985=100, which remains the base for all indices presented in this Rapid Report.

Real Agricultural Terms of Trade

	1st Quarter 1994		2nd Quarter 1994	
	index (1985=100)	01.94-03.94	index (1985=100)	04.94-06.94
		(%)		04.93-06.93 (%)
B	94.1	- 1.3	98.5	6.5
DK	79.0	- 3.9	80.5	0.3
D	83.6	- 2.6	84.6	0.0
GR	100.5	11.5	96.9	7.2
E	103.2	10.1	102.8	8.8
F	89.5	- 1.5	90.9	2.1
IRL	116.1	10.8	114.3	3.9
I	87.5	- 6.1	89.7	- 0.4
L	89.7	- 0.3	85.0	- 2.4
NL	100.6	1.1	95.9	2.4
P	101.5	8.1	100.4	3.8
UK	89.2	- 4.3	94.0	0.3
EUR 12	91.6	- 0.7	92.9	2.0



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)

	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	04/94-06/94 04/93-06/93
NOMINAL INDICES					
0 TOTAL	-0.6	1.5	3.5	2.7	5.3
1 CROP PRODUCTS	-1.5	2.1	5.6	3.3	8.5
11 Cereals and rice	8.1	-4.4	-8.8	-13.2	-14.9
12 Root crops	-5.2	14.5	22.2	37.4	44.8
13 Fruit	-17.3	-0.1	10.6	11.8	21.4
14 Fresh vegetables	8.5	5.7	12.0	-2.6	7.6
15 Wine must and wine	-7.0	-5.0	-0.1	7.1	12.0
16 Olives and olive oil	5.8	13.7	15.4	19.4	14.4
17 Seeds	1.0	-3.5	0.2	-0.3	1.4
18 Flowers etc.	2.0	0.7	6.5	-4.5	6.4
19 Other crop products	-8.2	10.4	10.9	10.9	9.9
2 ANIMALS AND ANIMAL PRODUCTS	0.3	0.9	1.7	2.2	2.0
21 Animals	-2.6	-1.3	0.5	2.0	2.3
21A Calves	5.8	9.7	8.4	12.5	4.8
21B Cattle excluding calves	11.8	9.5	5.8	4.0	1.2
21C Pigs	-24.3	-19.9	-12.4	-6.8	2.0
21D Sheep and lambs	16.0	5.6	2.3	9.9	6.2
21E Poultry	4.8	6.3	8.8	3.2	1.1
21F Other animals	0.4	2.0	1.4	1.1	4.1
22 Milk	4.1	2.9	2.6	2.2	2.5
23 Eggs	10.6	14.0	8.7	5.7	-4.1
24 Other animal products	-0.6	-4.7	-6.2	-3.5	7.7
DEFLATED INDICES					
0 TOTAL	-5.4	-3.2	-1.4	-2.8	-0.1
1 CROP PRODUCTS	-6.6	-2.7	-0.2	-3.9	2.1
11 Cereals and rice	4.1	-9.3	-13.5	-17.7	-19.0
12 Root crops	-10.5	7.5	15.0	25.6	35.6
13 Fruit	-20.4	-0.1	4.4	-0.2	5.5
14 Fresh vegetables	1.0	1.1	6.9	-10.5	5.4
15 Wine must and wine	-12.0	-10.2	-5.0	3.0	8.2
16 Olives and olive oil	-1.8	6.2	7.5	11.6	6.1
17 Seeds	-1.9	-5.9	-2.3	-2.8	-1.1
18 Flowers etc.	-0.9	-3.2	1.8	-8.1	1.6
19 Other crop products	-20.2	4.0	6.4	8.0	7.0
2 ANIMALS AND ANIMAL PRODUCTS	-4.2	-3.5	-2.4	-1.8	-2.1
21 Animals	-7.1	-5.7	-3.3	-1.8	-1.5
21A Calves	0.4	4.4	3.6	8.3	-0.2
21B Cattle excluding calves	7.8	5.4	2.1	0.8	-1.6
21C Pigs	-28.1	-23.8	-15.4	-9.8	-1.4
21D Sheep and lambs	12.3	1.4	-0.8	5.0	1.0
21E Poultry	0.6	1.8	4.3	-1.0	-3.3
21F Other animals	-6.6	-4.0	-3.5	-5.6	-2.3
22 Milk	-0.2	-1.5	-1.8	-2.2	-2.2
23 Eggs	6.3	9.6	5.0	2.1	-8.3
24 Other animal products	-8.7	-12.2	-13.5	-11.9	-1.6

(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	P	UK	EUR12
Total	Nominal indices	a)	-5.1	-10.4	-8.1	9.2	7.1	-4.7	7.4	3.1	-4.7	-5.6	3.0	6.9	1.5
		b)	-2.1	-8.7	-4.6	9.0	16.4	-2.2	8.9	2.7	1.3	-0.3	13.9	1.0	3.5
		c)	-1.2	-4.8	-2.2	16.1	13.8	-1.5	8.3	-3.0	0.0	-1.2	9.7	-3.6	2.7
		d)	7.7	-0.4	1.1	15.8	12.3	2.5	5.1	1.2	-3.2	-1.3	10.2	-0.3	5.3
	Deflated indices	a)	-7.8	-11.5	-11.8	-4.5	2.3	-6.7	6.0	-1.4	-8.0	-8.1	-2.6	5.2	-3.2
		b)	-4.6	-10.1	-8.0	-2.9	11.1	-4.2	7.3	-1.6	-2.1	-3.0	7.2	-0.5	-1.4
		c)	-3.5	-6.4	-5.4	4.8	8.4	-3.2	6.6	-7.0	-2.5	-4.0	3.4	-5.9	-2.8
		d)	5.0	-2.4	-1.9	4.6	7.1	0.7	2.3	-2.6	-5.3	-1.6	4.2	-2.8	-0.1
Crop products	Nominal indices	a)	2.9	-11.9	-7.1	9.3	7.9	7.2	6.7	0.9	-13.0	-0.5	5.2	4.1	2.1
		b)	-1.6	-11.7	-4.4	10.0	22.7	-3.1	16.8	1.2	-5.0	5.5	23.7	-3.1	5.6
		c)	-3.8	-9.4	-3.9	16.8	17.8	-4.6	14.7	-6.4	-2.1	0.9	22.6	-9.6	3.3
		d)	17.4	-5.8	4.0	15.6	13.9	3.7	30.7	2.2	-3.4	11.4	18.6	4.1	8.5
	Deflated indices	a)	0.1	-13.0	-10.8	-4.4	3.1	-9.2	5.4	-3.5	-16.1	-3.2	-0.5	2.4	-2.7
		b)	-4.1	-13.0	-7.8	-2.1	17.1	-5.2	15.2	-3.1	-8.2	2.7	16.4	-4.6	-0.2
		c)	-6.1	-10.9	-7.0	5.5	12.2	-6.2	12.8	-10.3	-4.5	-2.0	15.5	-11.7	-3.9
		d)	14.4	-7.6	1.0	4.3	8.6	2.0	27.1	-1.7	-5.4	8.2	12.1	1.5	2.1
Animal products	Nominal indices	a)	-8.5	-9.8	-8.5	8.8	6.0	-2.4	7.5	6.3	-3.4	-8.0	0.7	8.3	0.9
		b)	-2.4	-7.3	-4.6	6.7	8.6	-1.3	7.9	4.9	2.2	-3.5	4.9	3.2	1.7
		c)	0.1	-2.4	-1.6	14.4	8.4	1.6	7.6	2.1	0.3	-2.5	-3.1	-0.3	2.2
		d)	2.4	2.3	-0.1	16.5	10.0	1.2	2.2	-0.2	-3.2	-4.4	1.4	-2.7	2.0
	Deflated indices	a)	-11.0	-10.9	-12.2	-4.8	1.3	-4.5	6.1	1.7	-6.7	-10.5	-4.8	6.5	-3.5
		b)	-4.9	-8.7	-8.1	-4.9	3.6	-3.4	6.4	0.4	-1.3	-6.1	-1.4	1.6	-2.4
		c)	-2.2	-4.1	-4.7	3.3	3.2	-0.2	5.8	-2.2	-2.2	-5.3	-8.7	-2.6	-1.8
		d)	-0.2	0.3	-3.0	5.2	4.9	-0.5	-0.6	-4.0	-5.2	-7.1	-4.2	-5.2	-2.1

(1) On the base 1985 = 100

a = 07/93-09/93
07/92-09/92

b = 10/93-12/93
10/92-12/92

c = 01/94-03/94
01/93-03/93

d = 04/94-06/94
04/93-06/93

(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)

	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	04/94-06/94 04/93-06/93
NOMINAL INDICES					
00 TOTAL	3.6	3.4	2.4	1.8	1.7
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	3.1	2.9	1.8	1.2	1.2
1. Seeds	1.6	8.2	-2.5	0.6	5.2
2. Animals for rearing	-8.5	-4.2	-1.4	4.3	8.9
3. Energy	12.3	7.8	4.8	1.0	0.5
4. Fertilizers	-5.7	-5.6	-2.8	1.6	3.9
5. Plant protection products	3.0	3.1	3.4	2.6	0.6
6. Animal feedingstuffs	3.8	3.5	1.8	-0.4	-1.3
7. Small tools	2.2	1.6	1.1	1.5	1.2
8. Maintenance and repair of plant	5.9	5.4	6.0	5.2	4.6
9. Maintenance and repair of buildings	4.8	4.5	4.3	4.3	3.5
10. Veterinary services	0.1	-0.1	0.2	1.8	2.5
11. General expenses	3.6	3.1	1.9	2.4	2.0
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	5.1	4.7	4.0	3.5	3.1
12. Machinery	5.1	4.8	3.8	3.0	2.8
13. Buildings	5.0	4.7	4.3	4.4	3.6
DEFLATED INDICES					
00 TOTAL	-0.9	-1.0	-1.7	-2.1	-2.1
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-1.3	-1.4	-2.3	-2.6	-2.6
1. Seeds	-1.6	4.4	-5.0	-3.2	0.1
2. Animals for rearing	-14.6	-10.1	-6.3	0.4	5.8
3. Energy	3.7	1.2	-0.7	-3.0	-3.6
4. Fertilizers	-8.7	-8.9	-6.0	-2.0	-0.1
5. Plant protection products	-0.1	-0.2	0.2	-0.8	-2.8
6. Animal feedingstuffs	-0.5	-1.0	-2.7	-4.7	-5.2
7. Small tools	-1.3	-1.9	-2.3	-1.6	-1.9
8. Maintenance and repair of plant	2.3	1.9	2.2	1.4	0.9
9. Maintenance and repair of buildings	1.2	0.8	0.7	0.5	-0.1
10. Veterinary services	-2.7	-3.0	-2.8	-1.6	-0.8
11. General expenses	0.6	-0.1	-1.0	-0.5	-0.9
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	0.4	0.1	-0.3	-0.6	-0.8
12. Machinery	0.7	0.3	-0.2	-0.8	-0.9
13. Buildings	-0.1	-0.3	-0.4	-0.4	-0.7

(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)	-0.3	0.4	-0.6	12.3	5.8	-0.1	0.5	6.9	0.3	-2.1	-3.1	5.3	3.4
		b)	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
		c)	0.1	-0.9	0.4	8.4	3.3	0.1	1.9	3.3	0.3	-2.3	1.4	0.7	1.8
		d)	1.1	-0.8	1.1	8.0	3.2	0.3	1.2	1.7	-0.9	-1.1	6.2	-0.6	1.7
	Deflated indices	a)	-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
		b)	-2.4	-1.8	-4.2	-1.7	-1.2	-2.1	-0.2	1.1	-3.0	-4.8	-8.3	0.6	-1.7
		c)	-2.3	-2.6	-2.9	-2.1	-1.6	-1.7	0.2	-1.0	-2.1	-5.1	-4.4	-1.6	-2.1
		d)	-1.4	-2.7	-1.9	-2.5	-1.6	-1.4	-1.6	-2.2	-3.0	-3.9	0.4	-3.1	-2.1
Goods and services currently consumed in agriculture	Nominal indices	a)	-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
		b)	-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
		c)	-0.3	-1.4	0.1	7.8	3.1	-0.7	1.5	3.1	-1.8	-2.9	0.8	0.1	1.2
		d)	1.2	-1.2	0.9	8.5	3.0	-0.3	0.8	0.5	-1.7	-1.4	5.5	-1.3	1.2
	Deflated indices	a)	-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
		b)	-3.0	-2.5	-5.1	-1.7	-1.5	-2.8	-0.6	2.3	-4.5	-5.9	-9.3	0.4	-2.3
		c)	-2.7	-3.1	-3.2	-2.6	-1.8	-2.4	-0.2	-1.2	-4.2	-5.7	-5.0	-2.2	-2.6
		d)	-1.4	-3.1	-2.1	-2.1	-1.8	-1.9	-1.9	-3.3	-3.7	-4.2	-0.3	-3.8	-2.6
Goods and services contributing to agricultural investment	Nominal indices	a)	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
		b)	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
		c)	2.3	0.9	1.5	9.9	4.2	2.5	3.5	3.5	4.0	0.0	7.4	3.3	3.5
		d)	1.0	0.8	1.7	6.9	4.1	2.3	2.6	3.0	0.5	0.0	12.5	2.9	3.1
	Deflated indices	a)	-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
		b)	2.0	0.7	-1.6	-1.9	-0.3	0.3	1.6	-0.2	-0.2	-1.0	1.1	1.6	-0.3
		c)	-0.1	-0.8	-1.8	-0.8	-0.8	0.8	1.8	-0.8	1.5	-2.9	1.3	0.9	-0.6
		d)	-1.5	-1.2	-1.3	-3.5	-0.8	0.6	-0.2	-0.9	-1.6	-2.8	6.4	0.3	-0.8

(1) On the base 1985 = 100

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07/92-09/92

b = 10/93-12/93
10/92-12/92

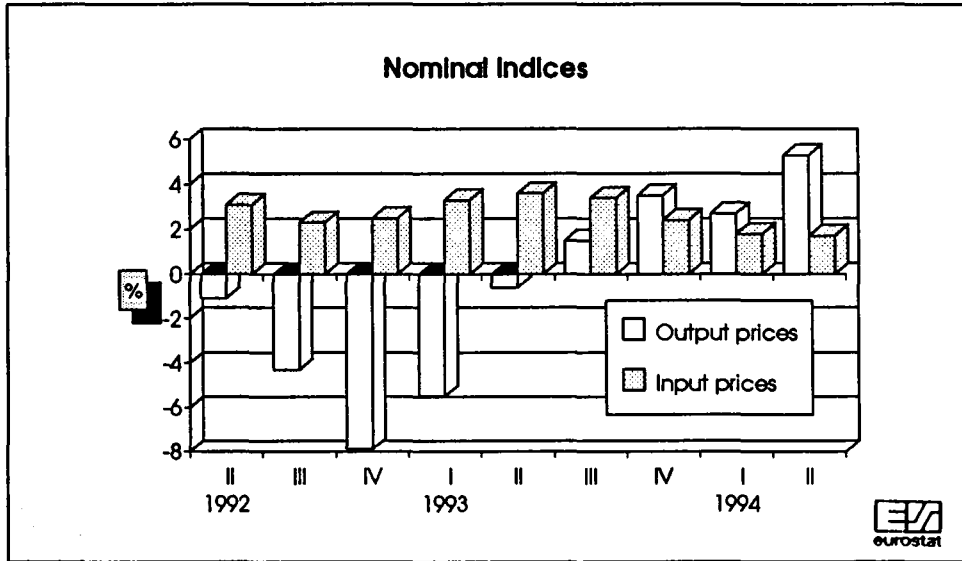
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01/93-03/93

d = 04/94-06/94
04/93-06/93

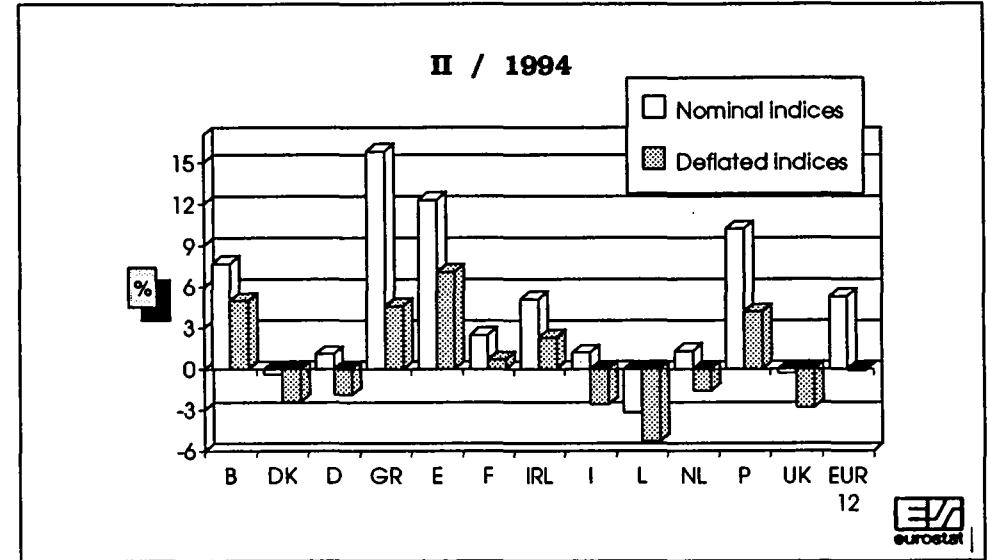
(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

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**

