

At A Glance – Summary of Q4 highlights

EU food and drink industry evolution during Q4 2013 against major economic trends in the EU



Note 1: Except for imports and exports data which represent evolution of the current quarter compared to the same quarter of the previous year, all other changes are represented with respect to the previous quarter of the same year.

Note 2: Europe refers to the European Union or the EU27 in the text, unless otherwise specified. From 1 July 2013 the European Union (EU28) also includes Croatia.

Economic trends in the EU

A general overview of the EU economic environment is given by data and trends shown in the table below. This provides the background against which the analysis for the food and drink sector is carried out in the following sections of the economic bulletin.

Table 1: Economic trends in the EU28

	2012q4	2013q1	2013q2	2013q3	2013q4	2013q4
	Quarterly variations (% change)*					Annual variations (% change)**
Manufacturing sector (NACE Rev. 2)						
Industrial production index	-2.1	0.2	0.8	0.4	0.8	2.2
All sectors						
Private final consumption (volume)	-0.2	0.1	0.1	0.3	0.1	0.6
	2013m08	2013m09	201310	2013m11	2013m12	2013m12
Retail trade volumes	Monthly variations (% change)*					Annual variations (% change)**
	All sectors					
	0.3	-0.5	-0.5	1.0	-0.6	1.1
	Food, drinks and Tobacco					
	-0.5	-0.8	0.2	0.5	-0.9	-0.1

* With respect to previous quarter/month

** With respect to the same period (either quarter or month) in the previous year

Source: Eurostat, March 2013

The EU **manufacturing industrial production index** increased by 0.8% in Q4 of 2013. In the same period, private consumption (volumes) registered a slight increase compared to the previous quarter, i.e. 0.1%. The yearly comparison shows that the industrial production index increased in Q4 of 2013 compared to the same quarter of the previous year, i.e. by 2.2%. Private consumption also increased compared to the change registered in the same quarter of 2012, i.e. by 0.6%.

The **volume of retail trade** (all sectors) decreased by 0.6% in December 2013 (compared to November 2013) and a similar trend was observed for **retail trade in food, drinks and tobacco** which decreased by 0.9%. Among the Member States for which data are available, total retail trade fell in sixteen and rose in six. The largest decreases were registered in Portugal (-5.8%), Spain (-3.6%) and Germany (-2.5%), and the highest increases in the United Kingdom (+2.6%), Malta (+2.0%) and Ireland (+1.4%).¹

FOOD AND DRINK INDUSTRY INDICATORS IN Q4 OF 2013

1. Food and drink industry output index increased

Food and drink industry output (production) in the EU was positive in Q4 of 2013 (0.12%). Some of the countries that had already recorded positive food and drink industry output growth rates in Q3 of 2013 outperformed their previous growth rates in Q4 of 2013 (i.e. Estonia, Netherlands, Romania, Sweden). A number of countries moved from a positive to a negative output growth path, namely Belgium (-2.32%), Germany (-0.55%), Latvia (-0.26%), Lithuania (-0.17%), Portugal (-6.94%), Spain (-0.12%) and the United Kingdom (-1.77%). Others remained on a negative trend (i.e. Denmark, France).

Table 2: Industry production index, quarterly growth

Member State	2013 Q3/2013 Q2 (% change)	2013 Q4/2013 Q3 (% change)
EU28	0.60	0.12
Austria	4.29	1.24
Belgium	1.09	-2.32
Bulgaria	-2.15	0.96
Croatia	n/a	n/a
Czech Republic	-0.66	1.47
Denmark	-2.05	-1.81
Estonia	1.67	2.79
Finland	0.60	0.12
France	-0.38	-0.80
Germany	0.08	-0.55
Greece	n/a	n/a
Hungary	2.81	0.70
Ireland	-0.32	2.92
Italy	-0.77	1.82
Latvia	2.09	-0.26
Lithuania	2.44	-0.17
Netherlands	0.35	0.78
Poland	1.53	1.28
Portugal	9.80	-6.94
Romania	1.13	2.40
Spain	0.82	-0.12
Sweden	0.63	1.19
United Kingdom	0.90	-1.77

Source: Eurostat, Short-Term Business Statistics, NACE Rev. 2, March 2013

¹ Eurostat news release, Euro indicators, 21/2014

2. Evolution of main agricultural raw material prices

The following shows a mixed picture for raw material prices:

			Oils and oil crops									
			Grains		Dairy		Soybean			Rape		
Cocoa	Coffee	Sugar	Corn/Maize	Soft wheat	SMP	WMP	Oil	Bean	Meal	Seed	Oil	Palm oil
↑	↓	↓	↓	↑	↓	↑	↓	↑	↑	↑	↑	↑

Source: FoodDrinkEurope compilation

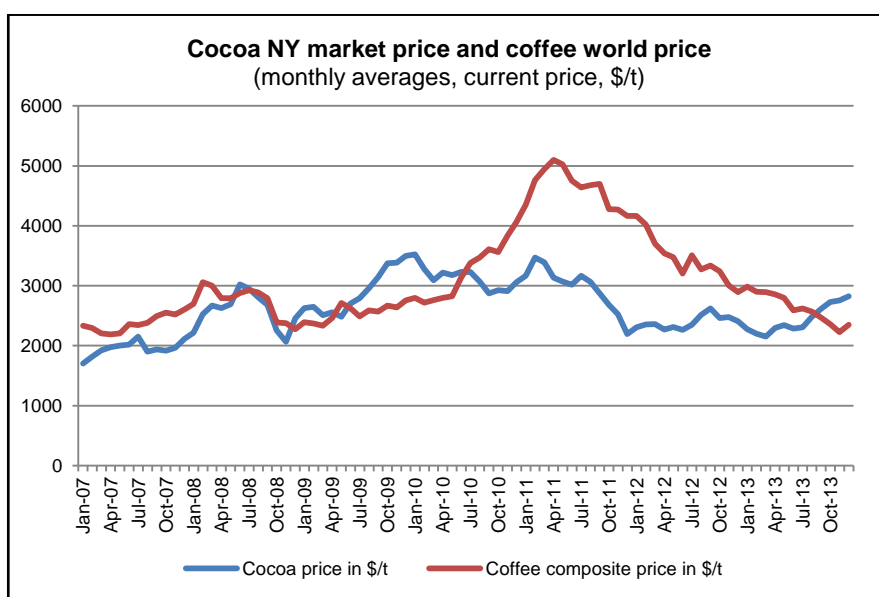
Cocoa and coffee

Quarterly developments:

Cocoa prices continued to rise for the third consecutive quarter, the average price of cocoa increased by 12% in Q4 of 2013. The coffee composite price continued on a negative trend and decreased by 9.4% in Q4 of 2013 compared to the previous quarter.

Year-on-year developments:

The year-on-year comparison shows that, the New York cocoa market recorded a 13% increase with respect to Q4 of 2012. Coffee composite prices were significantly lower than their level in the same quarter of 2012, i.e. by 24.2%.



Source: International Cocoa Organisation (ICCO) and International Coffee Organisation (ICO), March 2013

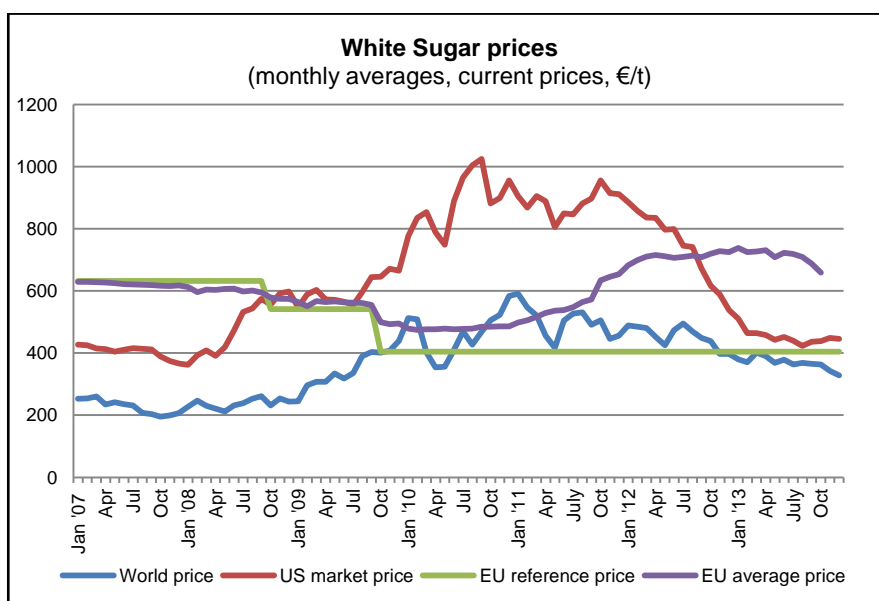
Sugar

Quarterly developments:

EU white sugar prices decreased (-7.1%) in Q4 of 2013. In the same quarter, U.S. market prices increased by 2.6 % compared to Q3 of 2013.

Year-on-year developments:

On average, the EU market price for white sugar was 9.6% lower in Q4 of 2013 than the same quarter of the previous year. The U.S. market price was 23.5% lower than the average in Q4 of 2012. In comparison, the world sugar price was 16.1% lower than the average of the same quarter of 2012.



Source: European Commission – Circa (Regulations (EC) No 562/2005 Article 6(1) and 479/2010 Article 2), United States Department of Agriculture, March 2013

Grains

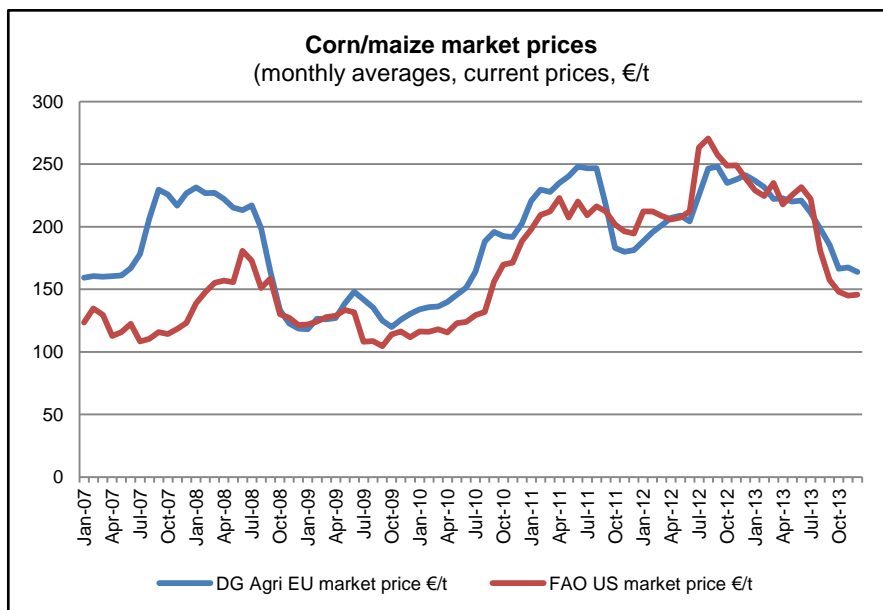
Corn maize prices

Quarterly developments:

Following the trend of the previous quarter, EU maize prices decreased in Q4 of 2013, i.e. by 16.2%. U.S. maize prices also decreased in the same period, i.e. by 21.7%, thus continuing on the negative trend of the previous four quarters.

Year-on-year developments:

On average, EU maize prices were 30.1% lower in Q4 of 2013 than the same quarter of the previous year. Similarly and to an even greater extent, U.S. maize prices were 40.4% lower in Q4 of 2013 compared to Q4 of 2012.



Source: FAO and European Commission (DG Agri), March 2013

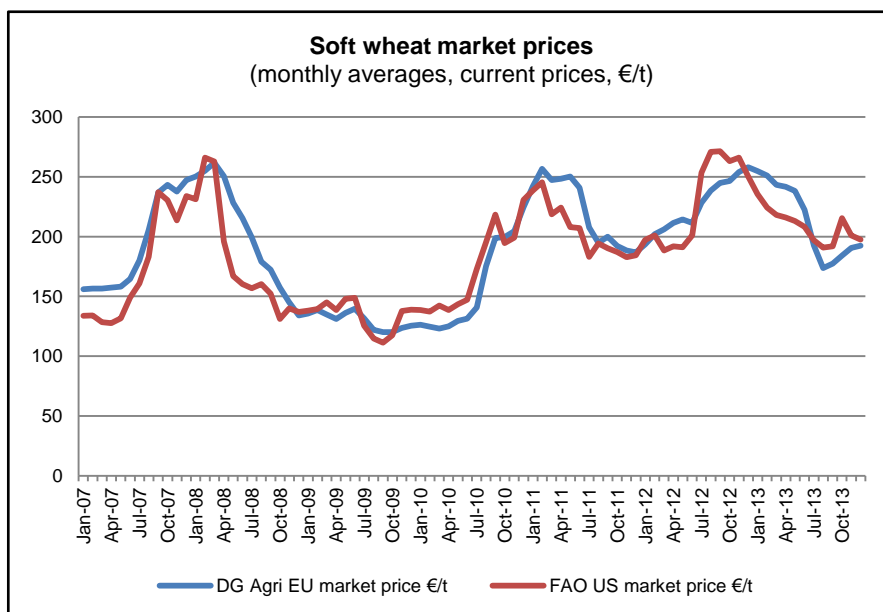
Soft wheat prices

Quarterly developments:

EU soft wheat prices increased in Q4 of 2013 i.e. by 4.3% compared to the previous quarter. U.S. soft wheat prices were 5.9% higher than in Q3 of 2013.

Year-on-year developments:

On average, EU soft wheat prices were 25.3% lower in Q4 of 2013 than in the same quarter of the previous year. U.S. soft wheat prices were 21.2% lower in Q4 of 2013 year-on-year.



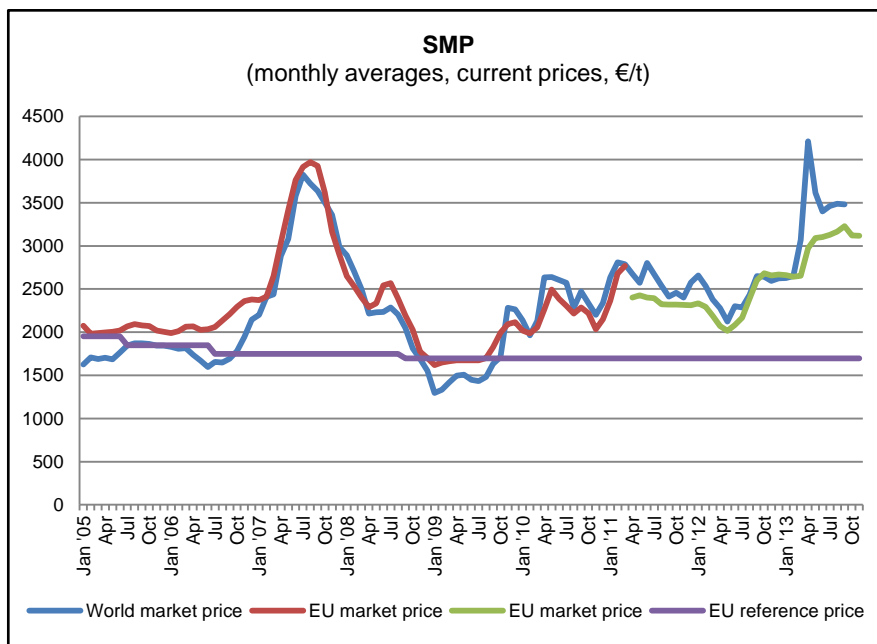
Source: FAO and European Commission (DG Agri), March 2013

Dairy

Skimmed Milk Powder (SMP)

Quarterly developments: EU SMP prices registered a decrease in Q4 of 2013 (compared to Q3 of 2013) i.e. by 0.4%. Similar to the previous three quarters, world market prices continued to exceed EU SMP prices in Q4 of 2013.

Year-on-year developments: The yearly comparison shows that, on average, EU SMP prices were 26.4% higher in Q4 of 2013 than the same period in 2012.

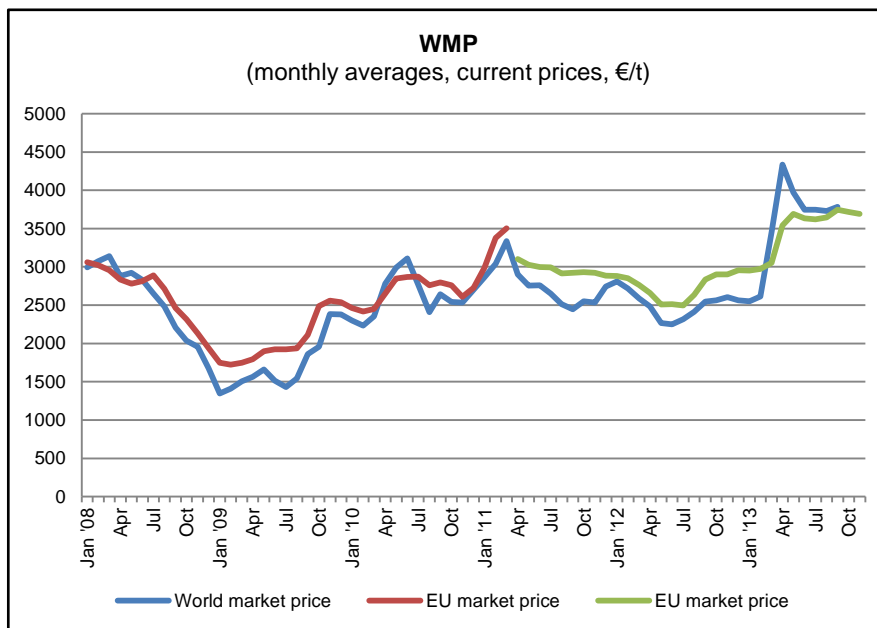


Source: FAO, CLAL consultancy (discontinued after January 2011 to the benefit of the European Commission source), European Commission – Circa (Regulations (EC) No 562/2005 Article 6(1) and 479/2010 Article 2), March 2013

Whole Milk Powder (WMP)

Quarterly developments: World average prices continued to exceed EU WMP for the third consecutive quarter. EU WMP average prices saw a marginal increase of 1.2% in Q4 of 2013 compared to the previous quarter.

Year-on-year developments: The yearly comparison shows that, on average, EU WMP prices increased by 27.3% in Q4 of 2013 compared to Q4 of 2012.



Source: FAO, CLAL consultancy (discontinued after January 2011 to the benefit of the European Commission source), European Commission – Circa (Regulations (EC) No 562/2005 Article 6(1) and 479/2010 Article 2), March 2013

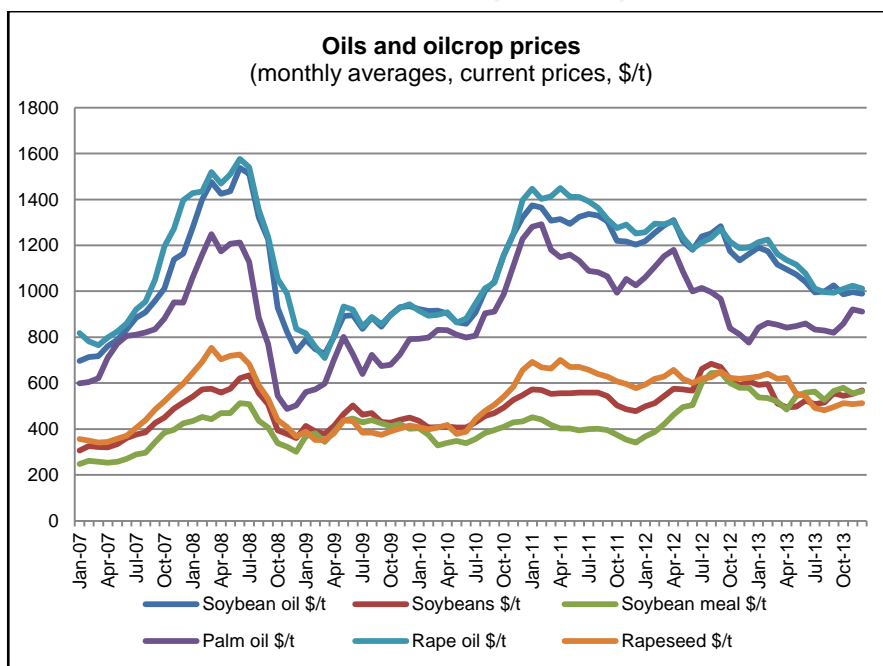
Oils and oil crops

Quarterly developments:

Prices of all major oil crops increased in Q4 of 2013. Soybeans +5.3%, soybean meal 2.7%, palm oil +8.5, rape oil +1.5%, rapeseed +4.3%. Prices for Soybean oil declined by 1.6% compared to the previous quarter.

Year-on-year developments:

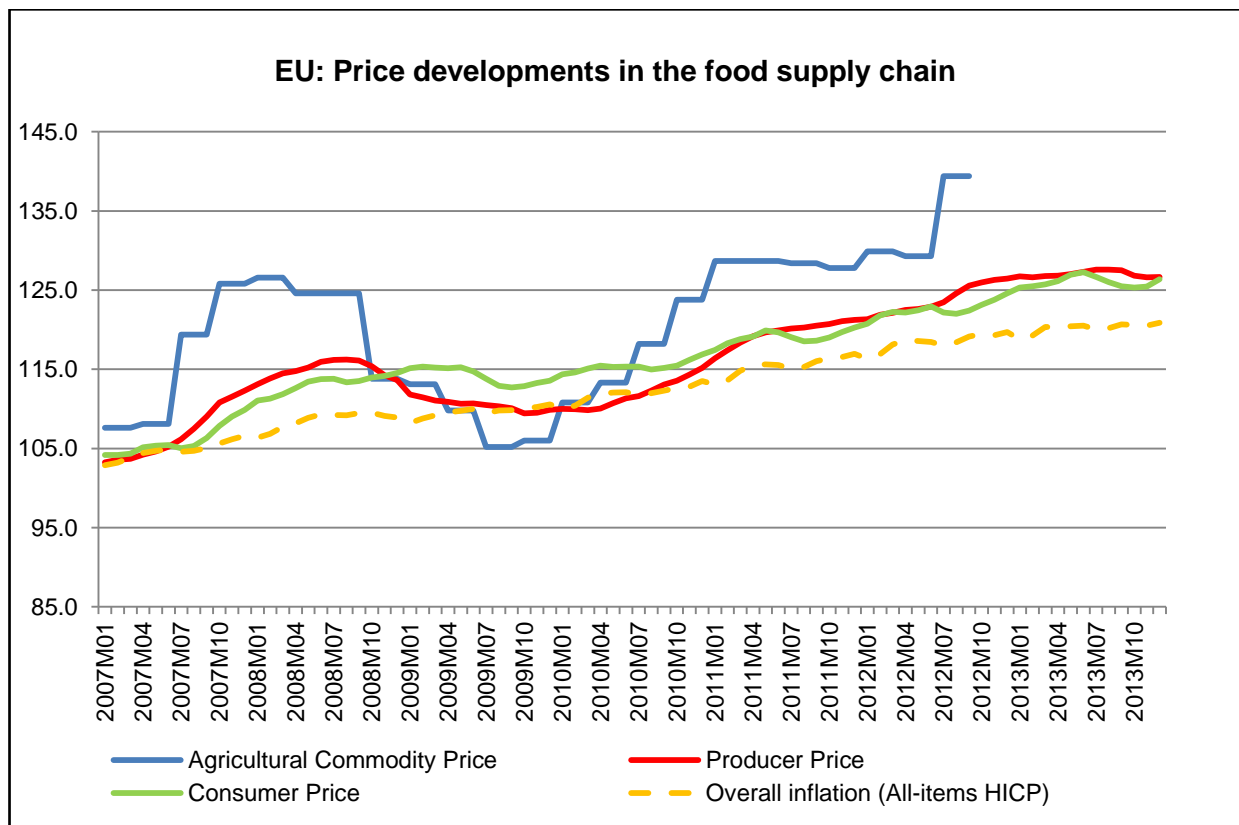
The yearly comparison shows that for most selected oil crops price were lower in Q4 than in the same quarter of 2012. Soybean oil (-14.4%), soybeans (-8.1%), Soybean meal (-3.4%), rape oil (-15.2%), rapeseed (-17.7%). The price of palm oil was higher (+10.9%) in Q4 of 2013.



Source: World Bank and FAO, March 2013

3. Price developments in the food supply chain

Consumer prices (-0.2%), producer prices (-0.7%) and inflation (+0.3%) in Q4 of 2013 compared to the previous quarter.

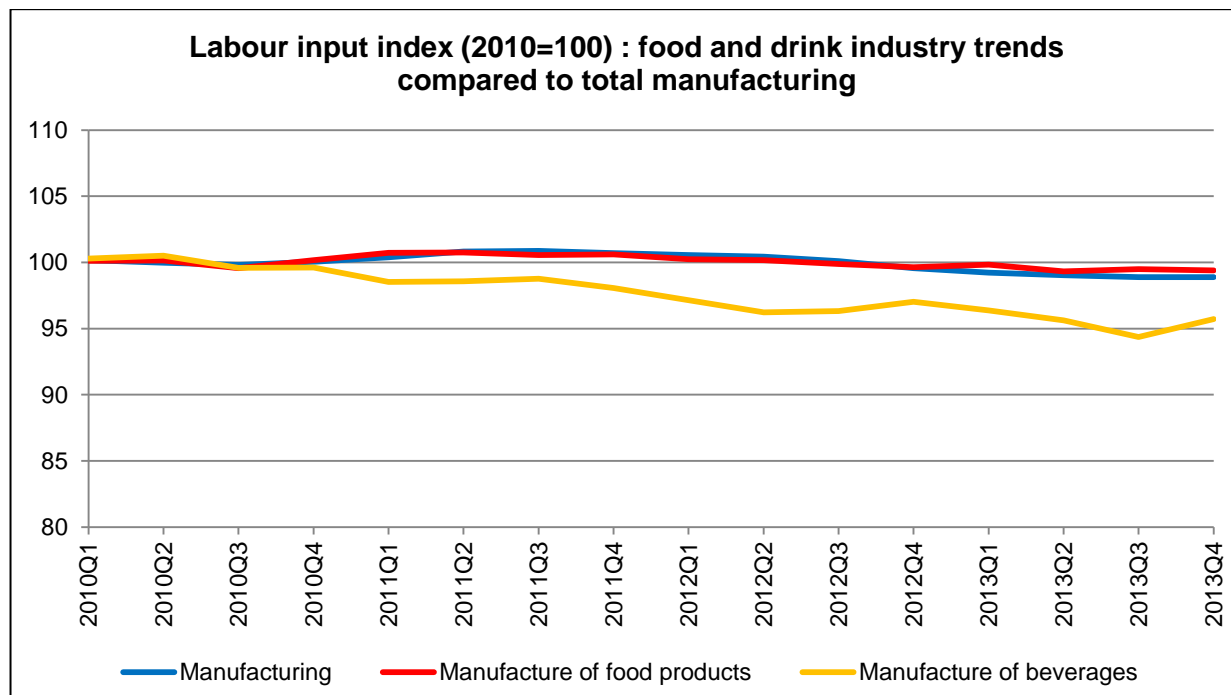


Source: Eurostat (Food supply chain monitor), March 2013

4. Slight increase in the employment index of the EU food and drink industry

The labour input index for the food and drink industry increased (+0.04%) in Q4 of 2013, whereas the total manufacturing sector employment index remained unchanged.

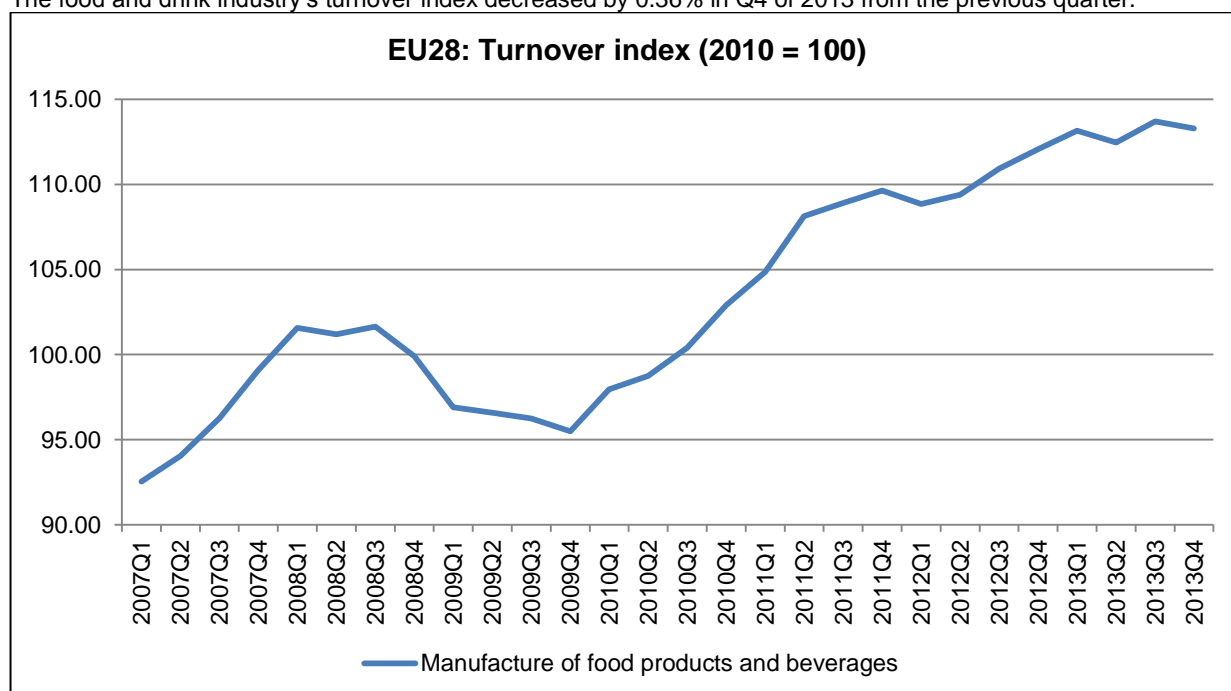
When looking at the industry breakdown, the food sector employment index decreased by 0.09% and the beverages industry employment index increased by 1.45% compared to the previous quarter.



Source: Eurostat (SBS), Nace Rev. 2, seasonally adjusted data, March 2013.

5. Food and drink industry turnover decreased in Q4 of 2013

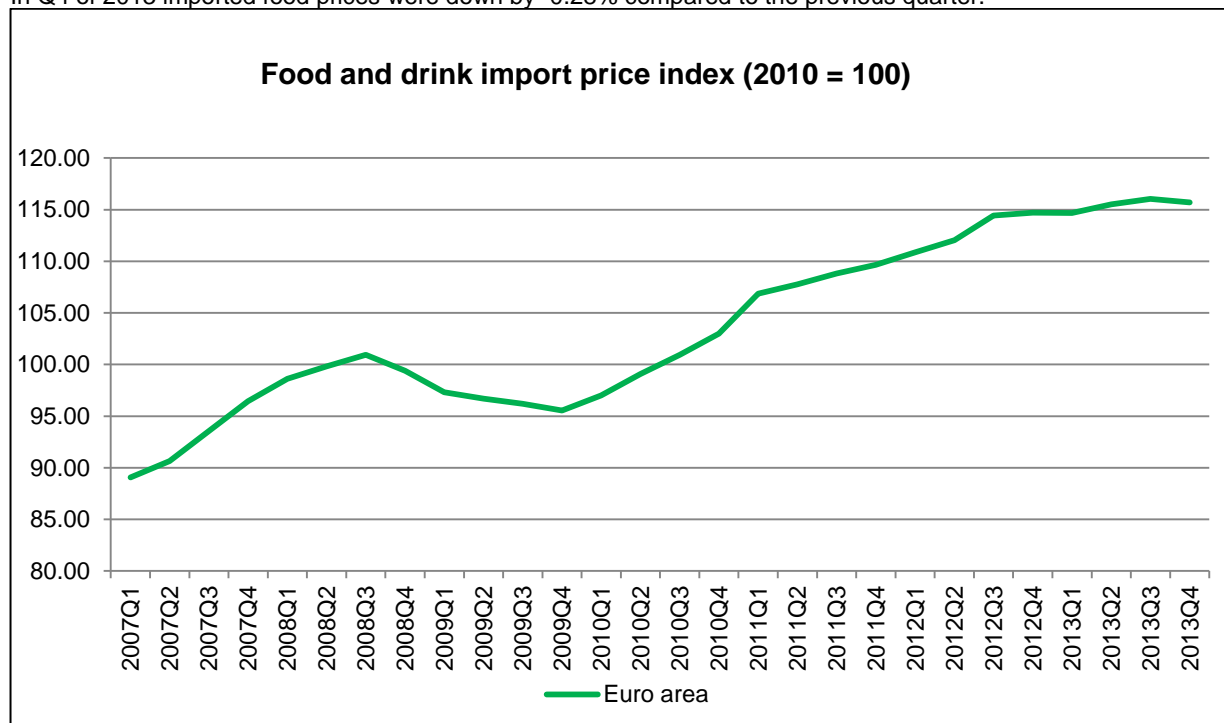
The food and drink industry's turnover index decreased by 0.36% in Q4 of 2013 from the previous quarter.



Source: Eurostat (SBS), seasonally adjusted data, March 2013

6. Imported food prices lower in Q4 of 2013

In Q4 of 2013 imported food prices were down by -0.28% compared to the previous quarter.



Source: Eurostat (SBS), March 2013

Exchange rates



Table 3: Evolution of quarterly average exchange rates

1 EUR=	2013 Q3	2013 Q4	Q4 2013/ Q3 2013 %
Australian Dollar	1.45	1.47	1.36
Canadian Dollar	1.38	1.43	3.74
Brazilian Real	3.03	3.09	2.07
Swiss Franc	1.23	1.23	-0.44
Chinese Yuan Renminbi	8.11	8.29	2.21
Japanese Yen	131.02	136.48	4.17
New Zealand Dollar	1.66	1.64	-1.04
United States Dollar	1.32	1.36	2.78
Pound Sterling	0.85	0.84	-1.61

Source: ECB, bilateral exchange rates, March 2013

7. Trade: Sustained export growth in Q4 of 2013 year-on-year

The EU28 trade balance in food and drink products continued to improve during Q4 of 2013 compared to the same period of 2012. The export surplus amounted to €6.8 billion and marks an increase of more than €0.5 billion year-on-year.

Imports Q4 of 2013 	Exports Q4 of 2013 
<p>Total food and drink imports amounted to €17.0 billion, i.e. 1.12% lower compared to the previous year. However, a real reduction of imports in terms of quantity and value was observed for only a limited group of products – meat, grain mill and starch, bakery and farinaceous products, other food products, wines, cider, soft drinks. For some food and drink products, lower imports in terms of value were also linked to the price factor, while the imported quantity was in fact higher than a year ago.</p>	<p>Total food and drink exports amounted to €23.8 billion, i.e. 1.5% more compared to the same period of 2012. In fact, the total value of exports increased despite a lower total export volume (-0.3%). Positive year-on-year export growth was registered for fruit and vegetables, dairy products, bakery and farinaceous products, other food products, cider, beer, malt, and soft drinks (3.5%, 15.5%, 6.9%, 8.4%, 27.8%, 5.7%, 7.8%, 2.7% respectively) and matched with a similar trend in terms of exported quantities.</p>

Trade balance in € million		
	Q4	
	2012	2013
Total of Food and Drink	6.277	6.815
Meat products	1.264	1.184
Fish and sea food products	-2.977	-3.155
Processed fruit and vegetables	-609	-780
Oils and fats	-3.316	-3.150
Dairy products	2.103	2.455
Grain mill and starch products	294	326
Bakery & farinaceous products	797	866
Other food products	2.310	2.764
Prepared animal feed	571	562
Drinks	5.716	5.550

The mission of FoodDrinkEurope is to represent Europe's food and drink industry – the largest manufacturing sector in the EU in terms of turnover, employment and value added. FoodDrinkEurope works with European and international institutions, in order to contribute to the development of a legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment. FoodDrinkEurope's membership consists of 26 national federations, including 3 observers, 25 European sector associations and 17 major food and drink companies. For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu.

For further information, please contact:

FoodDrinkEurope, +32 2 514 11 11, Economic Affairs Department, l.hinzen@fooddrinkeurope.eu