

ECONOMIC BULLETIN Q2 2018

Slight increase in production and manufacturing prices, decrease in turnover – and a steady export performance

Food and drink industry

Slight increase in production and decrease in turnover

- In Q2 2018, EU food and drink industry production increased by 0.1% compared to the previous quarter.
- EU food and drink industry turnover decreased by 0.2% compared to the previous quarter.
- The year-on-year comparison shows that total manufacturing production growth exceeded food and drink industry production growth (2.8% vs. 1.1% compared to Q2 2017). The trend is even more pronounced for turnover (4.7% vs. 0.9% compared to Q2 2017).
- Food manufacturing prices increased by 0.2% in Q2 2018 and were 0.4% higher than in Q2 2017.

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Stable employment growth

- Employment in the EU food and drink industry increased by 0.1% in Q2 2018.
- In the long term, employment growth in the food and drink industry outperforms the one in the manufacturing industry (Q2 2018/Q2 2013: +6.7% vs. +6.2%).

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EU exports reached €27.1 billion

- EU exports of food and drinks totalled €27.1 billion in Q2 2018 (Q2 2018/Q2 2017: -0.3 %).
- The trade surplus remained at €8.4 billion for the second consecutive quarter.
- The top 5 products with the largest share in export value generated €13 billion in Q2 2018 (meat products, wine, dairy products, spirits, processed fruits and vegetables).

- EU imports of food and drinks reached €18.7 billion (Q2 2018/Q2 2017: -2%).

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Agricultural commodities

Increase in the FAO food price index

- The FAO food price index increased by 2% in Q2 2018 compared to the previous quarter and was up by 1% compared to Q2 2017.
- In Q2 2018, EU prices for most agricultural commodities increased except for sugar. A similar trend was observed for world market prices of the main agricultural commodities, with lower prices also for soybean oil, rapeseed, palm oil and coffee.
- The year-on-year comparison shows a mixed picture: a decline in world market prices for SMP, WMP, sugar, soybean oil, rapeseed, palm oil and coffee – and an increase for soft wheat, soybean, soybean meal and cocoa.

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Retail

Increase in retail trade in foodstuffs

- Retail trade in foodstuffs was up by 0.9% compared to Q1 2018 and picked up most significantly towards the end of the second quarter.
- In June 2018, retail trade growth in foodstuffs increased by 2.0% and total retail trade was 1.9% higher compared to the same month of the previous year.
- Consumer prices increased by 0.4% in Q2 2018, and were 2.3% higher compared to Q2 2017.

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Methodology

- Except for imports and exports data which represent the evolution of the current quarter compared to the same quarter of the previous year, all other evolutions are represented with respect to the previous quarter (or month) of the same year.
- EU refers to EU28 in the text, unless otherwise specified.
- The EU food and drink industry is identified by NACE Rev.2 codes C10 (manufacture of food products) and C11 (manufacture of beverages).

Sources

European Commission, Eurostat data and indices (production, turnover, retail trade, employment, prices)

<http://ec.europa.eu/eurostat/home>

European Commission, Eurostat statistics explained

http://ec.europa.eu/eurostat/statistics-explained/index.php/Main_Page

European Commission, Eurostat Easy Comext Trade Data (based on division 10 & 11 of the NACE Rev.2 classification), CPA 2008

<http://epp.eurostat.ec.europa.eu/newxtweb/mainxtnet.do>

FAO Food Price Index

<http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

European Commission, DG Agriculture and Rural Development (DG AGRI)

<https://ec.europa.eu/agriculture/>

European Commission, DG Agriculture and Rural Development (DG AGRI), Commodity price dashboard

http://ec.europa.eu/agriculture/markets-and-prices/price-monitoring/index_en.htm

European Commission, Eurostat News Release 129/2018, 'Volume of retail trade up by 0.3% in euro area - Stable in EU28', 3 August 2018

<https://ec.europa.eu/eurostat/documents/2995521/9105340/4-03082018-AP-EN/4bea9201-cf62-477a-a827-060560d5ebea>

About the quarterly economic bulletin

FoodDrinkEurope's Economic Bulletin is published on a quarterly basis. It covers a set of key indicators which highlight the major economic trends in the European food and drink industry: production, turnover, employment, external trade, key raw material prices, and retail trade.

For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu

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Annex

Production and turnover of the EU food and drink industry

Production index

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	y-o-y
Total manufacturing	104.4	106.1	107.6	107.2	107.3	
% change	1.0	1.6	1.4	-0.4	0.1	2.8
Food and drink industry	103.1	103.5	103.8	104.1	104.2	
% change	0.7	0.4	0.3	0.3	0.1	1.1

Source: Eurostat

The industrial production index (also called industrial output index or industrial volume index) measures the changes in the price adjusted-output of industry.

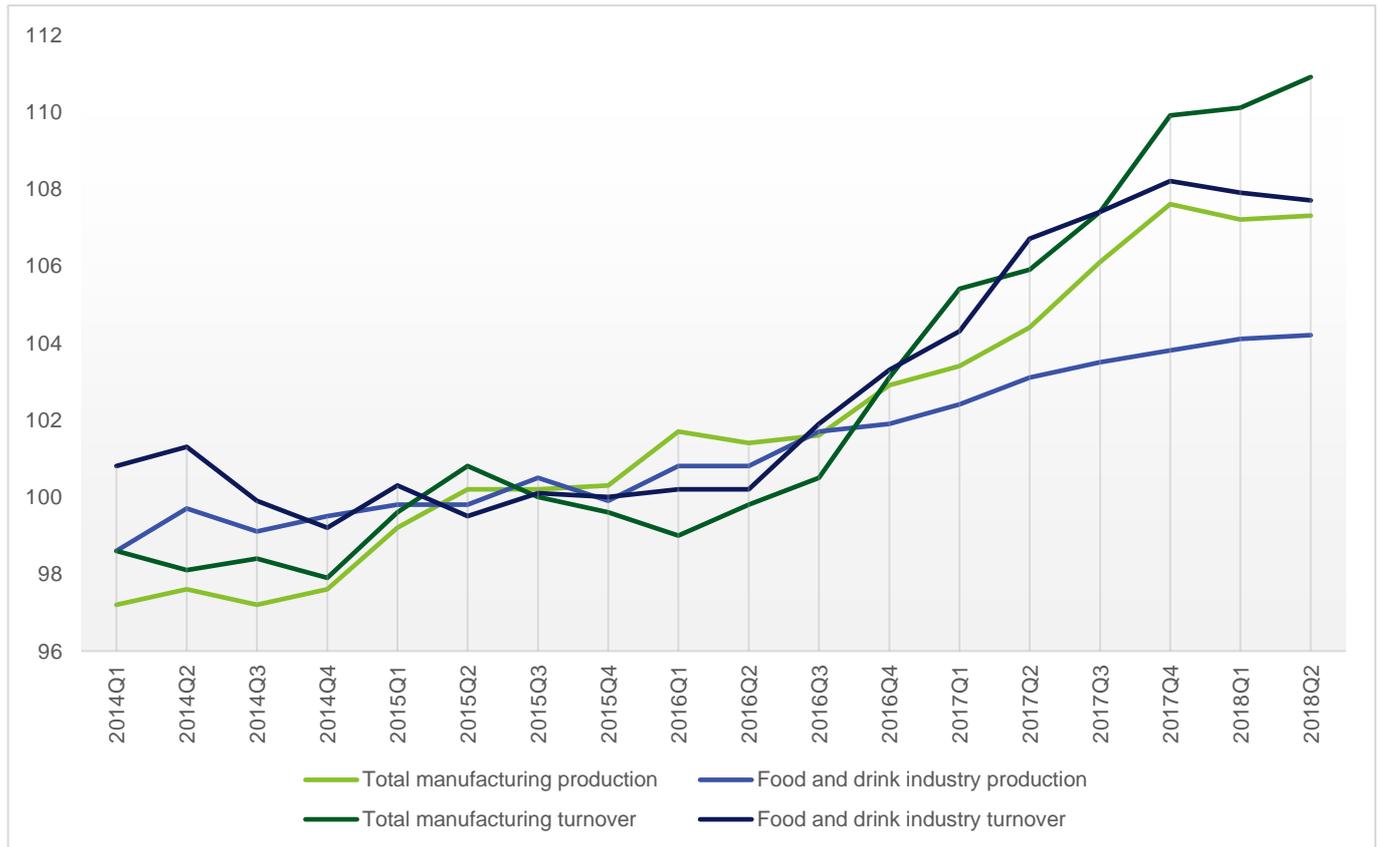
Turnover index

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	y-o-y
Total manufacturing	105.9	107.4	109.9	110.1	110.9	
% change	0.5	1.4	2.3	0.2	0.7	4.7
Food and drink industry	106.7	107.4	108.2	107.9	107.7	
% change	2.3	0.7	0.7	-0.3	-0.2	0.9

Source: Eurostat

The index of industrial turnover measures the development of turnover (sales) in the European industry (it is influenced by changes in prices of the traded industrial goods and by changes of the traded volumes of goods).

EU quarterly manufacturing production and turnover, 2014 - 2018 (2015=100)



Source: Eurostat

Food and drink production by Member State

Member State	2018 Q1 / 2017 Q4 (% change)	2018 Q2 / 2018 Q1 (% change)	2018 Q2 / 2017 Q2 (% change)
EU	0.3	0.1	1.1
Austria	0.4	0.5	1.3
Belgium	1.0	-0.9	0.7
Bulgaria	1.6	-2.5	0.3
Czech Republic	2.2	1.4	2.4
Denmark	-1.1	1.6	3.3
Estonia	-1.3	0.5	-1.2
Finland	-0.9	0.7	0.5
France	0.4	0.3	-0.2
Germany	0.9	-0.6	0.5
Greece	2.5	-1.5	2.0
Hungary	2.6	0.0	5.4
Italy	0.8	-0.2	0.6
Latvia	-3.3	-0.3	-4.6
Lithuania	-1.3	-1.1	-0.5
Netherlands	1.0	-2.1	2.4
Poland	0.5	1.4	5.0
Portugal	0.9	-1.6	0.0
Romania	6.1	-3.1	4.1
Spain	-1.7	-0.5	-1.2
United Kingdom	0.2	1.1	2.1

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden

Food and drink turnover by Member State

Member State	2018 Q1 / 2017 Q4 (% change)	2018 Q2 / 2018 Q1 (% change)	2018 Q2 / 2017 Q2 (% change)
EU	-0.3	-0.2	0.9
Austria	-0.5	-2.3	0.8
Belgium	-6.6	na	na
Bulgaria	0.3	-0.5	5.2
Czech Republic	-0.3	0.8	0.7
Denmark	-3.2	-0.5	0.5
Estonia	1.8	0.2	3.0
Finland	0.3	na	na
France	0.4	0.4	1.5
Germany	-1.1	-1.2	-1.4
Greece	0.6	0.5	1.7
Hungary	3.7	-0.7	3.7
Italy	1.5	na	na
Latvia	0.3	-2.1	-0.3
Lithuania	0.0	-0.1	-1.2
Netherlands	1.6	-3.7	0.7
Poland	0.2	0.2	4.0
Portugal	1.0	1.0	3.8
Romania	1.2	1.2	8.1
Spain	-1.4	0.0	-0.3

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden, United Kingdom

Employment in the EU food and drink industry

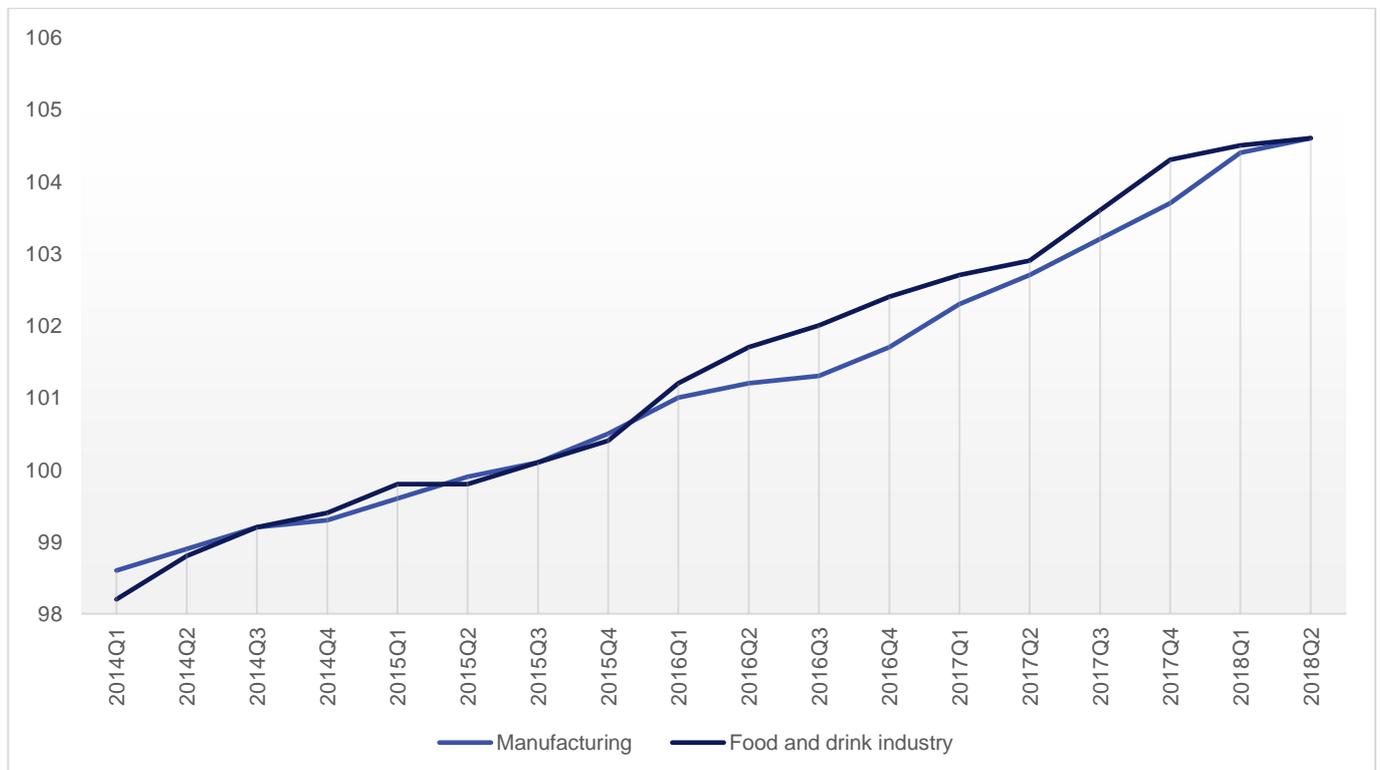
Employment index

Employment	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	y-o-y
Total manufacturing	102.7	103.2	103.7	104.4	104.6	
% change	0.4	0.5	0.5	0.7	0.2	1.9
Food and drink industry	102.9	103.6	104.3	104.5	104.6	
% change	0.2	0.7	0.7	0.2	0.1	1.7

Source: Eurostat

The labour input measures the number of persons employed in the total manufacturing industry vs. the food and drink industry in the EU, seasonally adjusted.

Employment in the EU food and drink industry compared to manufacturing, 2014-2018 (2015=100)



Source: Eurostat

Food and drink industry employment by Member State

Member State	2018 Q1 / 2017 Q4 (% change)	2018 Q2 / 2018 Q1 (% change)	2018 Q2 / 2017 Q2 (% change)
EU	0.2	0.1	1.7
Austria	1.1	0.2	2.3
Belgium	0.8	na	na
Bulgaria	3.5	-2.4	1.4
Croatia	-2.7	-0.6	-3.7
Czech Republic	-0.9	-0.4	-1.4
Denmark	0.7	0.3	1.6
Estonia	-1.9	0.5	-2.9
Finland	6.3	-10.7	5.6
France	0.2	0.1	0.8
Germany	0.6	0.5	2.6
Ireland	-0.1	-5.0	-4.6
Latvia	1.4	-1.3	-0.3
Lithuania	-5.3	-1.7	-5.9
Netherlands	0.6	na	na
Poland	0.5	-0.1	0.1
Portugal	0.2	0.8	2.8
Romania	1.8	-0.5	2.6
Spain	-2.8	-0.5	1.6
Sweden	1.1	-0.1	1.1
United Kingdom	-0.7	2.0	1.7

Source: Eurostat. No data available for Cyprus, Greece (discontinued), Hungary, Italy, Luxembourg, Malta, Slovakia, Slovenia

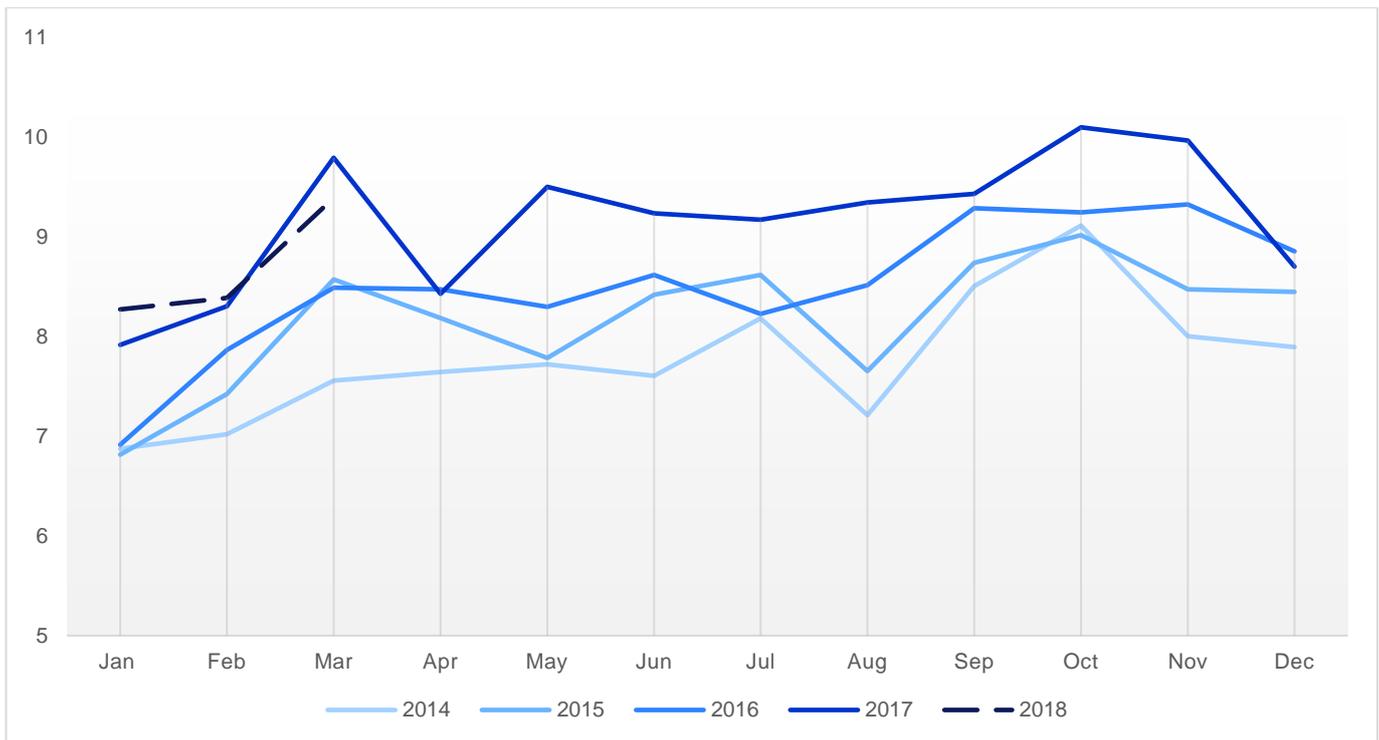
External trade

EU food and drink trade (€ billion)

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	y-o-y
Exports	27.1	27.9	28.8	26.0	27.1	-0.3%
Imports	19.1	18.4	19.0	17.6	18.7	-2.0%
Balance	8.1	9.4	9.8	8.4	8.4	3.8%

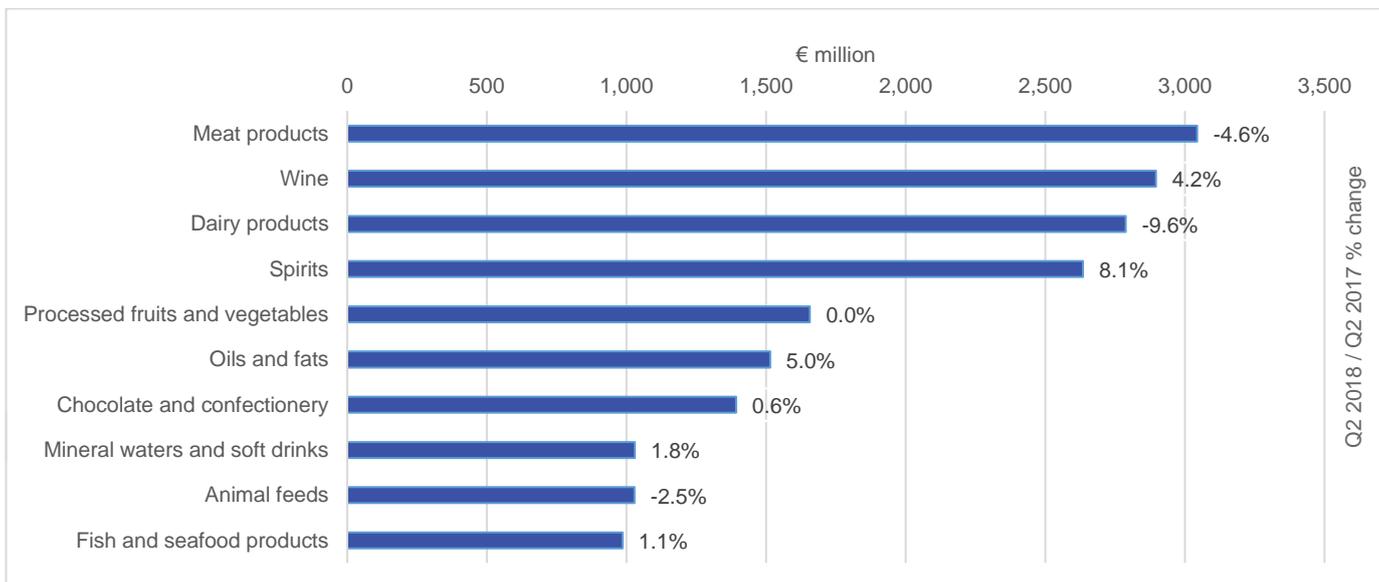
Source: Eurostat

EU food and drink export, 2014-2018 (€ billion)



Source: Eurostat

Export performance by sub-sector in Q2 2018



Source: Eurostat

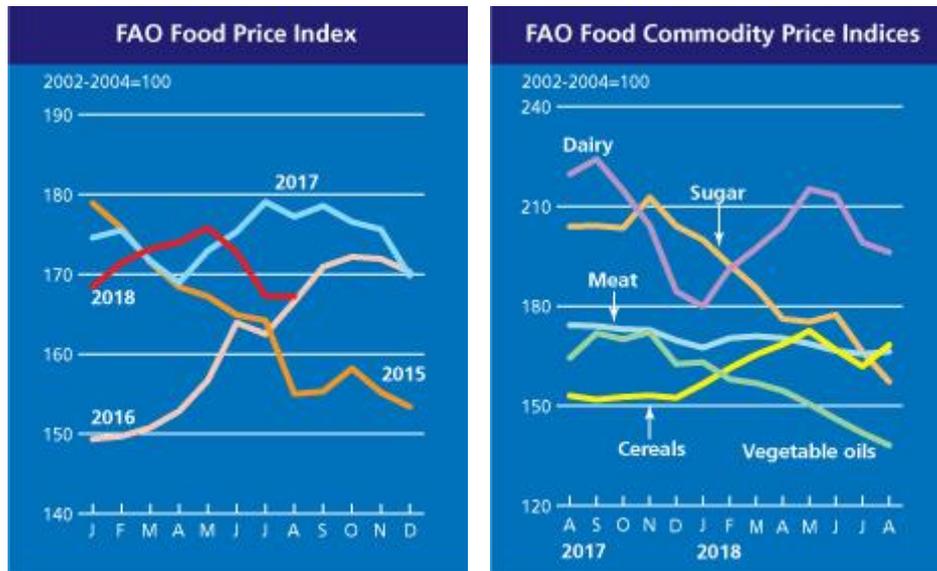
Trade by sub-sector in value and volume in Q2 2018

FLOW	VALUE_IN_MMN_EUROS									QUANTITY_IN_1000 tonnes											
	IMPORT			% change			EXPORT			Trade Balance			IMPORT			EXPORT			% change		
	Q2 2017	Q2 2018		Q2 2017	Q2 2018		Q2 2017	Q2 2018	trend	Q2 2017	Q2 2018		Q2 2017	Q2 2018							
Food and drink	19,075	18,696	-1.99%	27,143	27,070	-0.27%	8,068	8,374	4%	18,092	17,327	-4.23%	14,246	14,966	5.05%						
Food	17,573	17,071	-2.86%	19,684	19,222	-2.35%	2,111	2,151	2%	16,614	16,029	-3.52%	10,365	11,051	6.62%						
Drink	1,502	1,625	8.21%	7,458	7,847	5.22%	5,957	6,223	4%	1,478	1,298	-12.16%	3,882	3,914	0.84%						
Meat products	1,777	1,757	-1.13%	3,190	3,044	-4.56%	1,413	1,288	-9%	503	473	-5.91%	1,826	1,930	5.69%						
Wine	640	662	3.58%	2,781	2,897	4.19%	2,141	2,235	4%	343	370	7.99%	637	562	-11.70%						
Dairy products	170	181	6.07%	3,086	2,789	-9.62%	2,915	2,608	-11%	63	60	-4.84%	1,272	1,180	-7.20%						
Spirits	404	455	12.68%	2,439	2,635	8.05%	2,035	2,180	7%	75	95	27.09%	329	362	9.91%						
Processed fruits and vegetables	2,237	2,196	-1.84%	1,657	1,657	-0.01%	-580	-539	-7%	1,903	2,007	5.48%	1,373	1,422	3.62%						
Oils and fats	4,598	4,217	-8.28%	1,442	1,515	5.05%	-3,156	-2,702	-14%	9,626	9,085	-5.62%	1,012	1,264	24.96%						
Chocolate and confectionery	734	702	-4.35%	1,385	1,393	0.57%	651	690	6%	200	222	11.26%	337	360	6.60%						
Mineral waters and soft drinks	293	321	9.35%	1,012	1,030	1.84%	718	709	-1%	677	468	-30.91%	1,246	1,250	0.34%						
Animal feeds	320	327	2.14%	1,056	1,029	-2.49%	736	702	-5%	324	316	-2.52%	786	831	5.68%						
Fish and seafood products	4,731	4,907	3.73%	976	986	1.10%	-3,755	-3,921	4%	1,198	1,250	4.36%	435	446	2.50%						
Beer	149	171	14.49%	866	917	5.80%	717	746	4%	368	349	-5.19%	947	1,031	8.88%						
Grain mill and starch products	546	533	-2.24%	987	867	-12.17%	441	334	-24%	781	792	1.39%	1,224	994	-18.80%						
Bakery and farinaceous products	210	166	-21.18%	1,046	864	-17.37%	835	698	-16%	95	79	-16.51%	471	398	-15.36%						
Processed tea and coffee	590	516	-12.47%	566	565	-0.22%	0	49	83%	43	45	5.34%	76	83	9.24%						
Cider	10	10	0.34%	71	83	17.09%	61	73	20%	6	6	8.33%	58	62	7.21%						

Sources: Eurostat Easy Comext; own calculations

Prices of agricultural commodities

FAO Food Price Index



Source: FAO Food Price Index

Main agricultural commodity prices

Agricultural commodity	Q2 2018 average	EU		Q2 2018 average	WORLD	
		Q2 2018/ Q1 2018	Q2 2018/ Q2 2017		Q2 2018/ Q1 2018	Q2 2018/ Q2 2017
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	168	4.5	1.5	144	7.7	0.0
Soft wheat	169	1.8	2.8	170	10.1	5.3
DAIRY						
SMP	1,443	5.1	-22.0	1,694	10.1	-8.2
WMP	2,741	5.9	-4.9	2,719	7.5	-5.2
SUGAR						
White sugar	364	-2.5	-26.8	281	-4.7	-29.9
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				720	-15.0	-11.7
Soybean				436	4.1	12.9
Soybean meal				455	7.6	31.5
Rapeseed				601	-10.8	-13.7
Palm oil				412	-3.4	-2.5
COFFEE AND COCOA						
Cocoa				2,565	17.0	29.5
Coffee				2,472	-1.9	-11.1

Sources: World prices: FAO (cereals), CIAL (dairy), USDA (sugar); EU prices: DG AGRI; own calculations

Retail trade

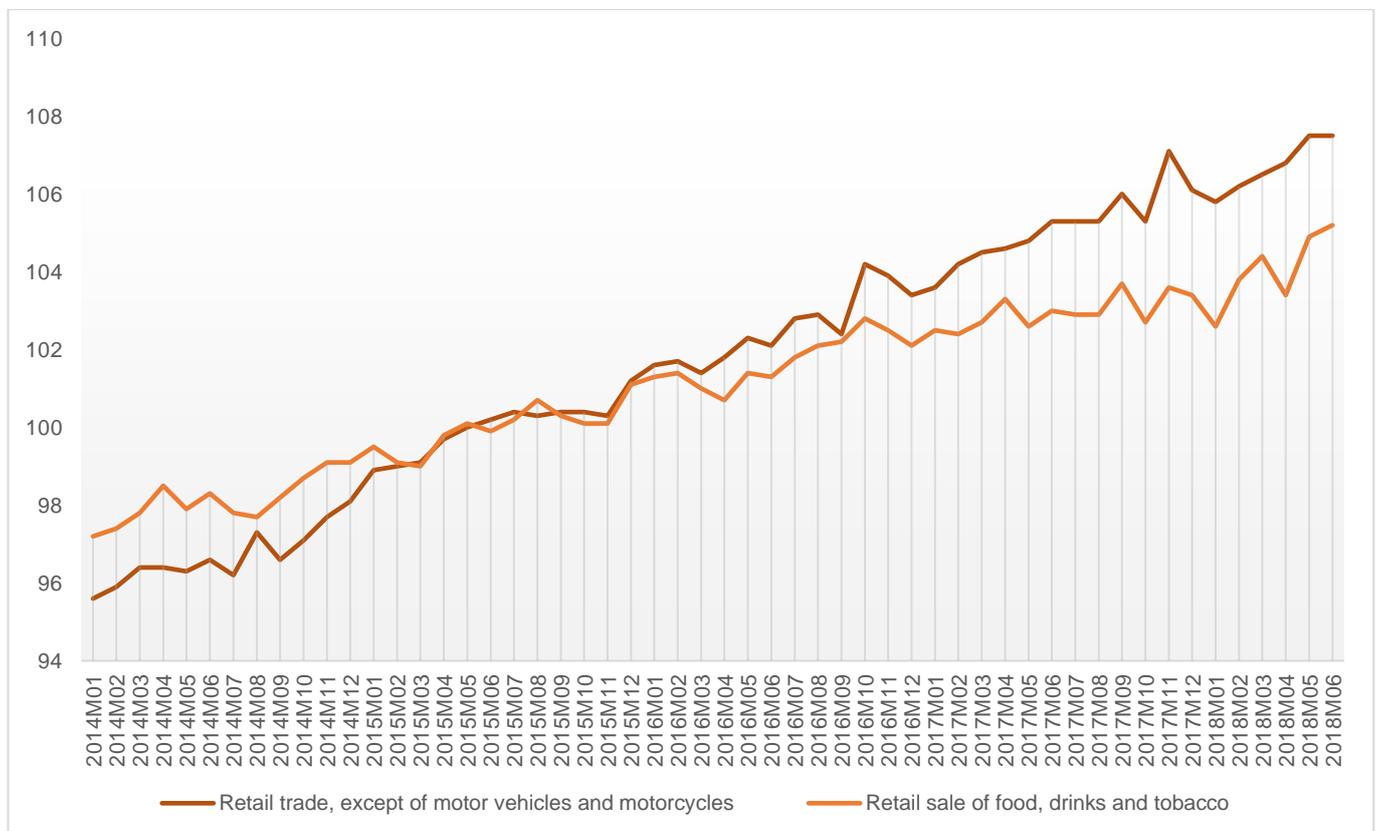
Volume of retail trade (% change)

	Feb-18	Mar-18	Apr-18	May-18	Jun-18	y-o-y
Total retail	0.3	0.4	0.2	0.6	0.0	1.9
Food, drinks and tobacco	1.2	0.6	-1.0	1.3	0.4	2.0

Source: Eurostat

The index of the volume of retail trade measures the monthly changes of the deflated turnover of retail trade.

EU monthly retail trade volume by product group, 2014-2018 (2015=100)

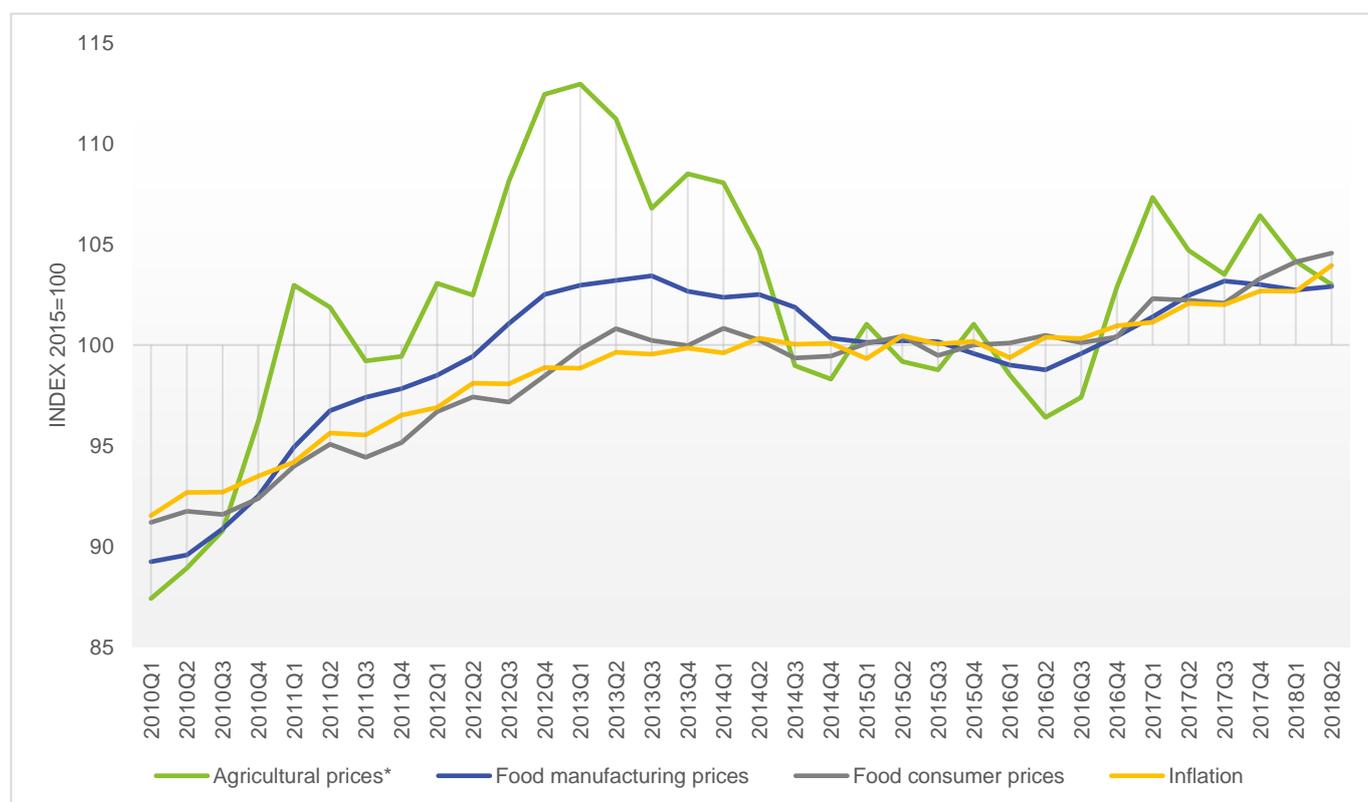


Sources: Eurostat; [Eurostat News Release 92/2018](#)

Price developments along the EU food chain

Price developments (% change)

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	y-o-y
Agricultural prices*	-2.5	-1.1	2.8	-2.1	-1.1	-1.6
Food manufacturing prices	1.1	0.7	-0.2	-0.3	0.2	0.4
Food consumer prices	-0.1	-0.1	1.2	0.8	0.4	2.3
Inflation	0.9	-0.1	0.7	0.0	1.2	1.8



* Eurostat monthly indices for EU agricultural prices are available until December 2017. Beyond, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production.

Sources: Eurostat and DG Agriculture and Rural Development; own calculations