EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate L. Economic analysis, perspectives and evaluations
L.2. Economic analysis of EU agriculture

Brussels,
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NOTE TO THE FILE

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

1. Development in agricultural prices

In May 2011, for the second month in a row, poultry meat (194 EUR/100 kg carcass weight) and maize prices (240 EUR/tonne) remained at the highest historical levels.

Monthly developments: With the exception of durum wheat and beef whose prices declined by 2% and 1% respectively, EU prices for agricultural commodities showed higher levels in May 2011: soft wheat, barley and skimmed milk powder (+1%), maize, cheese (Edam) and poultry (+2%) and pork (+4%). Butter price remained unchanged. (cf. Table 1).

Table 1 Change in EU agricultural commodity prices (%, May 2011 compared to April 2011)

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

Source: AgriView

Year-on-year developments: For all the products, May 2011 prices were above the levels observed one year before: soft wheat (+93%), durum wheat (+66%), maize (+65%), barley (+83%), SMP (+2%), butter (+17%), cheese (Edam) (+19%), beef (+10%), pork (+19%) and poultry meat (+13%) (cf. Table 2, Graphs A2, A3 and A4 in annex).

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

	Soft wheat	Durum wheat	Maize	Barley	SMP	Butter	Cheese (Edam)	Beef	Pork	Poultry
European Union	**93%**	**66%**	**65%**	**83%**	**2%**	**17%**	**19%**	**10%**	**19%**	**13%**
Austria			77%	98%				12%	12%	2%
Belgium	93%		57%	78%	1%	15%		3%	11%	11%
Bulgaria	121%		79%	78%				9%	4%	13%
Cyprus		42%		66%					-9%	5%
Czech Republic	115%		78%	107%	18%	18%	9%	11%	17%	9%
Germany	103%		58%	95%	-2%	11%	19%	14%	10%	5%
Denmark	96%			88%	0%	21%		16%	8%	17%
Estonia	110%			113%			-7%	7%	15%	14%
Spain	68%	64%	55%	78%		19%	2%	7%	12%	41%
Finland	83%			77%		43%	5%	4%	7%	0%
France	86%	60%	59%	88%	-2%	18%		8%	18%	18%
Greece	105%	71%	69%					4%	11%	-1%
Hungary	133%		89%	104%					19%	5%
Ireland				68%	6%	12%		19%	11%	-1%
Italy	83%	68%	64%	81%		23%		4%	19%	35%
Lithuania	101%			103%				17%	14%	5%
Luxembourg								7%	9%	
Latvia	101%			78%	8%	25%	22%	37%	11%	5%
Malta								-13%	0%	7%
Netherlands			54%	83%	-3%	10%	16%	8%	11%	18%
Poland	122%		89%	112%	7%	19%	19%	33%	19%	7%
Portugal			47%	62%		17%		1%	10%	10%
Romania	114%		83%	106%				17%	17%	16%
Sweden	80%			72%				16%	2%	13%
Slovenia	97%		74%				-4%	14%	17%	2%
Slovakia	144%		80%	96%	-15%	14%	5%	7%	13%	7%
United Kingdom	74%			85%	23%	5%		13%	0%	6%

Source: AgriView

2. Development in consumer prices

In May 2011, both annual and monthly food price inflation increased at a higher pace than the overall inflation (+4% and 0.6% against 3.2% and 0.1%) (cf. Graph 1 and Graph A5 in annex)**.**

With the exception of "Vegetables" (-0.5%), all the other food categories recorded further price increases in May 2011 as compared to one month before: "Fruits" (+3.6%), "Oils and fats" (+0.9%), "Milk, cheese and eggs" and "Fish and seafood" (+0.7%) being the categories with the highest increase rates.

The consumer food prices show higher levels also when compared to one year ago, notably for the "Oils and fats" (+8.4%), "Sugar" (+5.4%) and "Fruits" (+5.2%) categories (cf. Tables 3 and 4).

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

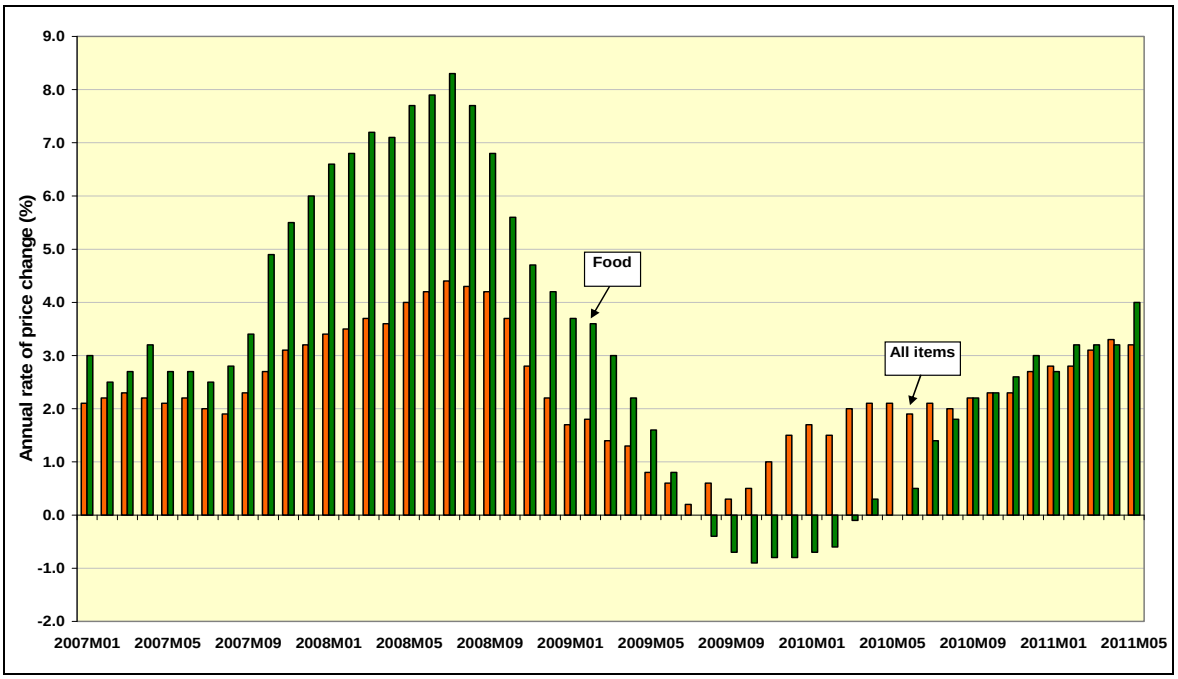
	All-items HICP	Food	Bread and cereals	Meat	Fish and seafood	Milk, cheese and eggs	Oils and fats	Fruit	Vegetables	Sugar	Other food
EU 27	**0.1**	**0.6**	**0.4**	**0.5**	**0.7**	**0.7**	**0.9**	**3.6**	**-0.5**	**0.2**	**0.5**
Belgium	0.2	-0.3	0.1	0.4	0.3	0.2	0.7	-3.3	-3.9	1.1	1.7
Bulgaria	0.1	-0.2	0.3	0.3	1.1	-0.2	-1.7	17.1	-9.6	1.4	0.9
Czech Republi	0.6	1.9	7.0	0.7	0.5	0.3	2.3	2.8	0.1	0.4	0.9
Denmark	0.2	0.5	0.6	0.3	0.0	3.2	2.0	0.4	-2.7	0.0	0.9
Germany	-0.2	0.4	0.1	0.4	0.7	2.1	0.9	2.1	-2.4	0.3	-0.1
Estonia	0.4	-0.3	0.4	0.3	2.2	-0.3	1.9	-2.2	-3.9	1.2	-0.6
Ireland	0.0	-0.1	-0.4	0.6	0.1	-0.1	0.2	-2.3	0.2	0.1	0.3
Greece	0.2	0.4	0.5	-0.2	0.0	0.0	0.4	6.5	-1.4	0.6	0.4
Spain	-0.1	0.4	0.2	0.5	0.4	0.5	-0.3	1.8	-0.9	0.0	0.6
France	0.1	1.1	0.6	0.6	0.6	0.7	1.4	7.4	0.1	0.7	0.5
Italy	0.2	0.7	0.3	0.3	0.5	0.5	0.3	5.9	-0.2	0.3	0.2
Cyprus	0.6	0.0	1.2	-3.0	1.5	0.0	0.4	14.9	-7.3	0.8	0.3
Latvia	0.4	0.8	2.3	1.5	1.1	0.0	3.5	-1.7	-1.3	1.0	-0.2
Lithuania	0.8	1.2	0.9	2.9	1.0	0.4	0.5	4.4	-4.2	1.9	1.2
Luxembourg	0.1	0.9	0.2	1.6	0.6	1.1	1.2	1.0	-0.1	1.2	2.2
Hungary	0.2	0.4	0.4	0.0	-0.2	0.7	0.8	3.4	-0.4	-0.5	0.6
Malta	1.3	1.1	0.6	0.4	2.1	1.6	2.4	3.6	1.4	-0.1	0.5
Netherlands	0.1	-0.2	0.0	0.1	1.6	0.2	0.7	-1.8	-2.1	0.8	0.1
Austria	-0.1	-0.9	0.2	0.1	1.4	0.3	1.6	-10.7	-0.1	-0.6	-0.3
Poland	0.5	1.2	0.5	0.9	0.8	0.3	0.9	6.2	5.0	-2.3	0.5
Portugal	-0.1	0.2	0.4	0.3	-0.5	0.0	0.3	2.9	-1.6	0.1	0.1
Romania	0.2	0.2	0.3	0.1	0.2	-0.6	0.2	4.1	-1.0	0.8	0.1
Slovenia	0.8	3.0	1.1	0.4	0.1	0.6	-0.1	22.4	2.2	2.2	-0.1
Slovakia	0.3	1.1	0.5	0.8	1.9	1.5	2.5	0.9	1.1	1.4	1.0
Finland	-0.1	-0.9	0.3	-0.6	1.5	1.9	1.7	-2.7	-10.7	0.2	0.8
Sweden	0.0	-0.4	-0.3	-0.5	-0.3	0.0	-0.1	-0.7	-3.0	1.2	-0.2
United Kingdc	0.2	1.3	-0.3	1.0	3.7	0.4	5.4	4.7	1.4	0.4	2.4

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

	All-items HICP	Food	Bread and cereals	Meat	Fish and seafood	Milk, cheese and eggs	Oils and fats	Fruit	Vegetables	Sugar	Other food
EU 27	**3.2**	**4.0**	**4.5**	**2.7**	**4.7**	**3.6**	**8.4**	**5.2**	**3.6**	**5.4**	**1.7**
Belgium	3.1	1.8	4.9	2.0	1.0	1.9	7.5	-6.4	-3.3	5.6	4.9
Bulgaria	3.4	9.6	13.7	1.5	8.8	11.4	33.2	18.1	2.0	27.3	5.9
Czech Republic	2.0	6.8	17.0	1.8	0.1	6.1	19.4	5.0	5.7	5.1	2.9
Denmark	3.1	3.5	5.7	2.0	0.6	9.3	17.0	3.9	-2.4	0.7	1.8
Germany	2.4	2.8	2.7	1.7	4.3	4.7	18.2	6.1	-1.7	0.6	0.5
Estonia	5.5	11.3	13.0	5.3	12.4	9.5	24.1	13.4	19.0	13.9	6.9
Ireland	1.2	0.5	2.6	-1.4	-0.7	0.2	9.6	4.3	-3.4	1.9	0.5
Greece	3.1	3.6	2.1	1.8	4.8	2.2	0.8	6.1	10.6	2.6	1.7
Spain	3.4	2.0	1.7	1.9	4.0	2.4	0.9	0.7	-0.8	4.6	3.2
France	2.2	1.2	1.7	2.2	3.9	2.0	4.8	-0.4	-5.6	1.7	0.1
Italy	3.0	3.2	1.9	2.1	4.1	4.2	0.2	10.7	3.1	2.7	1.0
Cyprus	4.1	4.7	9.0	3.4	16.4	-0.7	6.0	11.4	0.7	3.4	16.7
Latvia	4.8	10.9	10.2	3.6	7.4	21.4	22.9	11.3	9.5	12.3	8.1
Lithuania	5.0	10.7	12.8	5.5	10.4	13.3	23.3	19.1	13.9	7.9	3.7
Luxembourg	3.8	2.8	2.7	2.6	4.7	1.9	6.8	3.6	3.5	2.0	2.1
Hungary	3.9	10.6	16.0	2.6	4.1	10.0	13.0	6.3	14.0	30.7	4.0
Malta	2.5	6.8	6.3	4.5	0.2	5.0	8.9	18.5	11.2	4.0	1.2
Netherlands	2.4	2.1	2.0	2.1	3.2	0.8	3.5	5.4	4.3	0.3	-0.2
Austria	3.7	4.3	3.3	2.2	7.5	5.2	12.9	14.9	2.4	1.3	0.0
Poland	4.3	8.4	11.9	6.0	5.9	3.1	8.8	3.1	12.1	21.7	3.3
Portugal	3.7	2.6	0.5	1.9	7.7	-0.9	4.0	5.2	2.5	4.3	0.5
Romania	8.5	12.0	9.9	3.2	3.6	4.8	21.0	26.2	41.2	13.7	4.5
Slovenia	2.4	7.2	4.1	3.4	2.4	3.8	8.0	32.9	9.7	5.3	1.3
Slovakia	4.2	8.2	8.6	6.2	4.2	7.0	12.5	6.5	15.5	11.0	0.0
Finland	3.4	5.8	5.1	3.8	13.5	4.8	8.1	1.8	4.4	14.3	4.3
Sweden	1.7	0.7	3.6	-1.0	-0.7	3.7	1.3	0.4	-4.3	0.7	0.0
United Kingdom	4.5	5.3	5.8	5.1	11.4	1.1	20.0	5.4	5.1	7.5	3.9

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.

Graph 1: Annual rate of change in EU overall and food consumer prices (%, January 2007 - May 2011)



Source: Eurostat

3. Development of EU 27 food expenditure in total household expenditure

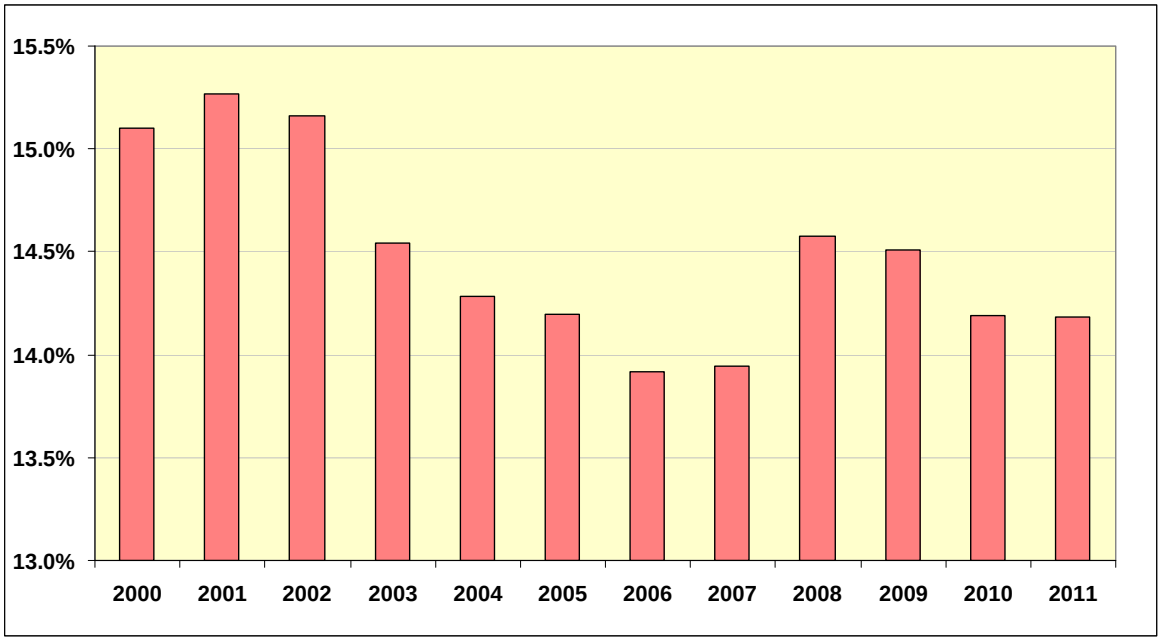
Share of food expenditure in total household expenditure

In 2011[1], 14.1% of total household expenditure is devoted to food, down by 6% when compared to 12 years ago and by 0.1% when compared to last year.

The share of food expenditure varies considerably between individual Member States, ranging from 9% in Luxembourg to 33% in Romania and reflecting the different sizes and income levels of households.

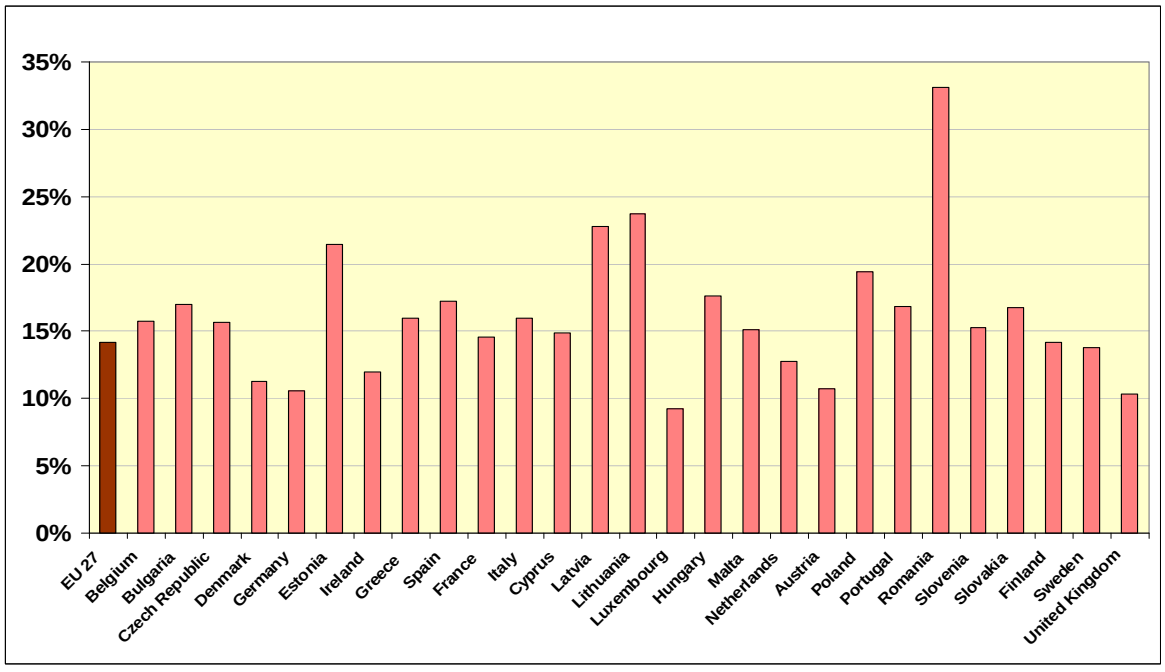
[1] Eurostat, provisional data for 2011.

Graph 2: Share of EU 27 food expenditure in total household expenditure over the last 12 years (%)



Source: Eurostat

Graph 3: Share of food expenditure in total household expenditure by Member State in the EU 27 in 2011

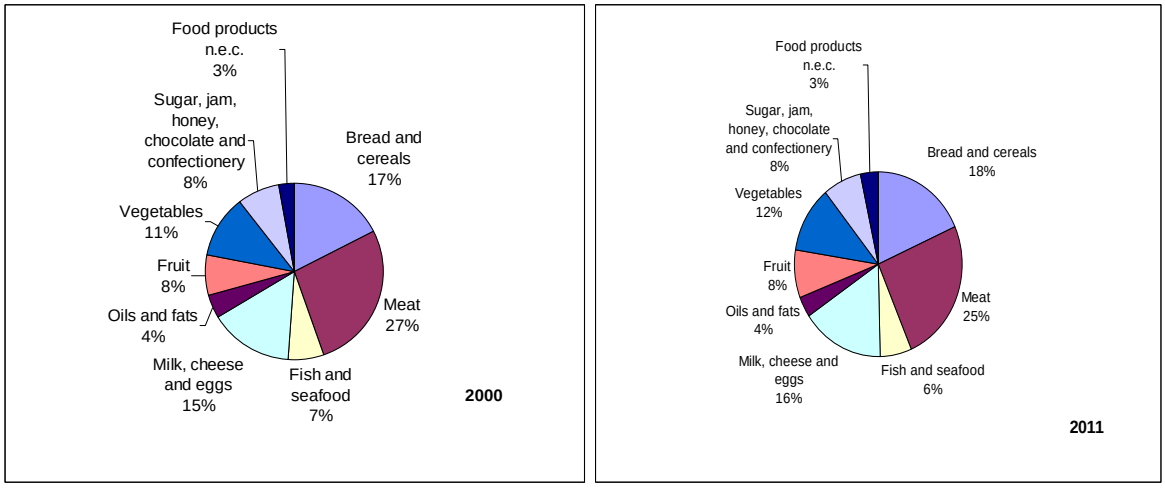


Source: Eurostat

Composition of food expenditure

In 2011, the basic food product groups "Meat" (25%), 'Bread and cereals" (18%) and "Milk, cheese and eggs" (16%) are those to show the highest shares in total food expenditure of the EU 27 households' average and the situation did not change significantly when compared to 2000 (cf. Graph 4).

Graph 4: Share of major product groups in overall EU 27 household expenditure for food in 2000 and 2011

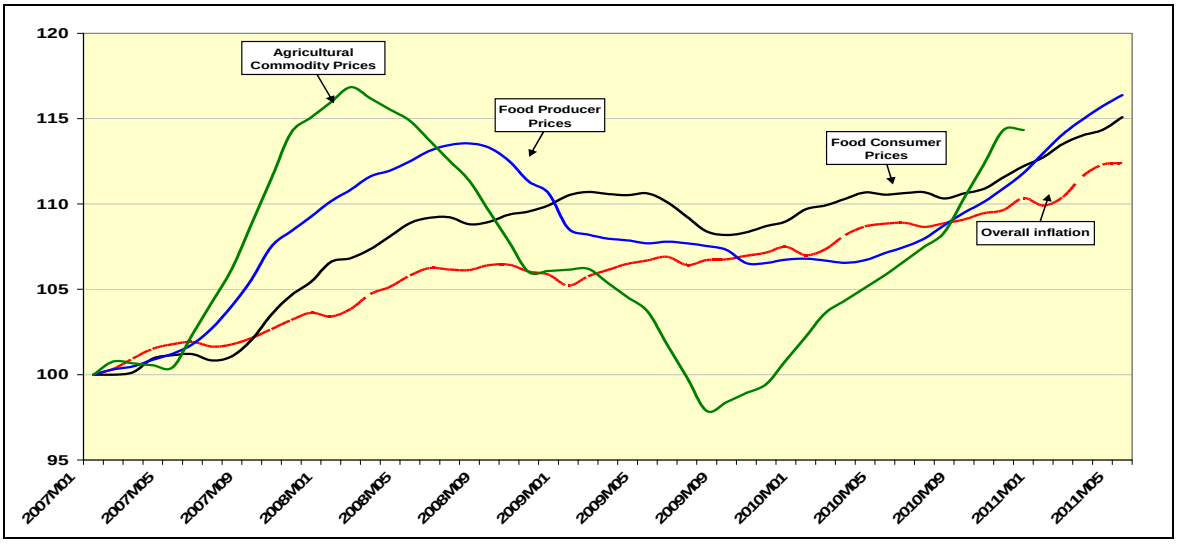


4. Price development along the food supply chain

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).

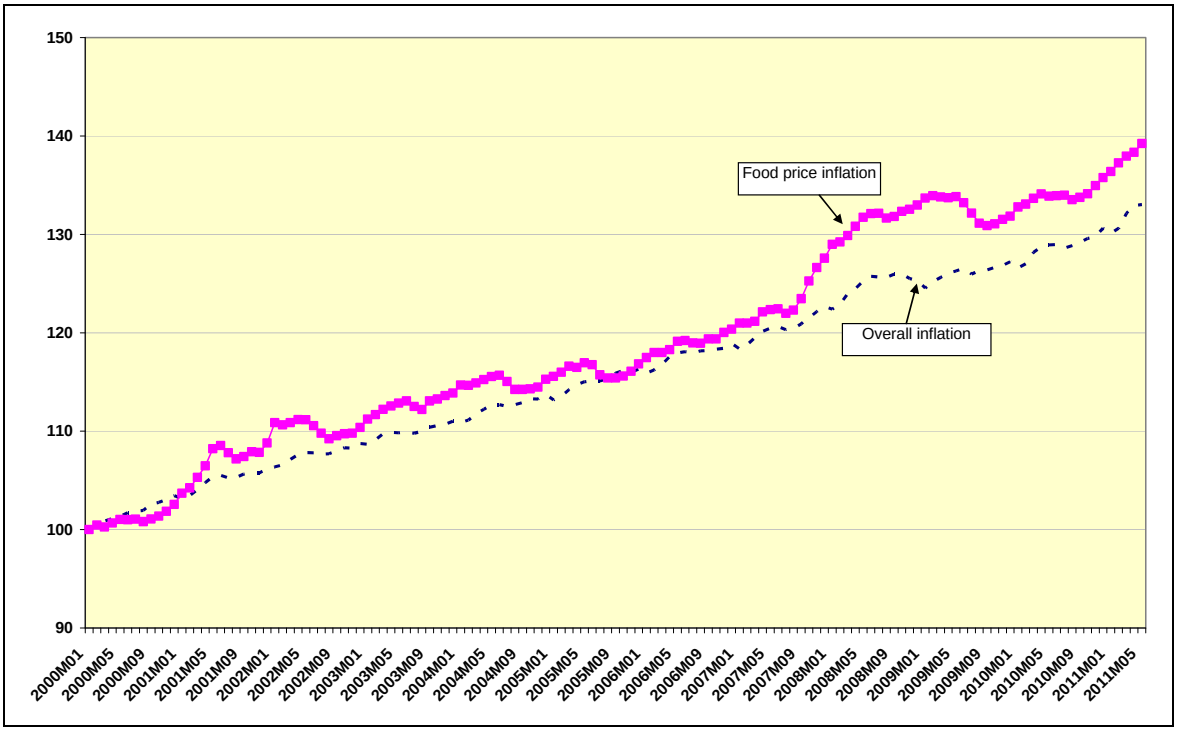
Graph 5: Price developments along the food supply chain (EU 27, Jan 2007 until May 2011, January 2007=100)



Source: Eurostat

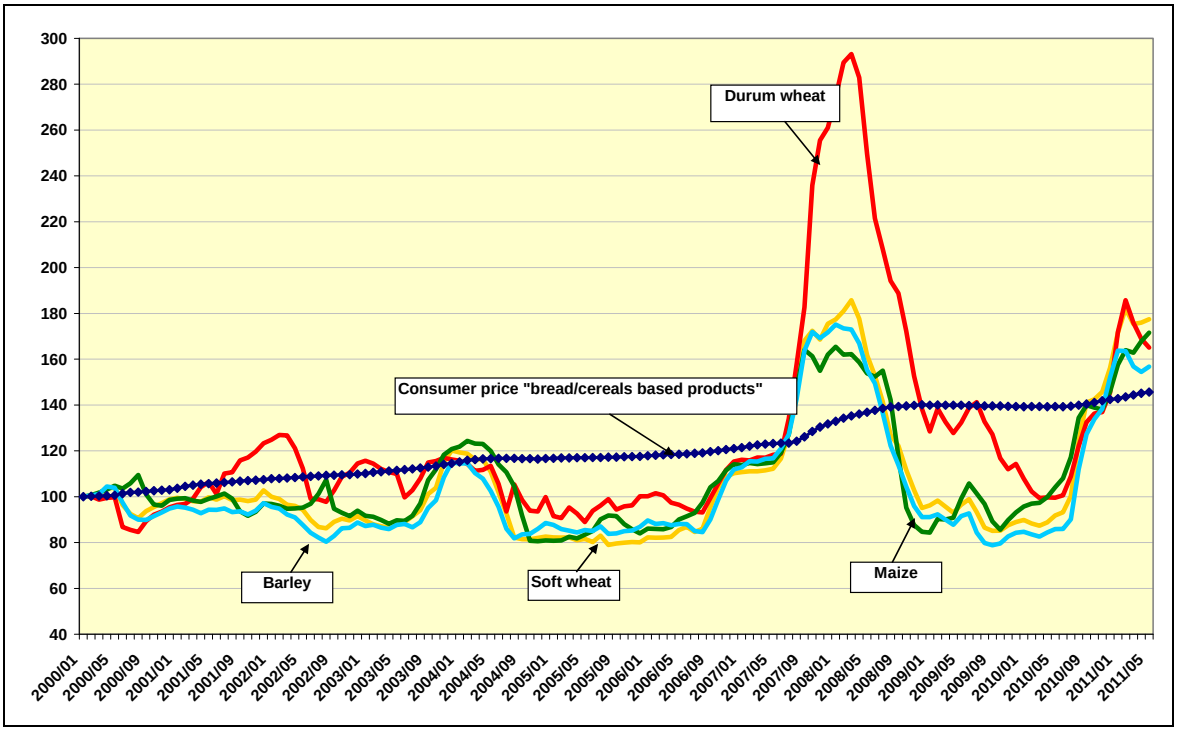
Annex: Graphs on EU agricultural market and consumer price developments.

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



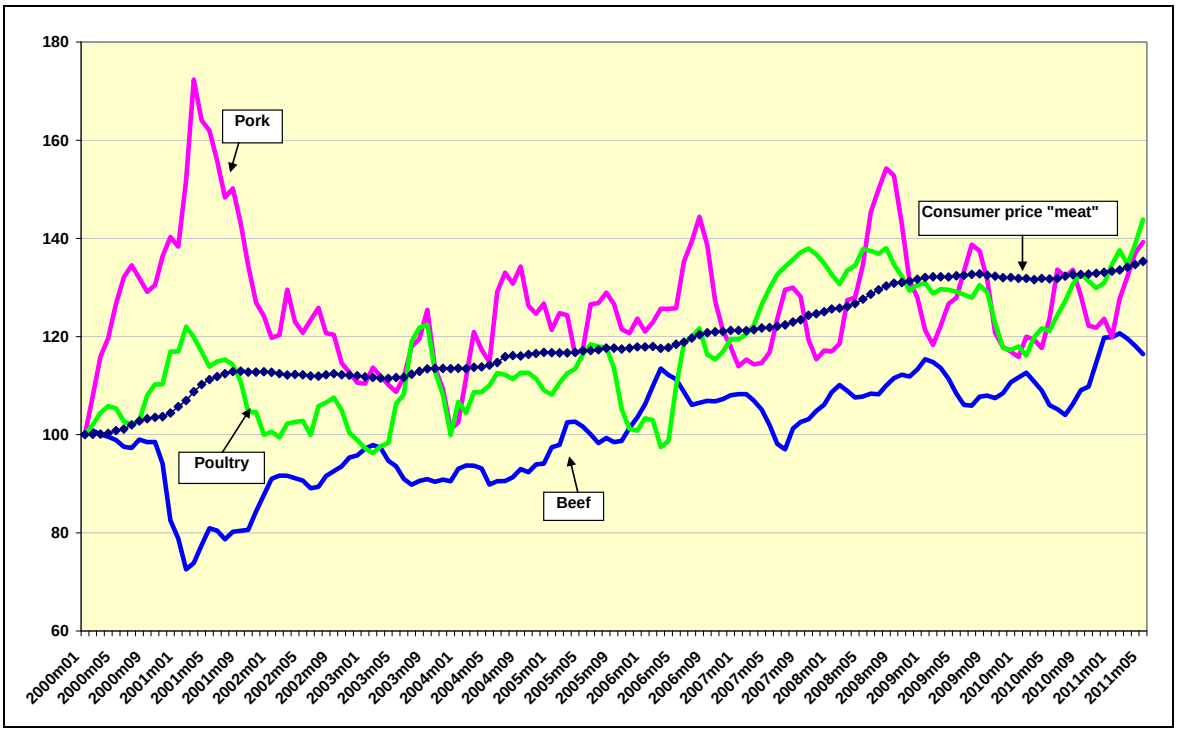
Source: Eurostat

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



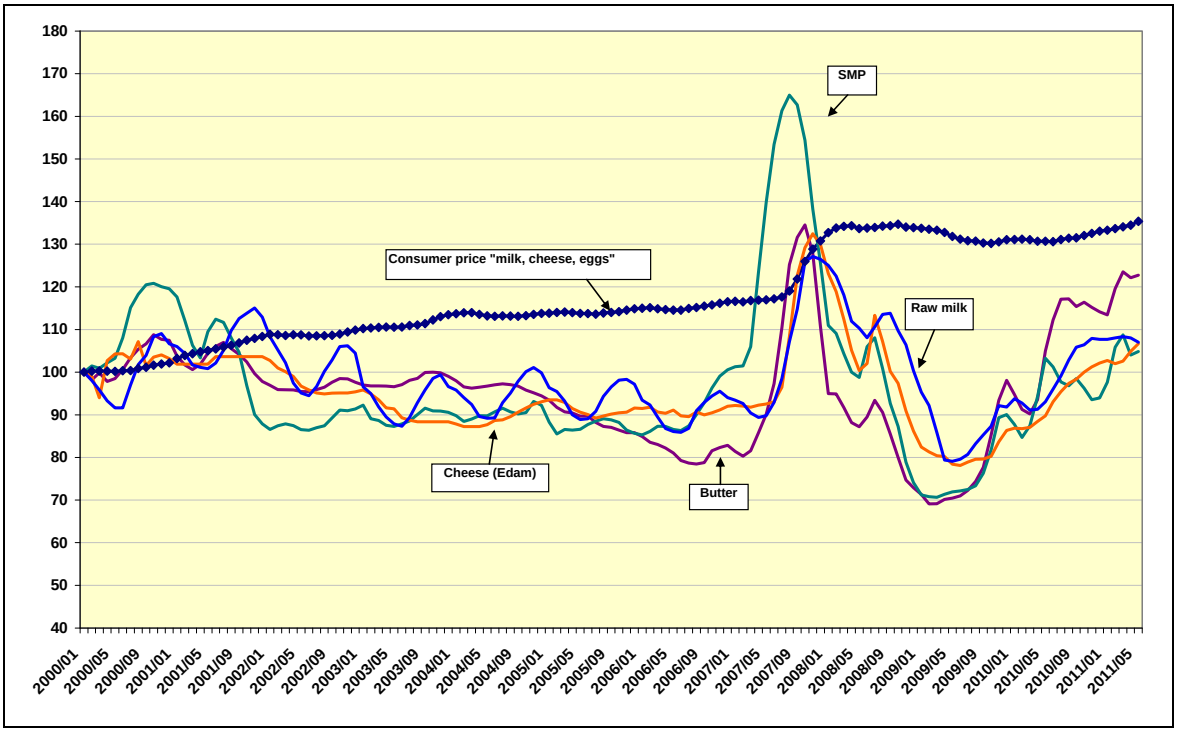
Source: AgriView, Eurostat

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



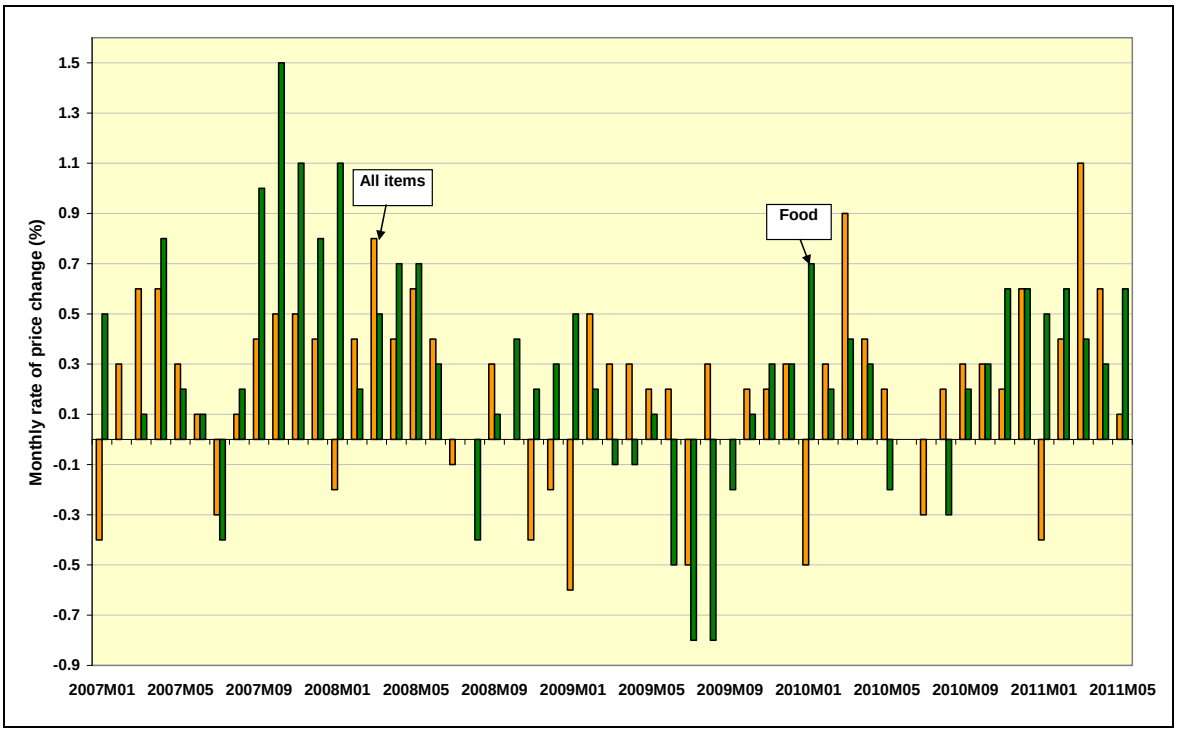
Source: AgriView, Eurostat

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



Source: AgriView, Eurostat

Graph A5: Monthly rate of change in overall and food price inflation (%, Jan 2007 until May 2011)



Source: Eurostat