



Brussels,
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NOTE TO THE FILE

Subject: SEPTEMBER 2011 update on recent agricultural commodity and food price developments in the EU (based on August 2011 prices)

1. Development in agricultural prices

Compared to the previous month, August 2011 revealed lower prices for some agricultural products (soft wheat, durum wheat, SMP, butter and pork meat). The pace of annual price increase continued to slow down for all the selected agricultural products.

Monthly developments: August 2011 depicted a mixed picture on EU price developments for agricultural commodities: prices for beef and poultry products increased by 3% and 2% respectively, whereas the quotations for the other selected commodities decreased: soft wheat (-6%), SMP (-3%), durum wheat (-2%), butter and pork (-1%). Maize, barley and cheese (Edam) prices remained unchanged. (cf. Table 1).

Table 1 Change in EU agricultural commodity prices (%), August 2011 compared to July 2011)

| | Soft wheat | Durum wheat | Maize | Barley | SMP | Butter | Cheese (Edam) | Beef | Pork | Poultry |
|----------------|------------|-------------|-------|--------|-----|--------|---------------|------|------|---------|
| European Union | -6% | -2% | 0% | 0% | -3% | -1% | 0% | 3% | -1% | 2% |
| Austria | | | 3% | -1% | | | | 5% | -1% | 0% |
| Belgium | -4% | | 2% | 3% | -5% | -3% | | 1% | -2% | 4% |
| Bulgaria | -6% | | 9% | 5% | | | | | 0% | -4% |
| Cyprus | | 8% | | -3% | | | | | 0% | 0% |
| Czech Republic | -8% | | -2% | -4% | -5% | -2% | -1% | 1% | 0% | 0% |
| Germany | 0% | | 4% | -1% | -3% | -4% | 1% | 5% | -2% | 0% |
| Denmark | | | | | | | | 1% | -1% | 8% |
| Estonia | -2% | | | -4% | | | 0% | | 1% | 3% |
| Spain | -1% | -1% | 1% | 5% | | 2% | 1% | 2% | -1% | 1% |
| Finland | 3% | | | 7% | | | | 0% | 1% | 1% |
| France | 2% | -3% | 0% | 5% | -1% | 1% | | 4% | 1% | 0% |
| Greece | -6% | 0% | | 5% | | | | 1% | 2% | -1% |
| Hungary | -3% | | 2% | 2% | | | | | -2% | -3% |
| Ireland | | | | -1% | 0% | 0% | | 0% | 0% | 0% |
| Italy | 0% | 0% | -7% | 1% | | -2% | | 1% | 4% | 3% |
| Lithuania | -17% | | | -13% | | | | -1% | -2% | -1% |
| Luxembourg | | | | | | | | 5% | -2% | |
| Latvia | -17% | | | 8% | -3% | 1% | -2% | 19% | -1% | 1% |
| Malta | | | | | | | | 2% | -3% | 1% |
| Netherlands | | | 1% | -1% | -4% | -3% | -5% | 3% | -2% | 3% |
| Poland | -16% | | 2% | -8% | -6% | -4% | -5% | 3% | -3% | 7% |
| Portugal | 14% | -1% | -1% | -1% | -1% | -4% | | -1% | -1% | 24% |
| Romania | -12% | | -7% | 0% | | | | -11% | 1% | -1% |
| Sweden | | | | | | | | 0% | 0% | 3% |
| Slovenia | -1% | | -6% | | | | | 2% | 0% | 0% |
| Slovakia | -8% | | -3% | -11% | -4% | 5% | 6% | -17% | 2% | -1% |
| United Kingdom | -4% | | | -1% | -2% | 4% | | 4% | -1% | 2% |

Source: AgriView

Year-on-year developments: For all the products, August 2011 prices were above the levels observed one year before, albeit the pace of increase slowed down: soft wheat (+11%), durum wheat (+45%), maize (+31%), barley (+28%), SMP (+4%), butter (+7%), cheese (Edam) (+8%), beef (+12%), pork (+3%) and poultry meat (+10%) (cf. Table 2, Graphs A2, A3 and A4 in annex).

Table 2 Change in EU agricultural commodity prices (%), August 2011 compared to August 2010

| | Soft wheat | Durum wheat | Maize | Barley | SMP | Butter | Cheese (Edam) | Beef | Pork | Poultry |
|-----------------------|------------|-------------|------------|------------|-----------|-----------|---------------|------------|-----------|------------|
| European Union | 11% | 45% | 31% | 28% | 4% | 7% | 8% | 12% | 3% | 10% |
| Austria | 5% | | 41% | 34% | | | | 13% | 4% | 3% |
| Belgium | 5% | | 17% | 12% | 5% | 12% | | 6% | 1% | -1% |
| Bulgaria | 10% | | 65% | 53% | | | | 44% | 8% | 3% |
| Cyprus | | 40% | | 19% | | | | | 7% | 4% |
| Czech Republic | 31% | | 38% | 46% | 4% | 9% | -3% | 11% | 5% | 3% |
| Germany | 4% | | 25% | 21% | 2% | 5% | 9% | 16% | 3% | 4% |
| Denmark | | | | | | | | 14% | 3% | 26% |
| Estonia | 5% | | | 44% | | | -12% | | 10% | 10% |
| Spain | 15% | 46% | 26% | 21% | | 21% | 3% | 9% | 1% | 18% |
| Finland | 19% | | | 17% | | | | 8% | 7% | 6% |
| France | -6% | 45% | 21% | 5% | 6% | 13% | | 12% | 6% | 15% |
| Greece | 21% | 55% | | 49% | | | | 4% | 4% | 2% |
| Hungary | 14% | | 45% | 51% | | | | | 4% | 2% |
| Ireland | | | | 17% | 7% | 3% | | 16% | 5% | 0% |
| Italy | 14% | 51% | 30% | 28% | | 5% | | 10% | 18% | 21% |
| Lithuania | 12% | | | 27% | | | | 23% | -5% | 3% |
| Luxembourg | | | | | | | | 10% | 2% | |
| Latvia | 11% | | | 34% | 8% | 12% | 20% | 39% | 13% | 3% |
| Malta | | | | | | | | -10% | -5% | 3% |
| Netherlands | | | 17% | 10% | 1% | 7% | 1% | 17% | 2% | 2% |
| Poland | 19% | | 46% | 34% | 0% | 4% | 7% | 31% | 2% | 5% |
| Portugal | 32% | 28% | 36% | 11% | | 10% | | 0% | -4% | 13% |
| Romania | 9% | | 60% | 65% | | | | 1% | 1% | 6% |
| Sweden | | | | | | | | 12% | -1% | 8% |
| Slovenia | 42% | | 30% | | | | | 16% | 5% | -1% |
| Slovakia | 33% | | | 48% | -22% | 11% | 4% | -5% | 8% | 3% |
| United Kingdom | -1% | | | 14% | 10% | -2% | | 16% | -2% | 10% |

Source: AgriView

2. Development in consumer prices

In August 2011, the monthly rate of food price inflation declined (-0.5%) while the overall inflation increased further (+0.2%). The annual rates for both food price and overall inflation increased, with food price inflation overtaking the overall inflation (+3.1% as opposed to 2.9%) (cf. Tables 3 and 4 and Graphs 1 and 2).

With the exception of "Fruits" (-3.9%) and "Vegetables" (-3.8%), all the other food categories recorded further price increases in August 2011 as compared to one month before: "Fish and seafood" (+0.7%) and "Oils and fats" (+0.6%), being the categories with the highest increase rates.

When compared to one year ago, with the exception of "Fruits" and "Vegetable" categories whose prices declined by -1.2% and -2.8% respectively, all the other consumer food prices showed higher levels, notably for the "Oils and fats" (+8.5%), "Sugar" (+5.4%) and "Bread and cereals" (+5%) categories.

Table 3 Change in EU consumer prices for food (%), August 2011 compared to July 2011)

| | All-items HICP | Food | Bread and cereals | Meat | Fish and seafood | Milk, cheese and eggs | Oils and fats | Fruit | Vegetables | Sugar | Other food |
|----------------|----------------|------|-------------------|------|------------------|-----------------------|---------------|-------|------------|-------|------------|
| European Union | 0.2 | -0.5 | 0.1 | 0.5 | 0.7 | 0.4 | 0.6 | -3.9 | -3.8 | 0.2 | 0.3 |
| Belgium | 1.5 | -0.6 | 0.2 | 0.8 | 2.4 | 0.4 | 2.6 | -6.6 | -6.3 | -0.2 | 0.5 |
| Bulgaria | -0.1 | -0.5 | -0.2 | 0.4 | 1.4 | 0.8 | -0.4 | -4.4 | -5.4 | 0.4 | 0.1 |
| Czech Republic | -0.1 | -1.2 | 0.4 | 0.4 | 0.0 | 0.2 | 0.0 | -5.4 | -13.3 | -0.2 | 0.8 |
| Denmark | -0.1 | -0.2 | -0.1 | 0.6 | 0.2 | 0.1 | 0.9 | -4.0 | -0.7 | -0.3 | 0.0 |
| Germany | 0.0 | -0.4 | 0.4 | 0.8 | 0.3 | 0.3 | 1.4 | -0.4 | -6.2 | -0.3 | 0.7 |
| Estonia | 0.3 | -1.3 | -0.5 | 0.4 | -0.5 | 0.2 | -0.4 | -3.5 | -10.1 | -0.5 | 0.6 |
| Ireland | 0.2 | 0.1 | -0.6 | -0.1 | -0.1 | 0.4 | 0.7 | 0.5 | 0.1 | 0.9 | 0.0 |
| Greece | -1.4 | -0.3 | 0.3 | 0.2 | 0.9 | 0.4 | 0.4 | -4.2 | -2.1 | 0.3 | 0.3 |
| Spain | 0.0 | -0.4 | 0.3 | 0.3 | 0.9 | 0.7 | 0.0 | -6.0 | -2.5 | 0.4 | 0.1 |
| France | 0.6 | -0.3 | 0.2 | 0.4 | 0.7 | 0.1 | 0.9 | -5.3 | -2.0 | 0.2 | 0.1 |
| Italy | 0.4 | -0.1 | 0.2 | 0.1 | 0.7 | 0.3 | 0.4 | -2.5 | -1.1 | 0.4 | 0.4 |
| Cyprus | 0.2 | 0.7 | 0.5 | -1.6 | -1.0 | 0.4 | 0.6 | -11.8 | 12.2 | 0.2 | 0.1 |
| Latvia | -0.4 | -2.3 | -0.7 | 0.6 | -0.2 | -0.2 | 0.0 | -7.6 | -21.0 | 0.6 | -1.3 |
| Lithuania | -0.3 | -1.3 | -0.4 | 0.0 | 0.6 | 0.0 | -0.4 | -4.8 | -12.4 | -1.2 | -0.6 |
| Luxembourg | 1.4 | 0.1 | 0.4 | 0.3 | 2.3 | 0.0 | 0.4 | 0.6 | -3.4 | 1.0 | -0.5 |
| Hungary | -0.1 | -1.7 | -0.1 | 0.8 | -0.4 | -0.4 | 0.2 | -7.7 | -10.6 | -1.4 | 1.0 |
| Malta | 1.1 | 1.6 | -0.3 | 0.3 | 18.4 | 0.2 | 0.8 | 2.3 | 2.0 | 0.9 | 0.0 |
| Netherlands | 0.1 | -0.4 | -0.1 | 0.4 | -0.7 | -0.2 | 0.3 | -1.4 | -3.3 | 0.0 | 0.3 |
| Austria | 0.1 | -0.4 | 0.1 | -0.3 | 2.0 | 0.1 | 0.7 | -1.7 | -5.5 | 2.1 | 0.1 |
| Poland | 0.0 | -1.6 | 0.1 | 1.2 | 0.1 | 0.5 | 1.0 | -12.3 | -14.2 | -0.2 | 0.7 |
| Portugal | -0.4 | 0.2 | 0.2 | 0.8 | 1.9 | 0.0 | 1.1 | -4.3 | -0.7 | 0.3 | 0.1 |
| Romania | -0.3 | -1.6 | 0.1 | 0.0 | 0.1 | 0.6 | 0.1 | -10.7 | -8.4 | 0.1 | 0.2 |
| Slovenia | 0.3 | 0.1 | 0.5 | 1.0 | -0.4 | 1.0 | 1.6 | 0.9 | -5.1 | -0.4 | -0.3 |
| Slovakia | 0.1 | -1.0 | 0.6 | 1.3 | 0.1 | -0.2 | 0.5 | -4.0 | -11.9 | 0.6 | 0.3 |
| Finland | 0.2 | 0.0 | 0.2 | 0.4 | 0.0 | -0.1 | 0.1 | -6.5 | 5.7 | -0.4 | -0.2 |
| Sweden | -0.1 | 0.2 | 0.0 | -0.3 | 0.2 | 0.6 | 1.2 | 1.1 | 0.9 | -0.4 | 0.0 |
| United Kingdom | 0.6 | -0.1 | -1.2 | 0.6 | 0.3 | 1.1 | 0.2 | -1.0 | -1.2 | 0.9 | -0.2 |

Table 4 Change in EU consumer prices for food (%), August 2011 compared to August 2010)

| | All-items HICP | Food | Bread and cereals | Meat | Fish and seafood | Milk, cheese and eggs | Oils and fats | Fruit | Vegetables | Sugar | Other food |
|----------------|----------------|------|-------------------|------|------------------|-----------------------|---------------|-------|------------|-------|------------|
| European Union | 2.9 | 3.1 | 5.0 | 3.3 | 4.1 | 4.4 | 8.5 | -1.2 | -2.8 | 5.4 | 2.4 |
| Belgium | 3.4 | 2.2 | 4.9 | 2.6 | 2.3 | 3.7 | 12.2 | -3.4 | -7.6 | 6.1 | 3.1 |
| Bulgaria | 3.1 | 9.0 | 13.7 | 2.4 | 10.2 | 12.3 | 24.3 | -1.3 | -4.7 | 29.8 | 6.9 |
| Czech Republic | 2.1 | 4.4 | 19.0 | 1.2 | 1.4 | 5.1 | 13.8 | -6.1 | -15.0 | 5.6 | 3.2 |
| Denmark | 2.4 | 2.2 | 7.1 | 1.9 | 0.0 | 6.2 | 11.6 | -6.7 | -4.2 | 0.3 | 2.9 |
| Germany | 2.5 | 2.3 | 4.0 | 3.7 | 3.6 | 5.4 | 12.3 | -0.2 | -7.4 | 1.0 | 1.2 |
| Estonia | 5.6 | 9.2 | 13.6 | 7.0 | 10.9 | 9.1 | 22.0 | 1.5 | 4.9 | 12.7 | 9.0 |
| Ireland | 1.0 | 1.1 | 2.3 | 0.4 | -1.2 | 3.0 | 13.3 | 1.6 | -2.3 | 1.2 | -0.8 |
| Greece | 1.4 | 2.7 | 3.0 | 1.4 | 5.9 | 2.7 | 5.7 | -1.2 | 2.9 | 3.5 | 2.3 |
| Spain | 2.7 | 1.4 | 2.2 | 2.6 | 4.0 | 2.6 | 2.0 | -7.0 | -3.5 | 6.4 | 3.3 |
| France | 2.4 | 2.7 | 2.6 | 3.2 | 3.3 | 3.3 | 7.3 | 3.1 | -1.3 | 2.6 | 1.6 |
| Italy | 2.3 | 2.1 | 2.5 | 2.0 | 3.9 | 4.4 | 2.0 | -0.3 | -0.8 | 3.3 | 1.7 |
| Cyprus | 2.7 | 2.2 | 8.6 | 3.6 | 16.7 | -1.1 | 10.4 | 4.1 | -16.6 | 3.5 | 14.0 |
| Latvia | 4.6 | 7.6 | 10.5 | 5.9 | 8.3 | 12.6 | 21.8 | -4.9 | -10.6 | 12.9 | 7.7 |
| Lithuania | 4.4 | 7.5 | 11.2 | 3.4 | 13.1 | 12.0 | 19.3 | 2.3 | -0.4 | 7.8 | 3.8 |
| Luxembourg | 3.7 | 2.1 | 3.0 | 2.8 | 4.8 | 2.9 | 6.0 | 3.8 | -7.6 | 1.9 | 1.7 |
| Hungary | 3.5 | 7.0 | 17.1 | 3.2 | 2.9 | 10.2 | 20.6 | 11.0 | -21.0 | 22.4 | 5.7 |
| Malta | 2.3 | 3.9 | 6.2 | 5.4 | 1.4 | 4.2 | 10.4 | -12.9 | 1.5 | 8.1 | 0.6 |
| Netherlands | 2.8 | 1.4 | 2.0 | 2.9 | 4.4 | 0.8 | 4.5 | 0.5 | -2.8 | 1.1 | 1.4 |
| Austria | 3.7 | 3.0 | 3.8 | 3.7 | 2.3 | 4.4 | 12.0 | 1.6 | -4.8 | 4.0 | 0.9 |
| Poland | 4.0 | 4.7 | 11.9 | 4.5 | 6.2 | 4.2 | 9.2 | -7.1 | -9.6 | 14.8 | 4.1 |
| Portugal | 2.8 | 1.3 | 1.9 | 1.4 | 7.0 | -0.9 | 8.3 | -5.4 | -6.0 | 5.2 | 2.9 |
| Romania | 4.3 | 4.0 | 7.4 | 1.6 | 2.6 | 5.1 | 16.8 | -2.7 | -2.7 | 11.7 | 2.4 |
| Slovenia | 1.2 | 3.4 | 4.8 | 3.3 | 2.2 | 6.7 | 10.7 | 2.2 | -8.3 | 6.8 | 4.9 |
| Slovakia | 4.1 | 5.3 | 10.8 | 6.2 | 5.0 | 7.5 | 13.2 | 0.5 | -13.1 | 13.6 | 1.8 |
| Finland | 3.5 | 5.3 | 5.5 | 4.4 | 6.8 | 4.8 | 9.2 | -2.5 | 3.0 | 15.3 | 5.0 |
| Sweden | 1.6 | 1.0 | 3.8 | 0.2 | -4.0 | 4.8 | 3.1 | -2.3 | -2.0 | 0.2 | 1.2 |
| United Kingdom | 4.5 | 5.6 | 7.1 | 7.1 | 6.2 | 5.3 | 12.3 | 2.1 | 3.9 | 7.6 | 3.5 |

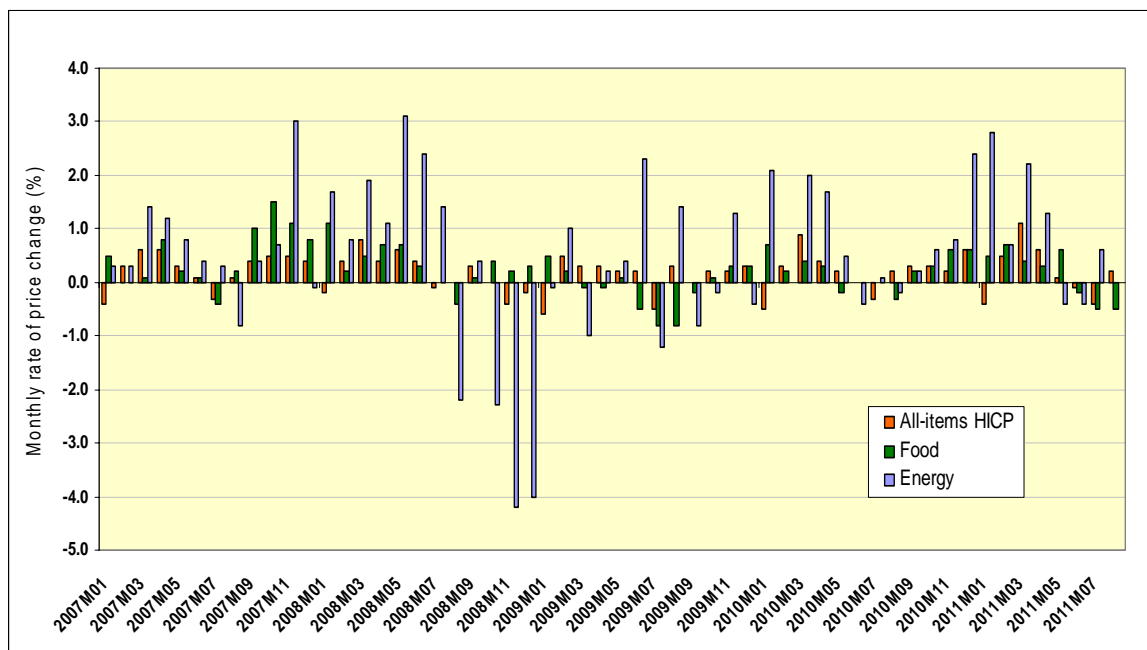
Source: Eurostat (Theme "Economy and finance", Harmonised Indices for Consumer Prices)

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.

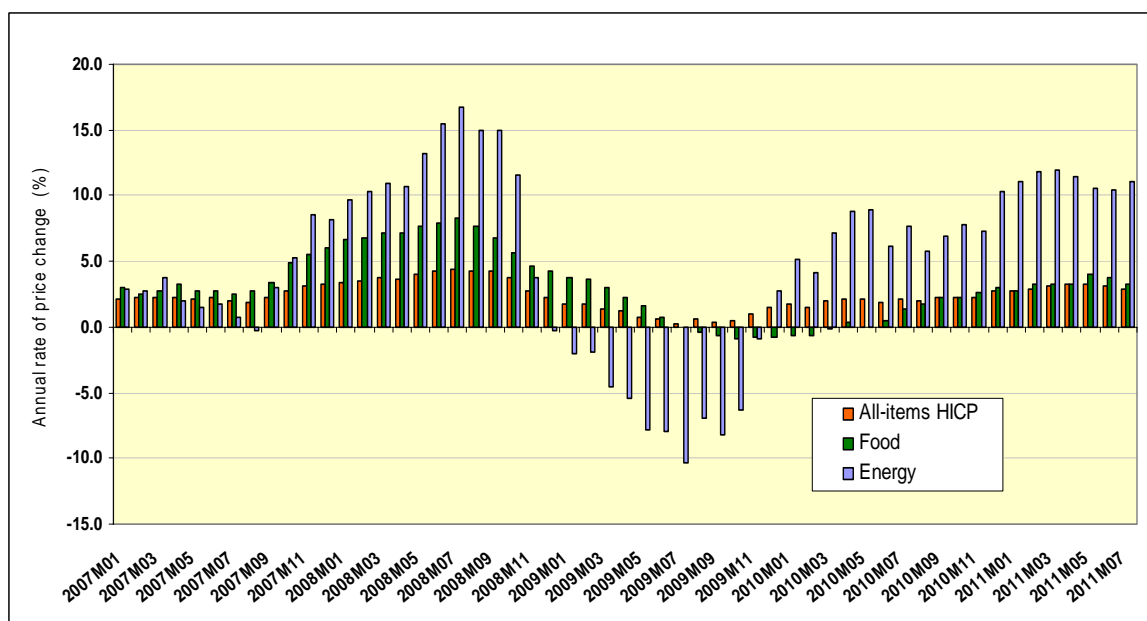
3. Overall and food inflation against energy inflation

In August 2011 the energy consumer price showed no change when compared to one month ago (cf. Graph 1), but it was higher when compared to the previous year (+11.3%) (cf. Graph 2).

Graph 1 Monthly rate of change in overall, food and energy inflation (% , January 2007 until August 2011)



Graph 2 Annual rate of change in overall, food and energy inflation (% , January 2007 until August 2011)



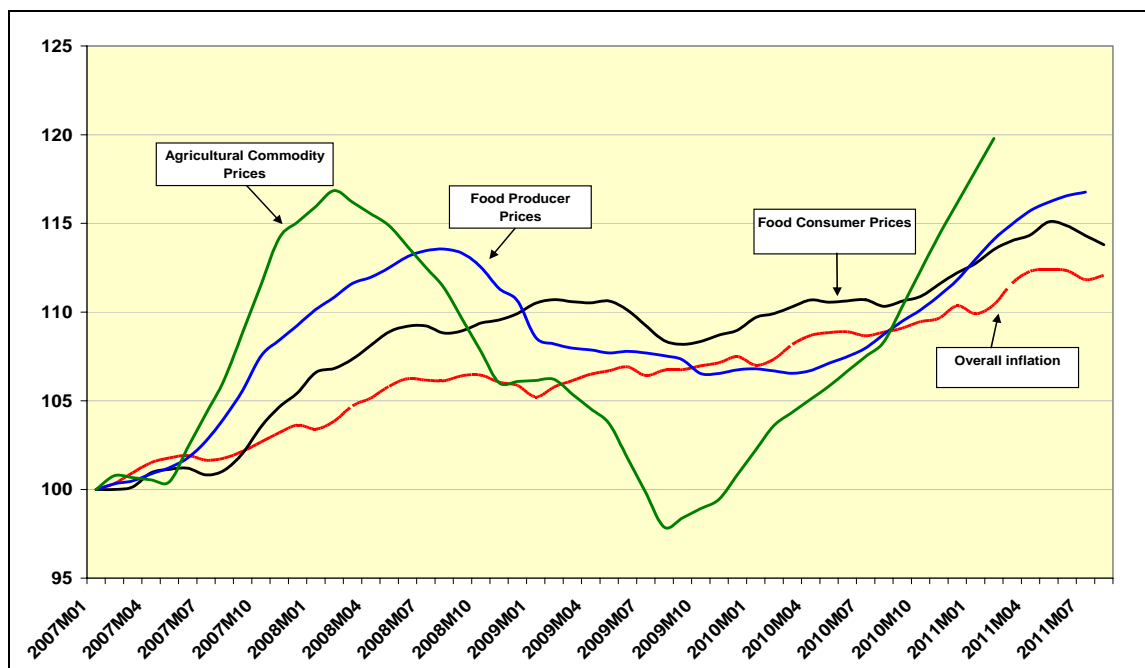
Source: Eurostat (Theme "Economy and finance", Harmonised Indices for Consumer Prices)

4. Price development along the food supply chain

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.

The graph below shows that every increase or decrease in the agricultural commodity prices generates an increase or decrease in food producer prices and food consumer prices though not fully or asymmetrically (i.e. more pronounced on the increase than on the decrease).

Graph 3 Price developments along the food supply chain¹ (EU 27, January 2007 until August 2011, Jan2007=100)

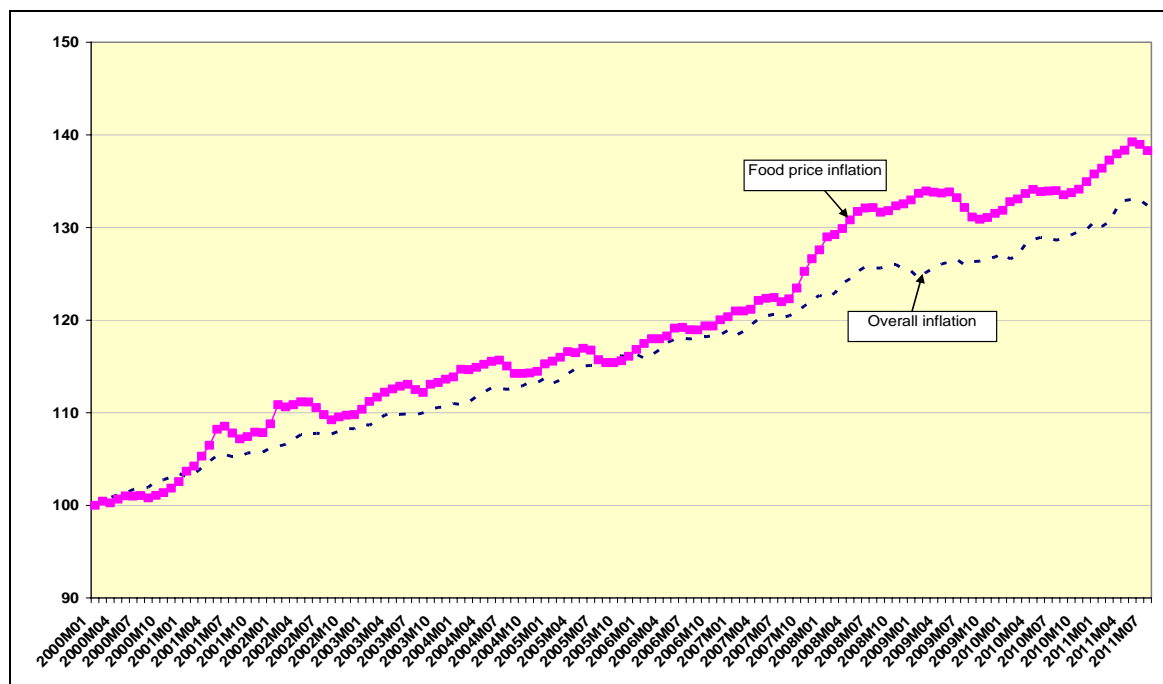


Source: Eurostat (Theme "Economy and finance", Food Supply Chain Monitor) and Agriview

¹ No new data in Eurostat database for the agricultural commodity prices (last data in March 2011).

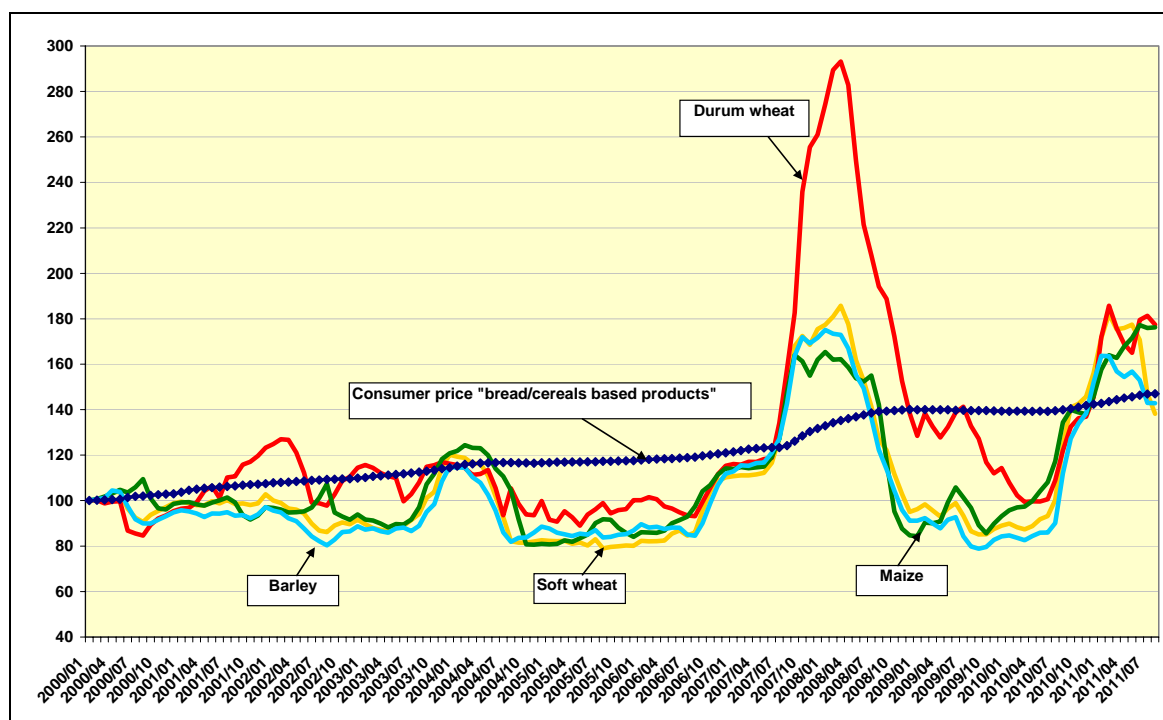
Annex: Graphs on EU agricultural market and consumer price developments.

Graph A1: Overall and food price inflation in the EU (January 2000 until August 2011, Jan2000=100)



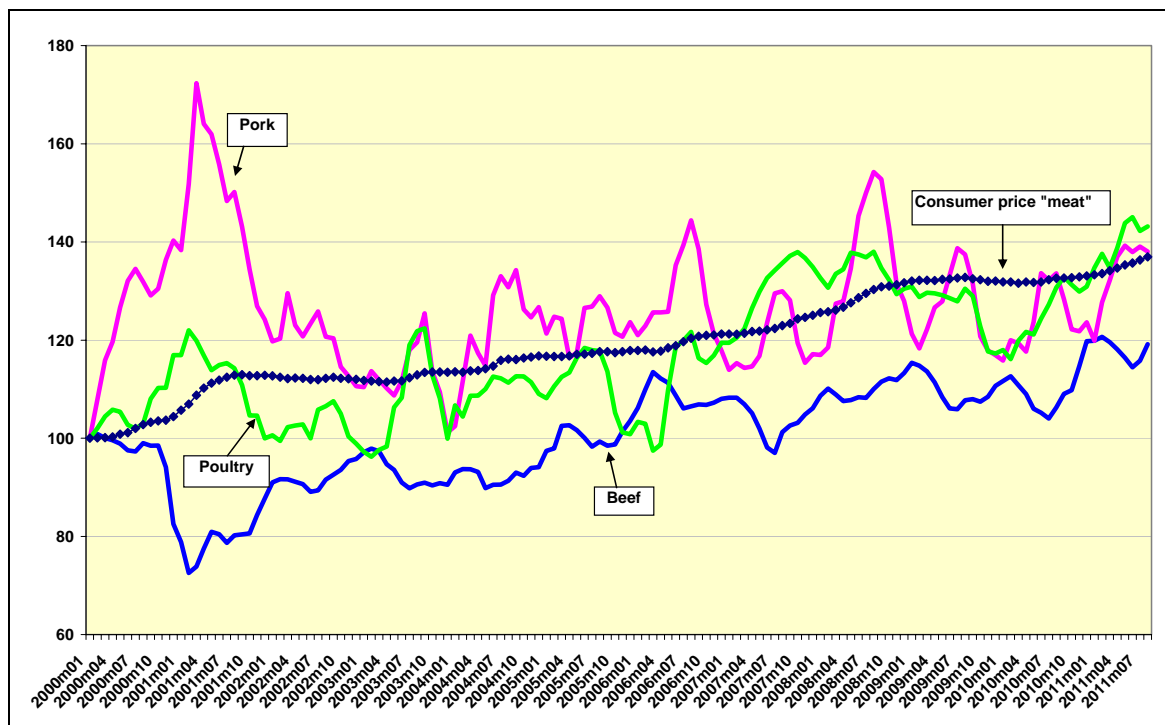
Source: Eurostat

Graph A2: Cereals/bread and cereals based products: EU agricultural market and consumer price developments (January 2000 until August 2011, Jan2000=100)



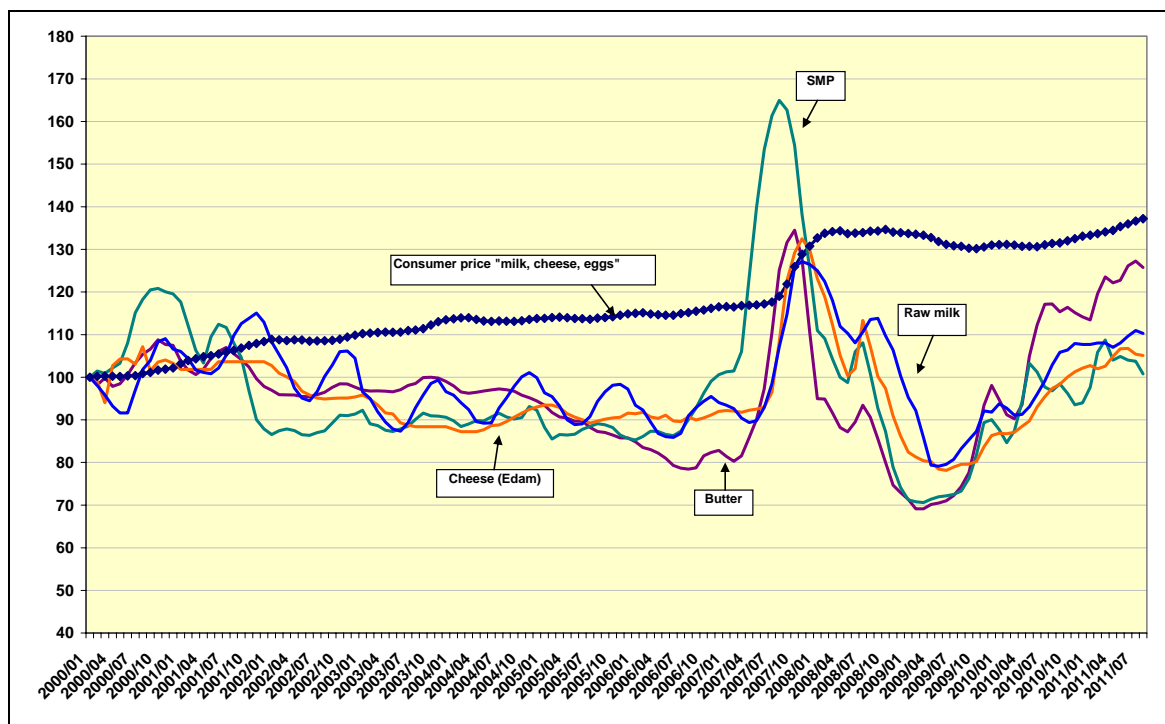
Source: AgriView, Eurostat

Graph A3: Meat: EU agricultural market and consumer price developments (January 2000 until August 2011, Jan2000=100)



Source: AgriView, Eurostat

Graph A4: Dairy: EU agricultural market and consumer price developments (January 2000 until August 2011, Jan2000=100)



Source: AgriView, Eurostat