



# RAPID REPORTS

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### TRENDS IN THE EC AGRICULTURAL PRICE INDICES IN 1991

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

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

Increase in nominal terms (+3.1%), but a fall in real terms (-3.0%)

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

Increase in nominal terms (+3.1%), but a slightly smaller fall in real terms (-2.4%) than for producer prices

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

- 5.6% increase in nominal terms
- Almost constant in real terms (-0.3%)

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

- Negative net real price effect for all Member States except the Netherlands and Italy
- Negative net real price effect of -1.9 percentage points for the Community as a whole (-3.0 in 1990)

1) Agricultural output and input price trends in 1991 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 1991. Available output data for Portugal are not published here, since this publication compares output and input price forecasts and the latter are not yet available.

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

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## 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 1991 by 3.1% in *nominal terms* for the Community as a whole (excluding Portugal) (see Table 1). This is the net result of a 7.7% increase in crop product prices and a decrease of 2.4% 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 1991. In real terms, the Community (EUR 11) producer price index is expected to fall by 3.0%. Only Italy is likely to have a positive change in real prices (+0.6%). There are five Member States (D, E, IRL, L and UK) where quite sharp falls (between -5.1% D and -7.7% UK) in real producer prices are expected. Two countries (B, DK) have falls of 4.7% in real producer prices, the remaining four (GR, F, I, NL) have changes lying between -1.7% (F) and +0.6% (I).

The fall of 3.0% in real prices is the net result of a rise in crop product prices of 1.5%, more than offset by a sharp fall in real animal products prices (-7.3%). This fall in animal products prices follows a similar fall (-9.1%) last year. For the Community as a whole (EUR 11) cereal prices are forecast to remain roughly constant in real terms (-0.4%), but this figures masks considerable continuing declines in some countries (-7.3% IRL, -7.2% L, -6.3% GR) as against rises in others (+4.9% F, +3.2% B).

Marked rises in both nominal and real prices of olives and olive oil and of fruit are expected for the Community as a whole (EUR 11). For olives and olive oil Greece shows a 21% rise and Italy one of 30.5% both in real terms.

A continuing decline in real producer prices is forecast for the animal sector (-7.3% for 1991 cf. -9.1% for 1990). The real price for cattle is expected to fall by 11.5% for the Community (EUR 11) following a fall of 12.2% in 1990. Similarly for sheep and lamb, real prices are forecast to be down 11.8% this year after an 11.6% drop last year. Milk prices look set to decline less steeply (-5.9%) than last year (-7.9%), though double digit falls of prices in real terms are expected in Greece, Spain and Luxembourg.

## 2. EC indices of 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 1991 by 3.1% in nominal terms (see Table 3), more than two percentage points higher than in 1990.

The largest nominal increase is expected to be in energy prices (9.9%). Expected prices for animal feedingstuffs are virtually the same as last year (+0.5%) which has held down the overall input I index.

In real terms, the index of intermediate consumption (Input I) is forecast to fall by 2.4%. The decline is not as sharp as last year. Only in Greece is the Input I index forecast to rise (6.4%). In the other ten countries for which information is available a fall of between 1.3% (D) and 5.4% (I) is expected for this index.

The index of *purchase prices of goods and services contributing to agricultural investment* (input II) is expected to rise by 5.6% in nominal terms for the Community as a whole (EUR 11), remaining roughly constant in real terms (-0.3%). In Spain, a fall of 4.5% in the Input II index is forecast. This is markedly different from the trend all the other Member States. For these the change in the Input II index varies from -0.9 (I) to +2.4 (NL).

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 3.0% in 1991. The deflated Input I price index will be 2.4% lower than in 1990, 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 1991), 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 -1.9 points (-3.0 in 1990).

The table summarises the forecast real price changes for individual Member States, arranged in increasing size of the resulting net price effect. Only Italy and the Netherlands are expected to have positive net price effects. The United Kingdom is expected to show the largest negative net price effect (-6.2%). This is closely followed by Luxembourg (-6.1%) and Ireland (-5.4%). This is a change from 1989 and 1990 when Ireland showed the strongest negative net price effect.

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
UK	-7.7	-2.7	0,567	-1.5	-6.2
L	-7.0	-2.3	0,397	-0.9	-6.1
IRL	-6.6	-2.6	0,480	-1.2	-5.4
D	-5.1	-1.3	0,644	-0.8	-4.3
E	-5.8	-3.4	0,447	-1.5	-4.3
DK	-4.7	-3.2	0,519	-1.7	-3.0
B	-4.7	-3.7	0,568	-2.1	-2.6
GR	-0.4	6.4	0,264	1.7	-2.1
F	-1.7	-1.7	0,437	-0.7	-1.0
NL	-1.0	-2.3	0,530	-1.2	0.2
I	0.6	-5.4	0,310	-1.7	2.3
EUR 11	-3.0	-2.4	0,454	-1.1	-1.9

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 a forecasted consumer price index for each Member State. The terms "deflated" and "real" are used synonymously.

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

Tableau 1 : Indice CE des prix à la production des produits agricoles :  
Taux de variation des indices des prix pour EUR 11 (en %) (1)

	<u>1988</u> 1987	<u>1989</u> 1988	<u>1990</u> 1989	<u>1991<sup>(2)</sup></u> 1990
<b>NOMINAL INDICES / INDICES NOMINAUX</b>				
<b>TOTAL</b>	2.0	8.6	1.4	3.1
<b>CROP PRODUCTS / PRODUITS VEGETAUX</b>	0.3	6.4	5.8	7.7
Cereals and rice / Céréales et riz	-3.0	1.1	-1.9	5.1
Root crops / Plantes sarclées	-1.9	13.4	1.5	9.1
Fruit / Fruits	7.0	2.8	16.2	20.0
Fresh vegetables / Légumes frais	0.8	6.7	13.4	5.2
Wine must and wine / Moût et vin	6.0	20.5	14.0	-2.4
Olives and olive oil / Olives & huile d'olive	-0.1	15.4	14.1	34.1
<b>ANIMALS &amp; ANIMAL PRODUCTS / ANIMAUX &amp; PRODUITS ANIMAUX</b>	2.6	9.9	-3.7	-2.4
Calves / Veaux	8.1	12.5	-8.5	-2.7
Cattle excluding calves / Bovins sans veaux	5.8	6.3	-7.8	-7.2
Pigs / Porcs	-3.0	23.4	-4.7	-1.5
Sheep and lambs / Moutons et agneaux	-0.3	4.1	-3.3	-4.3
Poultry / Volailles	1.7	2.1	1.3	0.5
Milk / Lait	6.2	7.7	-2.6	-1.3
Eggs / Oeufs	-12.0	11.7	1.7	1.9
<b>DEFLATED INDICES / INDICES DEFLATES</b>				
<b>TOTAL</b>	-2.2	2.9	-5.1	-3.0
<b>CROP PRODUCTS / PRODUITS VEGETAUX</b>	-3.9	0.7	-0.9	1.5
Cereals and rice / Céréales et riz	-7.1	-4.7	-8.0	-0.4
Root crops / Plantes sarclées	-5.7	8.2	-4.9	2.5
Fruit / Fruits	1.0	-4.5	7.6	12.0
Fresh vegetables / Légumes frais	-4.5	-0.2	4.4	-1.1
Wine must and wine / Moût et vin	7.4	16.0	0.9	-8.5
Olives and olive oil / Olives & huile d'olive	-7.5	5.6	1.4	20.8
<b>ANIMALS &amp; ANIMAL PRODUCTS / ANIMAUX &amp; PRODUITS ANIMAUX</b>	-0.9	4.7	-9.1	-7.3
Calves / Veaux	4.4	7.7	-13.9	-8.0
Cattle excluding calves / Bovins sans veaux	2.4	1.4	-12.2	-11.5
Pigs / Porcs	-6.1	18.4	-9.3	-5.9
Sheep and lambs / Moutons et agneaux	-5.8	-3.3	-11.6	-11.8
Poultry / Volailles	-2.6	-3.6	-5.1	-5.3
Milk / Lait	2.8	2.6	-7.9	-5.9
Eggs / Oeufs	-15.8	6.1	-4.6	-4.8

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

(2) Forecasts / Prévisions

Table 2

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 <sup>(3)</sup>	D	GR	E	F	IRL	I	L	NL	UK	EUR 11
Total	Nominal indices / Indices nominaux	a)	-0.4	1.2	-0.8	12.3	2.6	0.4	10.5	2.0	2.6	1.5	-0.4	2.0
		b)	12.0	7.7	8.8	17.6	7.3	7.7	5.1	7.0	9.8	8.9	7.7	8.6
		c)	-5.8	-5.0	-5.0	20.2	0.6	-0.2	-11.5	4.7	-2.4	-6.2	1.3	1.4
		d)	-1.7	-2.4	-1.8	17.9	-0.3	1.2	-3.8	7.0	-3.8	2.2	-1.7	3.1
	Deflated indices / Indices déflatés	a)	-1.6	-3.2	-2.0	-1.1	-2.1	-2.2	8.2	-2.9	1.2	0.7	-5.0	-2.2
		b)	8.6	2.8	5.9	3.4	0.4	4.0	0.9	0.7	6.2	7.7	-0.1	2.9
		c)	-8.9	-7.5	-7.5	-0.2	-5.7	-3.4	-14.3	-1.7	-5.9	-8.4	-7.4	-5.1
		d)	-4.7	-4.7	-5.1	-0.4	-5.8	-1.7	-6.6	0.6	-7.0	-1.0	-7.7	-3.0
Crop products Produits végétaux	Nominal indices / Indices nominaux	a)	-2.9	-5.1	-2.9	13.2	3.8	-1.9	-0.5	2.1	2.3	-0.5	-6.2	0.3
		b)	8.1	2.1	1.5	16.9	4.6	8.2	6.7	5.6	-1.7	4.1	6.7	6.4
		c)	-0.2	-2.5	-0.1	22.3	6.8	3.6	-7.6	8.6	-1.1	-1.1	5.6	5.8
		d)	6.2	5.9	3.8	20.6	1.9	7.2	6.4	12.4	13.2	4.4	1.3	7.7
	Deflated indices / Indices déflatés	a)	-4.1	-9.2	-4.1	-0.3	-0.9	-4.4	-2.6	-2.9	0.9	-1.4	-10.6	-3.9
		b)	4.8	-2.5	-1.3	2.8	-2.1	4.4	2.5	-0.6	-4.9	3.0	-1.0	0.7
		c)	-3.5	-4.9	-2.7	1.5	0.1	0.2	-10.6	2.0	-4.7	-3.5	-3.6	-0.9
		d)	2.9	3.4	-0.3	2.0	-3.7	4.1	3.3	5.7	9.5	1.2	-4.9	1.5
Animal products Produits animaux	Nominal indices Indices nominaux	a)	0.8	4.5	0.2	10.0	1.0	2.7	11.9	2.2	2.7	2.7	3.2	2.7
		b)	14.2	10.4	11.7	17.7	10.9	7.3	4.9	8.9	12.3	11.4	8.2	9.9
		c)	-8.5	-6.1	-6.7	16.9	-7.3	-3.9	-11.9	-0.7	-2.8	-8.8	-1.1	-3.8
		d)	-5.4	-6.1	-3.9	11.1	-3.7	-5.0	-5.1	-1.2	-7.1	1.1	-3.5	-2.4
	Deflated indices / Indices déflatés	a)	-0.4	0.0	-1.0	-3.1	-3.6	0.1	9.5	-2.8	1.2	1.8	-1.6	-0.9
		b)	10.8	5.3	8.7	3.5	3.8	3.6	0.8	2.5	8.6	10.2	0.4	4.7
		c)	-11.6	-8.5	-9.2	-2.9	-13.2	-7.0	-14.7	-6.7	-6.2	-11.0	-9.6	-9.1
		d)	-8.3	-8.3	-7.2	-6.1	-9.0	-7.8	-7.9	-7.1	-10.1	-2.1	-9.3	-7.3

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

a =  $\frac{1988}{1987}$ b =  $\frac{1989}{1988}$ c =  $\frac{1990}{1989}$ d =  $\frac{1991^{(2)}}{1990}$ 

(2) Forecasts / Prévisions

(3) Forecast by Eurostat / Prévisions par Eurostat

**Table 3 : EC Index of purchase prices of means of agricultural production :  
Rates of change of the price indices for EUR 11 (in %) (1)**  
**Tableau 3 : Indice CE des prix d'achat des moyens de production agricole :  
Taux de variation des indices des prix pour EUR 11 (en %) (1)**

	<u>1988</u> 1987	<u>1989</u> 1988	<u>1990</u> 1989	<u>1991<sup>(2)</sup></u> 1990
<b>NOMINAL INDICES / INDICES NOMINAUX</b>				
<b>01 GOODS &amp; SERV.CURRENTLY CONS.IN AGRICULT. BIENS &amp; SERV.DE CONS.COURANTE DE L'AGRI.</b>	2.7	4.8	0.9	3.1
1. Seeds / Semences	0.3	5.8	3.4	2.9
2. Animals for rearing / Animaux d'élevage	4.1	19.2	-6.9	-0.8
3. Energy / Energie	-2.1	7.3	13.8	9.9
4. Fertilizers / Engrais	0.7	1.9	0.8	2.9
5. Plant protection products / Produits de protection des cultures	2.0	2.1	4.7	5.5
6. Animal feedingstuffs / Aliments des animaux	3.8	4.4	-3.7	0.5
7. Small tools / Petit outillage	3.5	4.4	4.4	6.3
8. Maintenance and repair of plant / Entretien et réparation du matériel	5.3	5.6	5.7	6.2
9. Maintenance and repair of buildings / Entretien & réparation des bâtiments d'exploitation	4.4	6.4	6.8	6.2
10. Veterinary services / Services vétérinaires	2.8	3.3	3.9	4.4
11. General expenses / Frais généraux	3.5	3.5	3.5	4.7
<b>02 GOODS &amp; SERV.CONTR.TO AGRICULT.INVESTM./ BIENS &amp; SERV.CONC.AUX INVEST.DE L'AGRIC.</b>	5.0	5.9	5.9	5.6
12. Machinery / Machines	5.0	5.4	4.5	4.2
13. Buildings / Ouvrages	5.2	6.4	8.7	8.2
<b>DEFLATED INDICES / INDICES DEFLATES</b>				
<b>01 GOODS &amp; SERV.CURRENTLY CONS.IN AGRICULT. BIENS &amp; SERV.DE CONS.COURANTE DE L'AGRI.</b>	-0.9	-0.2	-4.7	-2.4
1. Seeds / Semences	-3.3	0.8	-2.1	-2.3
2. Animals for rearing / Animaux d'élevage	0.9	14.5	-11.7	-5.5
3. Energy / Energie	-5.9	2.5	6.6	2.1
4. Fertilizers / Engrais	-2.9	-2.9	-4.5	-2.2
5. Plant protection products / Produits de protection des cultures	-1.6	-2.9	-0.5	0.7
6. Animal feedingstuffs / Aliments des animaux	0.1	-0.8	-9.4	-5.1
7. Small tools / Petit outillage	-0.2	-0.9	-1.6	0.7
8. Maintenance and repair of plant / Entretien et réparation du matériel	1.7	0.3	-0.1	0.9
9. Maintenance and repair of buildings / Entretien & réparation des bâtiments d'exploitation	0.7	0.8	0.6	0.8
10. Veterinary services / Services vétérinaires	-0.8	-1.6	-1.1	-0.2
11. General expenses / Frais généraux	0.4	-1.1	-1.7	-0.2
<b>02 GOODS &amp; SERV.CONTR.TO AGRICULT.INVESTM./ BIENS &amp; SERV.CONC.AUX INVEST.DE L'AGRIC.</b>	0.8	0.3	-0.2	-0.3
12. Machinery / Machines	1.1	0.1	-0.9	-0.9
13. Buildings / Ouvrages	0.5	0.2	1.4	1.1

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

(2) Forecasts / Prévisions

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)

Indice CE des prix d'achat des moyens de production agricole : Taux de variation des indices des prix par Etat membre (en %) (1)

			B	DK	D	GR	E	F	IRL	I	L	NL	UK	EUR 11
Goods and services currently consumed in agriculture	Nominal indices / Indices nominaux	a)	2.5	4.9	1.0	7.7	1.4	1.8	2.7	3.3	0.8	2.6	4.6	2.7
		b)	3.0	3.9	5.7	11.5	2.4	4.2	5.4	4.9	3.4	3.8	5.8	4.8
		c)	-4.1	-1.6	-1.7	19.4	0.7	-0.7	0.2	0.8	0.8	-3.4	3.8	0.9
		d)	-0.7	-0.9	2.2	25.9	2.2	1.2	0.3	0.6	1.0	0.8	3.6	3.1
Biens et services de consommation courante de l'agriculture	Deflated indices / Indices déflatés	a)	1.3	0.4	-0.2	-5.2	-3.2	-0.9	0.5	-1.7	-0.7	1.7	-0.3	-0.9
		b)	-0.1	-0.8	2.8	-2.0	-4.1	0.6	1.3	-1.2	0.0	2.7	-1.8	-0.2
		c)	-7.3	-4.2	-4.3	-0.8	-5.6	-3.9	-3.0	-5.3	-2.8	-5.7	-5.2	-4.7
		d)	-3.7	-3.2	-1.3	6.4	-3.4	-1.7	-2.6	-5.4	-2.3	-2.3	-2.7	-2.4
of which : animal feedingstuffs	Nominal indices / Indices nominaux	a)	3.6	4.5	2.6	6.9	0.5	6.1	2.5	4.2	-0.8	3.6	5.5	3.8
		b)	1.5	4.6	3.0	18.7	0.8	4.7	6.8	4.3	2.8	5.3	5.4	4.4
		c)	-8.7	-8.4	-8.5	14.2	-1.9	-7.3	-1.9	-2.0	-1.8	-10.5	0.8	-3.7
		d)	-1.5	-6.1	-1.9	23.1	-0.7	-2.9	-2.9	0.5	-1.0	-0.8	1.7	0.5
dont : aliments pour animaux	Deflated indices / Indices déflatés	a)	2.4	0.0	1.3	-5.8	-4.2	3.3	0.3	-0.9	-2.2	2.7	0.6	0.1
		b)	-1.5	-0.1	0.2	4.3	-5.6	1.1	2.6	-1.8	-0.6	4.2	-2.2	-0.8
		c)	-11.8	-10.8	-10.9	-5.2	-8.1	-10.3	-5.0	-8.0	-5.3	-12.6	-7.9	-9.4
		d)	-4.6	-8.3	-5.3	4.1	-6.1	-5.7	-5.7	-5.6	-4.2	-3.8	-4.5	-5.1
Goods and services contributing to agricultural investment	Nominal indices / Indices nominaux	a)	3.1	5.3	2.0	10.0	5.0	4.0	4.1	6.4	1.9	2.6	5.5	5.1
		b)	5.1	4.7	2.6	13.6	7.3	4.2	4.8	6.3	6.8	3.8	7.1	5.9
		c)	3.7	5.1	3.9	14.4	5.2	3.6	3.8	6.7	9.0	4.7	5.7	5.9
		d)	5.1	2.3	4.8	19.2	1.1	3.8	3.6	5.5	3.9	5.7	5.8	5.6
Biens et services concourant aux investissements de l'agriculture	Deflated indices / Indices déflatés	a)	1.9	0.7	0.7	-3.1	0.2	1.3	1.9	1.3	0.4	1.8	0.6	0.8
		b)	1.9	-0.1	-0.2	-0.1	0.5	0.5	0.7	0.0	3.3	2.6	-0.7	0.3
		c)	0.2	2.4	1.2	-5.0	-1.4	0.2	0.5	0.2	5.1	2.2	-3.4	-0.2
		d)	1.8	-0.1	1.3	0.7	-4.5	0.7	0.5	-0.9	0.5	2.4	-0.7	-0.3

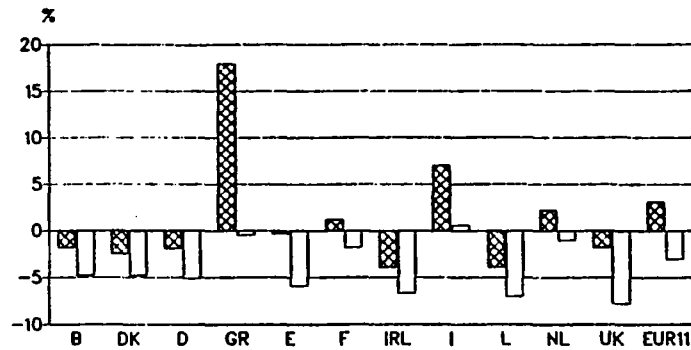
(1) On the base / sur la base 1985 = 100

a =  $\frac{1988}{1987}$ b =  $\frac{1989}{1988}$ c =  $\frac{1990}{1989}$ d =  $\frac{1991^{(2)}}{1990}$ 

(2) Forecasts / Prévisions

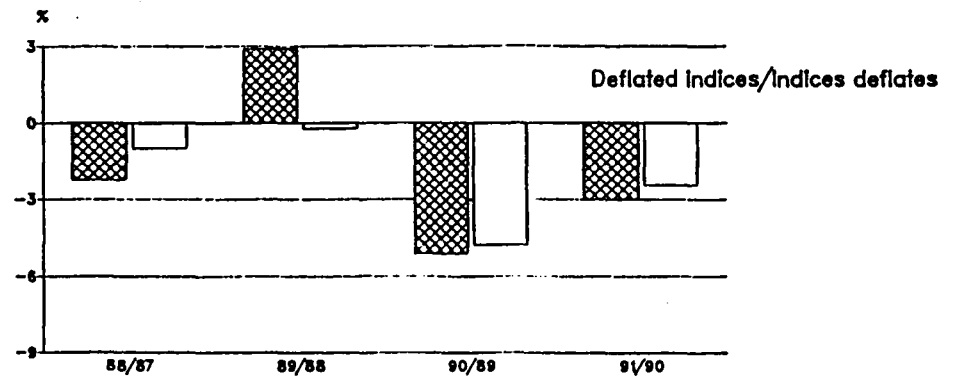
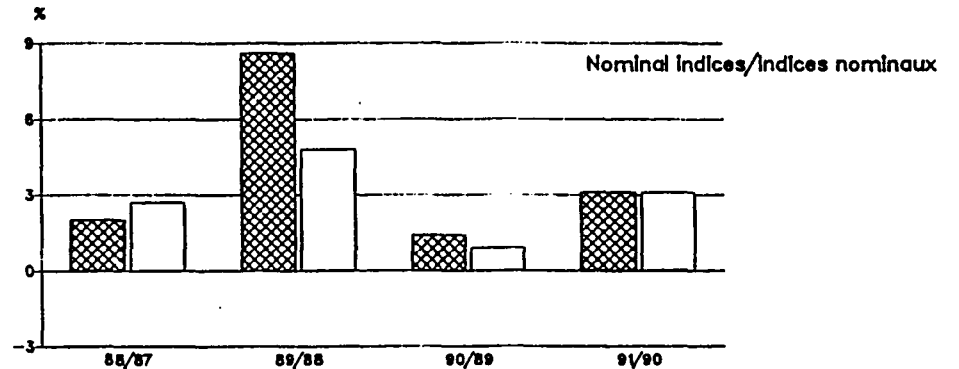
EC Index of producer prices of agricultural products  
 Rates of change of the price indices by Member States  
 Indice CE des prix a la production des produits agricoles  
 Taux de variation des indices des prix des Etats Membres

1991(\*)



TRENDS IN THE EC AGRICULTURAL PRICE INDICES(OUTPUT AND INPUT)  
 1991(\*)  
 EVOLUTION DES INDICES CE DES PRIX AGRICOLES(OUTPUT ET INPUT)  
 1991(\*)

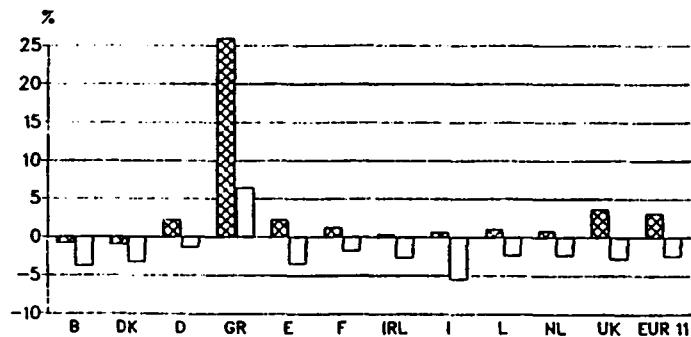
Rates of change of the agricultural price indices  
 Taux de variation des indices des prix agricoles  
 EUR 11



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

1991(\*)

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



 Nominal Indices/Indices nominaux     
  Deflated Indices/Indices deflates

(\*)Forecast/Prévision

 Output prices/Prix output     
  Input prices/Prix Input

(\*)Forecast/Prévision