



Brussels, 01/09/2009  
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NOTE TO THE FILE

**Subject: SEPTEMBER 2009 update on recent agricultural commodity and food price developments in the EU**

**Development in agricultural prices**

The recent pronounced fall in the prices for major agricultural commodities continued to decelerate in July 2009. While the prices for durum wheat, cheese, pig meat and poultry meat increased slightly, the quotations for soft wheat, maize, barley and butter fell in July 2009 as compared to June 2009, the prices for skimmed milk powder and beef remained stable (cf. Table 1). For several products, July 2009 price levels were still considerably below the levels observed during July 2008 (soft wheat (-34%), durum wheat (-32%), maize (-35%), barley (-38%), skimmed milk powder (-31%), butter (-17%), cheese (-11%), beef (-2%), pig meat (-8%) and poultry meat (-7%)) (cf. Table 2). For cereals and dairy products, prices currently range at levels comparable to or even lower than those reached before the start of the price surge (cf. Graphs A2 and A4 in annex), triggering the uptake of certain market support measures in the framework of the Common Agricultural Policy (export refunds, private and public storage in the dairy sector).

**Table 1 Change in EU agricultural commodity prices (% , July 2009 compared to June 2009)**

	Soft wheat	Durum wheat	Maize	Barley	SMP	Butter	Cheese (Edam)	Beef	Pork	Poultry
EU	-6%	2%	-4%	-9%	0%	-1%	1%	0%	4%	1%
Austria	-5%		-3%	-12%				-1%	3%	0%
Belgium	-7%		-10%	-11%	0%	1%		0%	1%	0%
Bulgaria	-10%		7%	-8%					0%	2%
Cyprus				51%					-9%	62%
Czech Republic	1%		3%	-6%	4%	2%	5%	1%	2%	4%
Germany	-10%		-9%	-14%	0%	1%	0%	-1%	2%	
Denmark	-5%			-2%	2%	1%		-2%	2%	3%
Estonia	-22%			-11%			5%		2%	1%
Spain	-6%	-1%	-7%	-5%		0%	0%	1%	9%	3%
Finland				-5%		-1%	6%	-2%	0%	0%
France	-6%	-1%	-8%	-8%	0%	2%		0%	5%	0%
United Kingdom	0%			0%				-4%	0%	
Greece	-18%	-1%	0%	-12%				0%	9%	2%
Hungary	-8%		-4%	-5%	-4%	-2%			5%	3%
Ireland				-7%	-1%	1%		-2%	-3%	0%
Italy	-6%	1%	-8%	-3%				0%	4%	-9%
Lithuania	-5%			-3%				-7%	-3%	2%
Luxembourg								0%	1%	
Latvia	7%			-2%	-19%	-2%	-3%	-8%	0%	-3%
Malta								0%	0%	0%
Netherlands				-10%	0%	1%	0%	-1%	3%	-1%
Poland	4%		5%	-5%	5%	8%	3%	2%	5%	-2%
Portugal	-7%	0%	-10%	-8%		-1%		-1%	7%	-9%
Romania	-18%		13%	-17%					3%	-1%
Sweden								-2%	2%	-3%
Slovenia	-5%		2%				0%	0%	4%	-2%
Slovakia	-7%		-12%	-12%	-15%	-11%	6%	-6%	3%	0%

Source: AgriView.

**Table 2 Change in EU agricultural commodity prices (% , July 2009 compared to July 2008)**

	Soft wheat	Durum wheat	Maize	Barley	SMP	Butter	Cheese (Edam)	Beef	Pork	Poultry
EU	-34%	-32%	-35%	-38%	-31%	-17%	-11%	-2%	-8%	-7%
Austria	-32%		-38%	-40%				-3%	-12%	-2%
Belgium	-36%		-34%	-37%	-30%	-24%		5%	-10%	-2%
Bulgaria	-26%		-39%	-30%					0%	-7%
Cyprus		-52%		-40%					-6%	-4%
Czech Republic	-48%		-42%	-49%	-25%	-20%	-19%	-8%	-10%	-9%
Germany	-37%		-32%	-43%	-35%	-28%	-33%	-5%	-11%	
Denmark	-43%			-47%	-31%	-26%		-6%	-4%	-8%
Estonia	-42%			-28%			-10%	-6%	-4%	-21%
Spain	-33%	-37%	-29%	-33%		-18%	-1%	5%	1%	-6%
Finland	-34%			-41%		-26%	21%	-1%	-1%	3%
France	-30%	-28%	-34%	-36%	-34%	-19%		-3%	-8%	-4%
United Kingdom	-22%			-37%				-5%	5%	
Greece	-42%	-25%	-39%	-38%				1%	-11%	7%
Hungary	-31%		-32%	-35%	-20%	-3%			-7%	-19%
Ireland				-36%	-28%	-19%		-9%	-9%	0%
Italy	-29%	-28%	-38%	-33%				-2%	-8%	-22%
Lithuania	-40%			-47%				-14%	-11%	-6%
Luxembourg								-4%	-11%	
Latvia	-40%			-39%	-35%	-24%	-32%	-10%	-4%	-1%
Malta								-19%	13%	11%
Netherlands				-37%	-32%	-21%	-33%	-3%	-9%	5%
Poland	-47%		-35%	-50%	-31%	-18%	-24%	-8%	-13%	-17%
Portugal	-28%	-14%	-33%	-36%		-20%		8%	0%	-23%
Romania	-30%		-43%	-41%					-14%	-13%
Sweden								-20%	-14%	-15%
Slovenia	-31%		-27%				-1%	-2%	-10%	-4%
Slovakia	-52%		-54%	-46%	-36%	-26%	-11%	-2%	-10%	-13%

Source: AgriView.

### Development in consumer prices

While prices for major agricultural commodities came back to levels comparable to or even lower than those reached before the start of the price surge, consumer prices for food slightly eased recently but still remain at rather high levels (cf. Graph A1 in annex). Food prices in July 2009 were 8.3% higher than in July 2007 and comparable to July 2008 price levels. Food price inflation (+8.3%) was around twice as high as the overall consumer price inflation (+4.6%) over the last two years, it fell by 0.8% in July 2009 as compared to June 2009 (cf. Tables 3 and 4).

**Table 3 Change in EU consumer prices for food (% , July 2009 compared to June 2009)**

	All items	Food	Bread/c.b.p.	Meat	Fish	Milk, cheese, eggs	Oils	Fruits	Vegetables	Sugar	Other food
EU	-0,5	-0,8	0	0,2	0,2	-0,2	-0,5	-3,9	-4,3	0	0,3
Belgium	-1,6	-0,5	-0,6	0,1	-0,9	0,5	-0,4	-3,3	-1,9	-0,2	0,1
Bulgaria	-0,1	-1,5	-0,4	-0,6	-1	-0,2	0,8	-1,9	-8,8	-0,3	0,1
Czech Republic	-0,4	-2,6	-2,9	-0,4	0,1	-1,8	-0,3	-5,9	-13	-0,3	-0,1
Denmark	-0,6	-0,2	-0,4	0,2	0,4	-0,7	-0,5	-2,2	0,1	0,5	0,1
Germany	-0,1	-1,2	0	-0,1	0,1	-0,3	-0,4	-4,7	-4,9	0,1	0
Estonia	0,8	1,2	1,6	0,8	0,4	0,3	-0,9	3,8	2,8	1	1,9
Ireland	-0,8	-1,3	-1,3	-0,9	-0,2	-0,6	-1,4	-3,2	-2,3	0	-1,4
Greece	-0,7	-1,1	-0,1	-0,1	1	-0,1	-0,9	-7,2	-3,4	0,3	0,4
Spain	-0,8	-0,2	0	0,4	0,2	-0,9	-1,3	-1	-1,2	0	0,2
France	-0,5	-0,9	0,1	0,1	0,4	-0,3	-0,1	-7,8	-4	0,1	0,4
Italy	-1,2	-0,2	0,3	0,1	0,1	0,2	-0,1	-1,3	-1,5	0,2	0
Cyprus	-1,4	-0,8	0,3	1,4	-0,3	0,9	-0,9	-13,1	1,5	0,2	0
Latvia	-0,6	-0,9	-0,5	0,7	0,1	-0,8	-3,6	-0,7	-7,9	0,2	1,4
Lithuania	-0,8	-1	-0,7	-0,6	-0,1	-1,1	0	-1,5	-6,9	0,7	0,9
Luxembourg	-0,9	0,1	0,2	0,4	1	0,4	1,6	-1,7	-0,1	-0,7	0,5
Hungary	1,4	-3,4	-0,2	4	4,8	-0,9	1,3	-24	-12,2	3,5	3,9
Malta	-0,1	-2,5	0	-0,2	8,9	-0,3	-0,7	-19,2	-6,2	-0,6	0,2
Netherlands	-1,6	-1	-0,4	0,3	-0,5	-0,7	-0,2	-4	-4,8	-0,7	0,7
Austria	-0,4	-0,4	0,4	-0,3	1,6	0,2	-0,6	-2,3	-2,3	-0,7	0,9
Poland	0,3	-1,4	0,2	1	0,8	-0,1	-0,4	2,7	-1,8	-0,4	0,4
Portugal	-0,4	-1,2	-0,4	-0,1	-1,1	-1,5	-1	-1,8	-7,3	0,5	0,7
Romania	-0,1	-0,6	0	0,2	0,1	-0,3	-2,2	-0,8	-3,4	0,1	0,1
Slovenia	-0,8	-0,6	-0,2	-0,7	-1,3	-0,5	0,4	-2,7	-0,9	0,1	-0,2
Slovakia	-0,1	-1,7	0,2	0,5	-0,1	-0,8	-0,2	-4,3	-14,7	0,9	-0,2
Finland	-0,7	-1	-0,5	-0,3	-0,5	-0,1	-1,2	-4,9	-1,5	-1,4	0,1
Sweden	-0,2	0,2	0	0,3	3,3	0,2	0,3	-1,7	-0,6	0,7	0,3
United Kingdom	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat. NB: The category "bread and cereals based products" includes rice in all forms, cereals in the form of grain, flour or meal, bread and other bakery products, pasta, couscous and other cereal preparations.

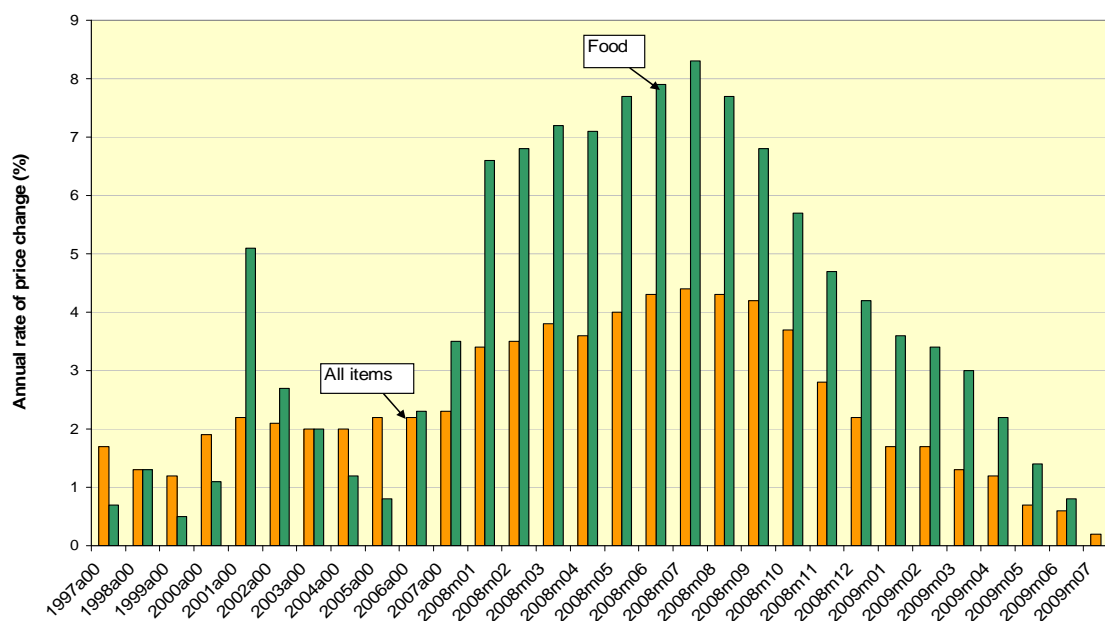
**Table 4 Change in EU consumer prices for food (% , July 2009 compared to July 2008)**

	All items	Food	Bread/c.b.p.	Meat	Fish	Milk, cheese, eggs	Oils	Fruits	Vegetables	Sugar	Other food
EU	0,2	0	0,8	2,5	0,2	-2,3	-6,7	-4,1	-1,2	3	3,1
Belgium	-1,7	-0,9	1,3	2,1	-5,1	-0,4	-1	-10,8	-7,8	2,5	1
Bulgaria	1	-1,5	-5,4	6,2	12,9	1,4	-30,6	-12	6,5	2,5	6,6
Czech Republic	-0,1	-6,3	-12,9	-0,7	2,3	-8,8	-6,4	-14,6	-8,5	2	1,6
Denmark	0,7	-0,7	0,4	-0,7	1,5	-4,6	-0,4	-4,9	-2,1	2,8	4,9
Germany	-0,7	-2,3	0,5	2,5	3,6	-8,2	-9,7	-4,7	-9,2	1,8	2
Estonia	-0,4	-4,7	-0,1	0,5	4,8	-15,2	-3,6	-5,7	-18	3	5,4
Ireland	-2,6	-4,2	-3,2	-5,5	-4,2	-3,4	-3,7	-6,9	-4,6	-3	-2,6
Greece	0,7	2,8	1,3	2,3	6,4	-3	-3,5	7,8	17,7	2,2	2,6
Spain	-1,4	-2,4	0,3	-0,9	-4	-4,8	-16,1	-0,7	-1,8	-1,9	3,2
France	-0,8	-1,9	0,6	1,1	-0,5	-1,8	-3,4	-17,9	-4,2	0,3	2,3
Italy	-0,1	1,2	1,4	1,5	2,1	0	-2,6	1,2	2,5	2,3	4
Cyprus	-0,8	5,5	2	9,5	1,3	3,1	1,6	9,8	6,9	4,8	3,6
Latvia	2,1	-3,5	0,7	3	11,8	-10,1	-7	-10,5	-21,5	1	3,8
Lithuania	2,6	-0,3	1,4	7,9	6,3	-8,9	-8,2	-13	-14,9	3,7	6
Luxembourg	-1,5	1,3	2,1	2,2	1,1	0,8	1,5	-0,5	-0,3	1,2	1,8
Hungary	4,9	3,7	0,4	7,8	12,5	-5,8	-0,4	0,7	8,4	11,4	12
Malta	0,8	6,1	4,8	7,7	23,9	0,3	2,7	-1	12,1	9,9	-0,3
Netherlands	-0,1	0,1	1,5	2,8	1,3	-2	-0,1	-5	-4,5	2,4	1,8
Austria	-0,4	-0,5	0,8	1,8	3,1	-3,2	-5,4	-10,9	-0,3	4,5	3,1
Poland	4,5	4,9	2,7	10,1	10,5	-1,1	0	6	1,8	9,3	3,2
Portugal	-1,4	-6,3	-1,5	-2,2	-11,3	-8	-12,6	-10,9	-12,2	0,7	0,8
Romania	5	3,6	2,2	5,9	4,2	8,7	-17,7	-0,6	7,4	6,7	4
Slovenia	-0,6	-1,6	1,4	0,3	10	-3	1,8	-15,5	-6	1,7	3,2
Slovakia	0,6	-6,3	-0,6	-5,1	0,2	-11,4	-7,3	-10,5	-11,8	-2,1	0,4
Finland	1,2	2,8	4,4	5,6	4,4	1,6	-3	-2,3	-0,3	3,3	8,3
Sweden	1,8	2,1	1,5	2,2	6,3	1,1	-0,1	6,8	-4,9	3,9	5,4
United Kingdom	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat. NB: The category "bread and cereals based products" includes rice in all forms, cereals in the form of grain, flour or meal, bread and other bakery products, pasta, couscous and other cereal preparations.

While the annual rates of change of both the overall consumer price inflation and food price inflation have been considerably slowing down (without becoming negative) since July 2008 (cf. Graph 1), the respective monthly rates of change have been recently evolving differently: the prices for all consumer goods fell by 0.5% in July 2009 as compared to June 2009, food prices decreased by 0.8% (cf. Graph A5 in annex).

**Graph 1 Annual rate of change in EU overall and food consumer prices (%)**



Source: Eurostat.

Regarding the relation between agricultural commodity and food price developments, it should be noted that lower cereals prices could be expected to release the pressure on the consumer prices for bread and cereals based products (though, respective consumer prices in July 2009 were still 13.2% higher than in July 2007 and 0.8% higher than one year before, while bread wheat prices in July 2009 were 27.1% lower than in July 2007 and 34.2% lower than in July 2008), and should contribute to ease animal product and meat price increases (both at agricultural and consumer level) due to the price-lowering impact on feed as a major input cost factor (July 2009 consumer prices for meat were 8.5% higher than in July 2007 and 2.5% higher than one year ago, while agricultural market prices for beef, pork and poultry meat were 9.2%, 7.1% higher and 5.1% lower in July 2009 as compared to July 2007 and 2.1%, 7.5% and 7.0% lower, respectively, as compared to July 2008).

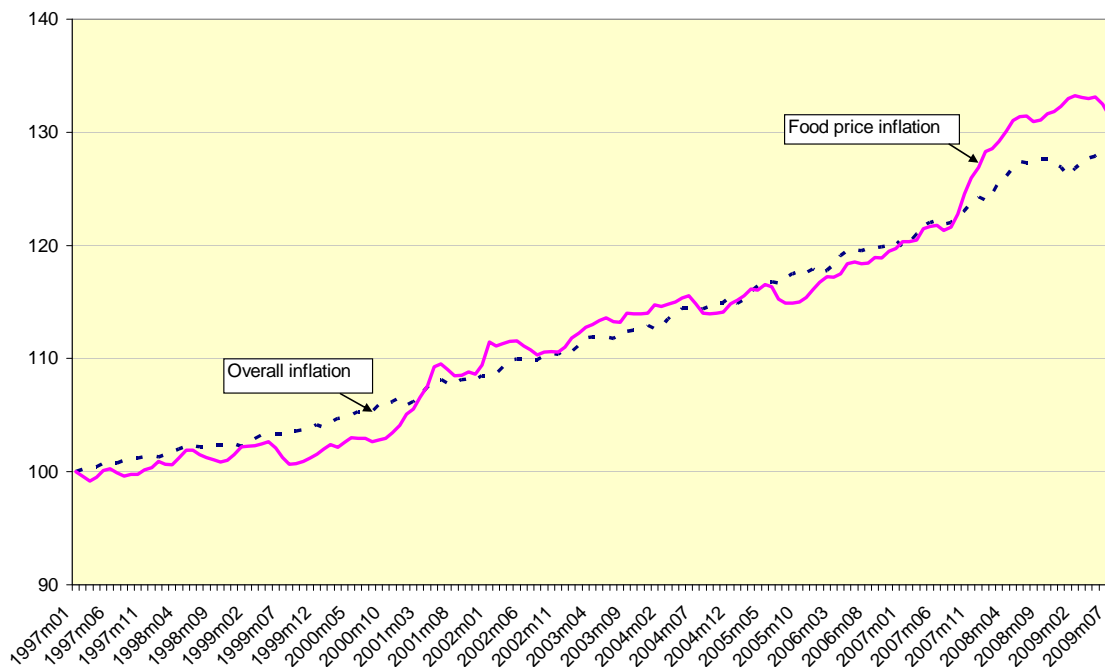
The recent substantial decrease in raw milk and dairy commodity prices at producer level should also trigger lower consumer prices for derived products by tendency (the consumer prices for milk, cheese and eggs in July 2009 remained 11.3% higher than in July 2007, but were 2.3% lower than in July 2008, while agricultural market prices for skimmed milk powder, butter and cheese (Edam) were 48.1% lower, 24.0% lower and 12.4% higher in July 2009 as compared to July 2007 and 31.0%, 16.9% and 4.1% lower in July 2009 as compared to one year ago).

Concerning food price formation at retail level, it should be kept in mind that the developments of the prices of non-agricultural cost components (labour, capital and energy costs, margins along the downward-supply chain) have a much greater weight on food price inflation than changes in the prices for raw agricultural components.

In this context, the recent fall in crude oil prices (Brent Europe) from its peak value of 142.45 US\$/barrel in the first week of July 2008 to 71.42 US\$/barrel in the third week of August 2009 (-49.9%) should further help to reduce food prices by tendency (still oil prices trended upwards again lately). However, it should be noted that the recent appreciation of the US-\$ vis-à-vis the Euro tends to countervail the oil price relief in Europe (in the third week of August 2009 and in relation to the Euro, the value of the US-\$ was 9% higher than in the first week of July 2008; though, the US-\$ recently tended to weaken again with increasing oil prices).

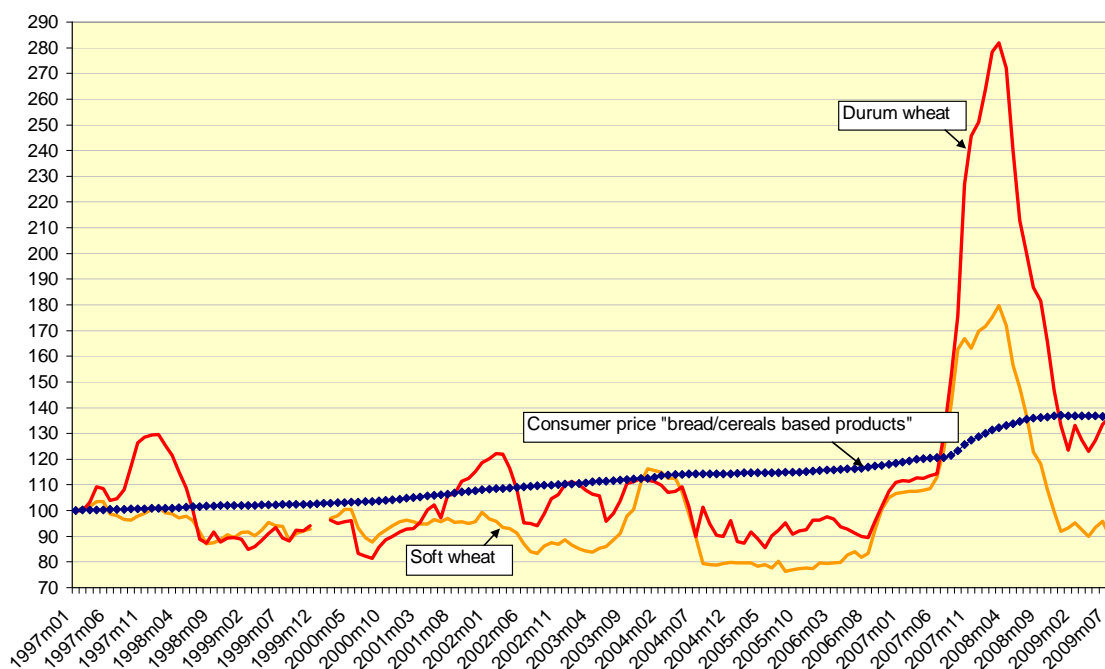
Annex: Tables and graphs on EU agricultural market and consumer price developments.

**Graph A1 Overall and food price inflation in the EU (Jan1997 until Jul2009, 2005=100)**



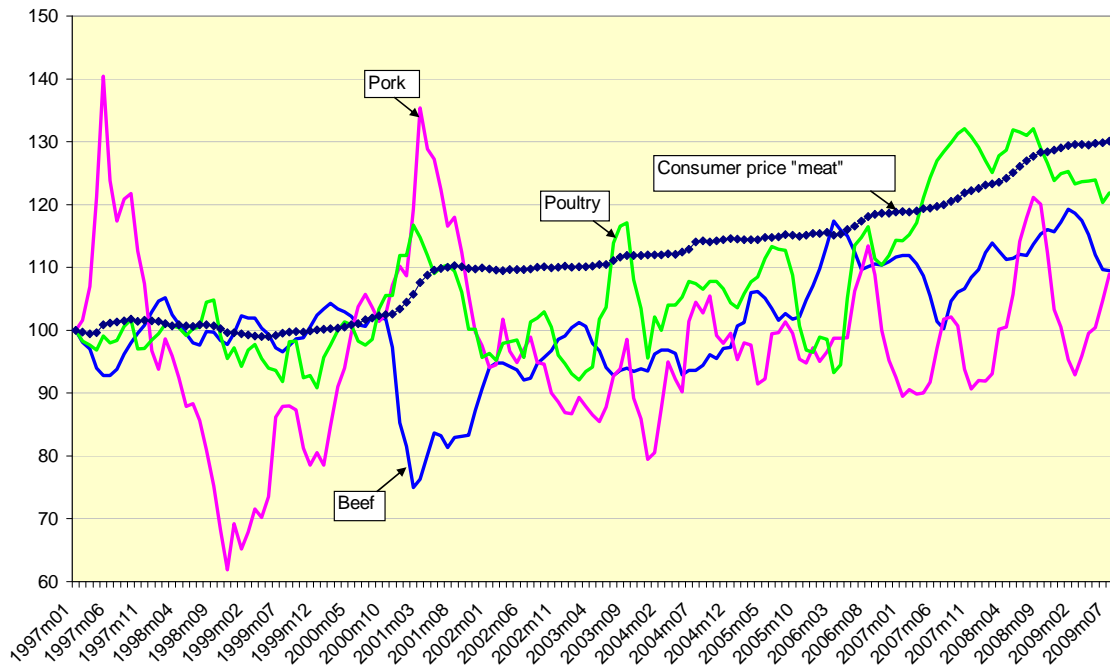
Source: Eurostat.

**Graph A2 Cereals/bread and cereals based products: EU agricultural market and consumer price developments (Jan1997 until Jul2009, Jan 1997=100)**



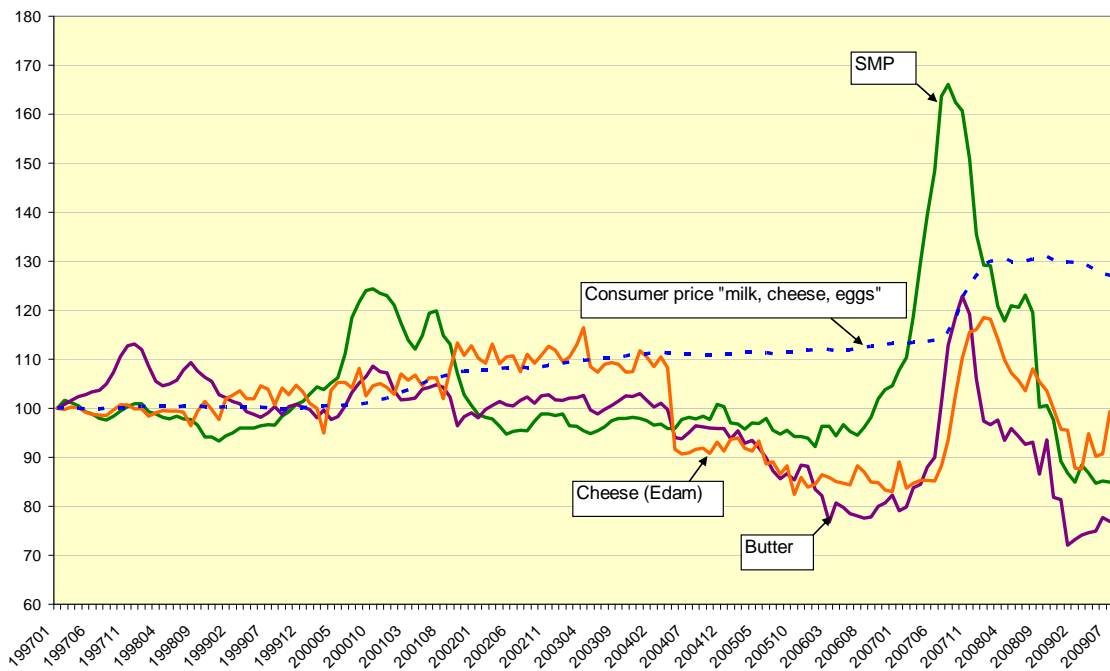
Source: AgriView, Eurostat.

**Graph A3 Meat: EU agricultural market and consumer price developments (Jan1997 until Jul2009, Jan 1997=100)**



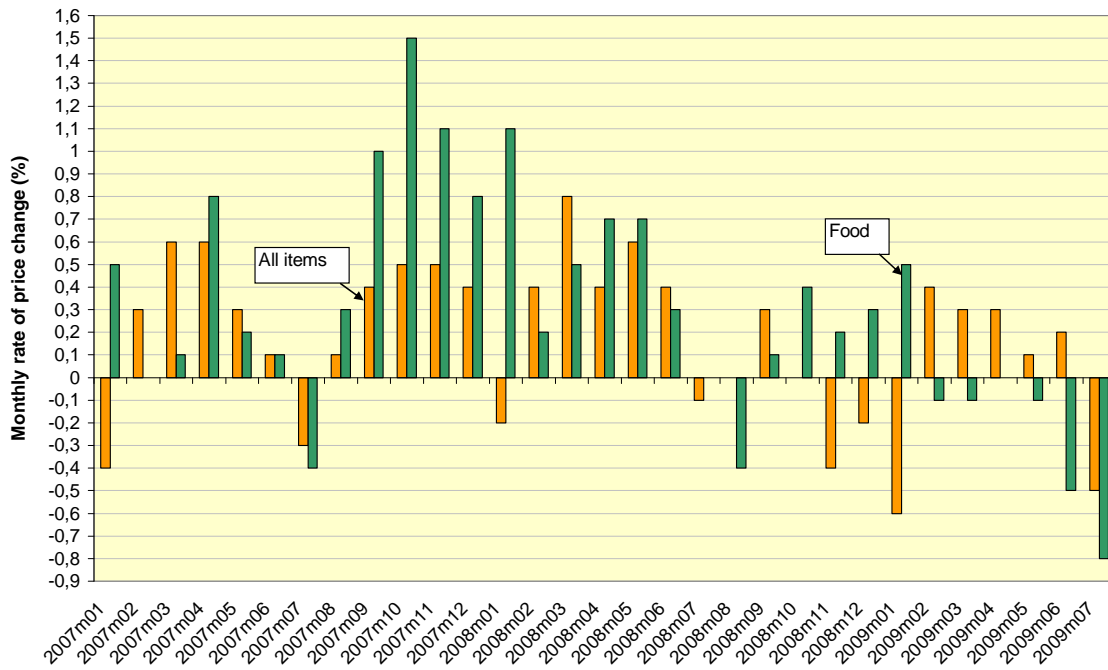
Source: AgriView, Eurostat.

**Graph A4 Dairy: EU agricultural market and consumer price developments (Jan1997 until Jul2009, Jan 1997=100)**



Source: AgriView, Eurostat.

**Graph A5 Monthly rate of change in overall and food price inflation (Jan2007-Jul2009, %)**



Source: Eurostat.