

# ECONOMIC BULLETIN Q4 2018

## Overall positive performance in production, turnover, employment and exports

### Food and drink industry

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#### Increase in production, turnover, manufacturing prices

- In Q4 2018, EU food and drink industry production increased by 0.2% compared to the previous quarter.
- EU food and drink industry turnover increased by 0.4% compared to the previous quarter.
- For the first time since Q2 2017, the year-on-year comparison shows that food and drink industry production growth exceeded total manufacturing production growth (0.4% vs. -1.1% compared to Q4 2017). The opposite trend was still observed for turnover (0.9% vs. 0.5% compared to Q4 2017).
- Food manufacturing prices increased by 0.2% in Q4 2018 and were 0.5% higher compared to Q4 2017.

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#### Employment increased

- Following the downward trend of the past three quarters, employment in the EU food and drink industry increased again by 0.5% compared to the previous quarter.
- In the long term, employment growth in the manufacturing industry outperforms the one in the food and drink industry (Q4 2018/Q4 2013: +6.3% vs. +5.7%).

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#### EU exports reached €29.2 billion

- EU exports of food and drinks totalled €29.2 billion in Q4 2018 (Q4 2018/Q4 2017: +1.9%).
- The trade balance reached a surplus of €10.2 billion (Q4 2018/Q4 2017: +5.1%).
- The top 5 products with the largest share in export value generated €14.3 billion in Q4 2018 (meat products, spirits, wine, dairy products, chocolate and confectionery).
- EU imports of food and drinks reached €19 billion (Q4 2018/Q4 2017: +0.2%).

### Agricultural commodities

#### FAO food price index continued to decline

- The FAO food price index decreased by 3% in Q4 2018 compared to the previous quarter and was down by 7% compared to Q4 2017.
- In Q4 2018, EU and world market commodity prices showed a mixed picture, with lower prices recorded for sugar, WMP, a range of oils and oil crops, and cocoa.
- The year-on-year comparison demonstrates: a decline in world market prices for palm oil, soybean oil, coffee, sugar, WMP, soybean, rapeseed – and a price increase for soft wheat, SMP, maize, soybean meal and cocoa.

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### Retail

#### Retail trade in foodstuffs stable

- Q4 2018 retail trade in foodstuffs remained on a positive upward trend, despite a slight dip in November and December.
- Year-on-year, retail trade growth in foodstuffs increased by 1.4% and total retail trade was 2% higher compared to the same quarter of the previous year.
- Consumer prices increased by 0.5% in Q4 2018 and were 1.4% higher compared to Q4 2017.

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### Focus on ...

#### EU household consumption

- EU consumers spent €1,687 billion, or 21% of their budget, in food and drinks in 2016, either purchased in shops or consumed in restaurants and cafés. Find out more about the breakdown of EU household consumption.

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## Methodology

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

European Commission, Eurostat News Release 40/2019, 'Volume of retail trade up by 1.3% in euro area – Up by 1.1% in EU28', 5 March 2019

<https://ec.europa.eu/eurostat/documents/2995521/9635917/4-05032019-AP-EN.pdf/03d6e02f-1ff9-4b1b-bd4c-2f2ceb425466>

### 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](http://www.fooddrinkeurope.eu)**

## ECONOMIC BULLETIN Q4 2018

### Annex

#### Production and turnover of the EU food and drink industry

##### Production index

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	y-o-y
<b>Total manufacturing</b>	107.7	107.2	107.5	107.4	106.5	
<b>% change</b>	1.6	-0.5	0.3	-0.1	-0.8	-1.1
<b>Food and drink industry</b>	103.9	104.1	104.2	104.1	104.3	
<b>% change</b>	0.4	0.2	0.1	-0.1	0.2	0.4

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.

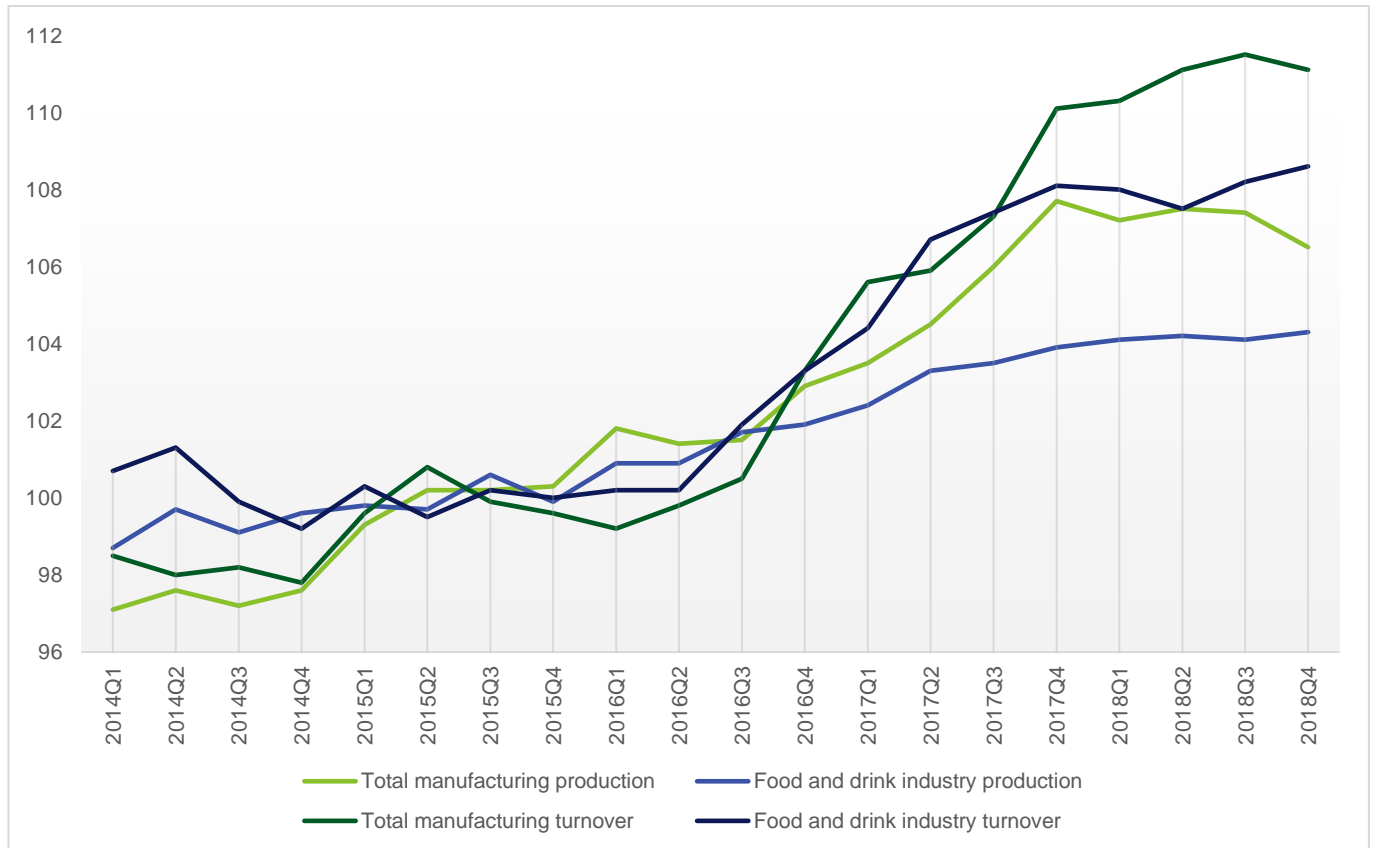
##### Turnover index

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	y-o-y
<b>Total manufacturing</b>	110.1	110.3	111.1	111.5	111.1	
<b>% change</b>	2.6	0.2	0.7	0.4	-0.4	0.9
<b>Food and drink industry</b>	108.1	108.0	107.5	108.2	108.6	
<b>% change</b>	0.7	-0.1	-0.5	0.7	0.4	0.5

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 Q3 / 2018 Q2 (% change)	2018 Q4 / 2018 Q3 (% change)	2018 Q4 / 2017 Q4 (% change)
<b>EU</b>	-0.1	0.2	0.4
<b>Austria</b>	-0.1	1.6	2.7
<b>Belgium</b>	-0.4	-1.1	-1.4
<b>Bulgaria</b>	-0.7	-1.4	-3.1
<b>Czech Republic</b>	0.5	-0.7	3.5
<b>Denmark</b>	-0.8	0.6	0.4
<b>Estonia</b>	1.0	1.1	1.5
<b>Finland</b>	-0.3	1.1	0.8
<b>France</b>	-1.1	-0.5	-1.4
<b>Germany</b>	-1.5	-0.5	-2.3
<b>Greece</b>	-0.5	1.4	1.7
<b>Hungary</b>	0.2	2.0	5.1
<b>Italy</b>	-0.1	1.6	2.3
<b>Latvia</b>	1.1	-0.3	-2.8
<b>Lithuania</b>	-0.8	3.5	0.8
<b>Netherlands</b>	1.2	-1.8	-0.9
<b>Poland</b>	-0.1	1.2	3.0
<b>Portugal</b>	-4.5	5.6	0.0
<b>Romania</b>	-1.3	-2.3	-1.4
<b>Spain</b>	0.3	1.5	-0.1
<b>United Kingdom</b>	1.6	-0.7	1.9

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

## Food and drink turnover by Member State

Member State	2018 Q3 / 2018 Q2 (% change)	2018 Q4 / 2018 Q3 (% change)	2018 Q4 / 2017 Q4 (% change)
<b>EU</b>	0.7	0.4	0.5
<b>Austria</b>	0.8	1.5	-0.7
<b>Belgium</b>	1.9	-0.2	-2.0
<b>Bulgaria</b>	0.3	1.0	1.1
<b>Czech Republic</b>	1.1	1.9	4.2
<b>Denmark</b>	0.7	2.9	0.1
<b>Estonia</b>	-0.3	2.3	4.7
<b>Finland</b>	1.3	0.9	1.0
<b>France</b>	-0.5	1.7	2.0
<b>Germany</b>	0.5	0.2	-1.6
<b>Greece</b>	2.2	-3.0	-0.2
<b>Hungary</b>	0.3	2.0	5.2
<b>Italy</b>	0.9	-0.6	0.0
<b>Latvia</b>	2.3	0.9	1.4
<b>Lithuania</b>	-1.4	3.4	0.7
<b>Netherlands</b>	2.8	-0.4	0.0
<b>Poland</b>	0.5	1.6	2.3
<b>Portugal</b>	-2.7	1.8	1.1
<b>Romania</b>	3.4	0.2	6.6
<b>Spain</b>	-1.7	1.2	-1.8
<b>United Kingdom</b>	2.0	-1.1	2.6

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

## Employment in the EU food and drink industry

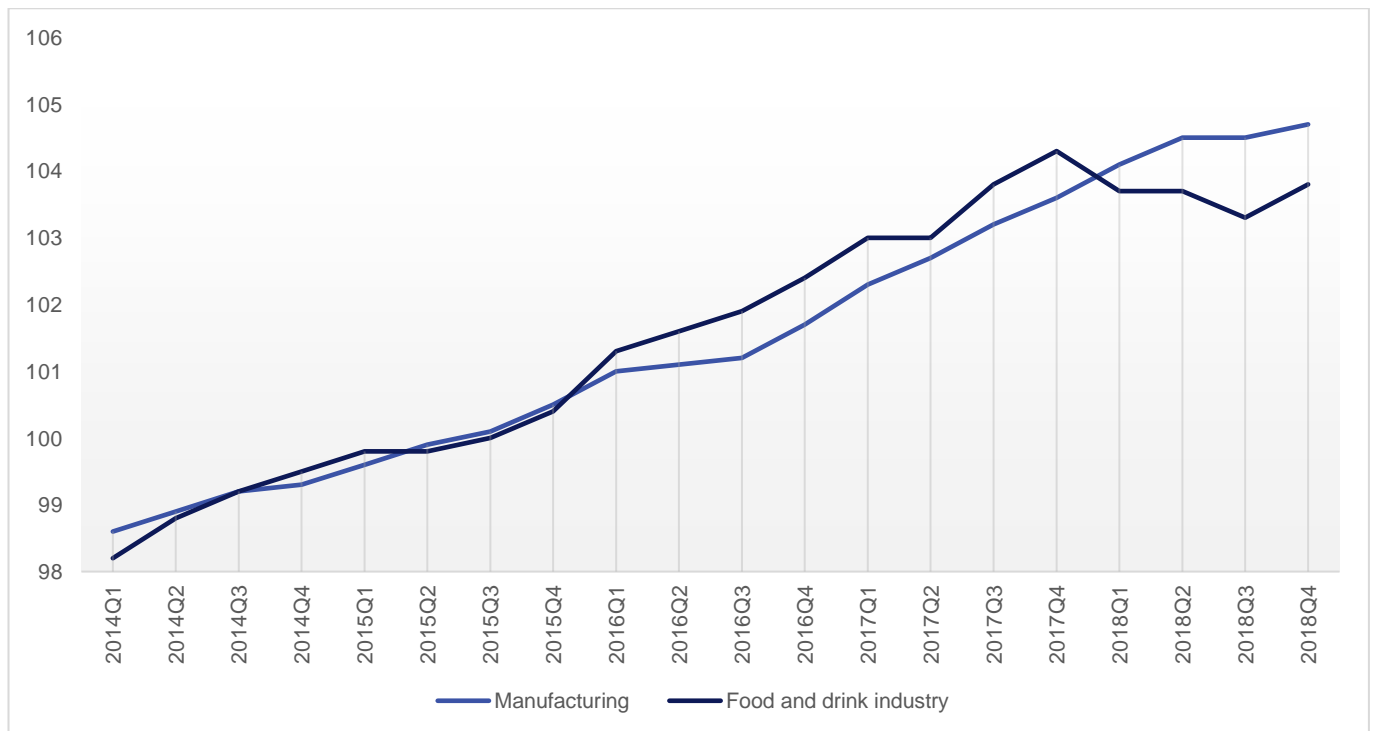
### Employment index

Employment	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	y-o-y
<b>Total manufacturing</b>	103.6	104.1	104.5	104.5	104.7	
<b>% change</b>	0.4	0.5	0.4	0.0	0.2	1.1
<b>Food and drink industry</b>	104.3	103.7	103.7	103.3	103.8	
<b>% change</b>	0.5	-0.6	0.0	-0.4	0.5	-0.5

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 Q3 / 2018 Q2 (% change)	2018 Q4 / 2018 Q3 (% change)	2018 Q4 / 2017 Q4 (% change)
<b>EU</b>	0.0	0.6	1.0
<b>Austria</b>	0.2	0.3	2.0
<b>Belgium</b>	0.2	0.5	2.3
<b>Bulgaria</b>	-2.5	2.3	0.9
<b>Croatia</b>	0.6	0.4	-2.2
<b>Czech Republic</b>	-1.1	0.7	-1.6
<b>Denmark</b>	0.3	0.8	2.1
<b>Estonia</b>	0.7	-0.7	-1.4
<b>Finland</b>	10.8	2.0	8.8
<b>France</b>	-0.2	0.2	0.3
<b>Germany</b>	0.4	0.6	2.1
<b>Ireland</b>	5.0	-0.7	0.0
<b>Latvia</b>	0.6	-1.2	-0.2
<b>Lithuania</b>	-1.5	-0.6	-8.8
<b>Netherlands</b>	1.0	n.a.	n.a.
<b>Poland</b>	-0.2	0.2	0.4
<b>Portugal</b>	-0.3	1.1	1.9
<b>Romania</b>	-0.2	0.4	1.3
<b>Spain</b>	-3.3	4.0	-2.7
<b>Sweden</b>	0.1	-2.2	-1.5
<b>United Kingdom</b>	1.9	0.5	3.7

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

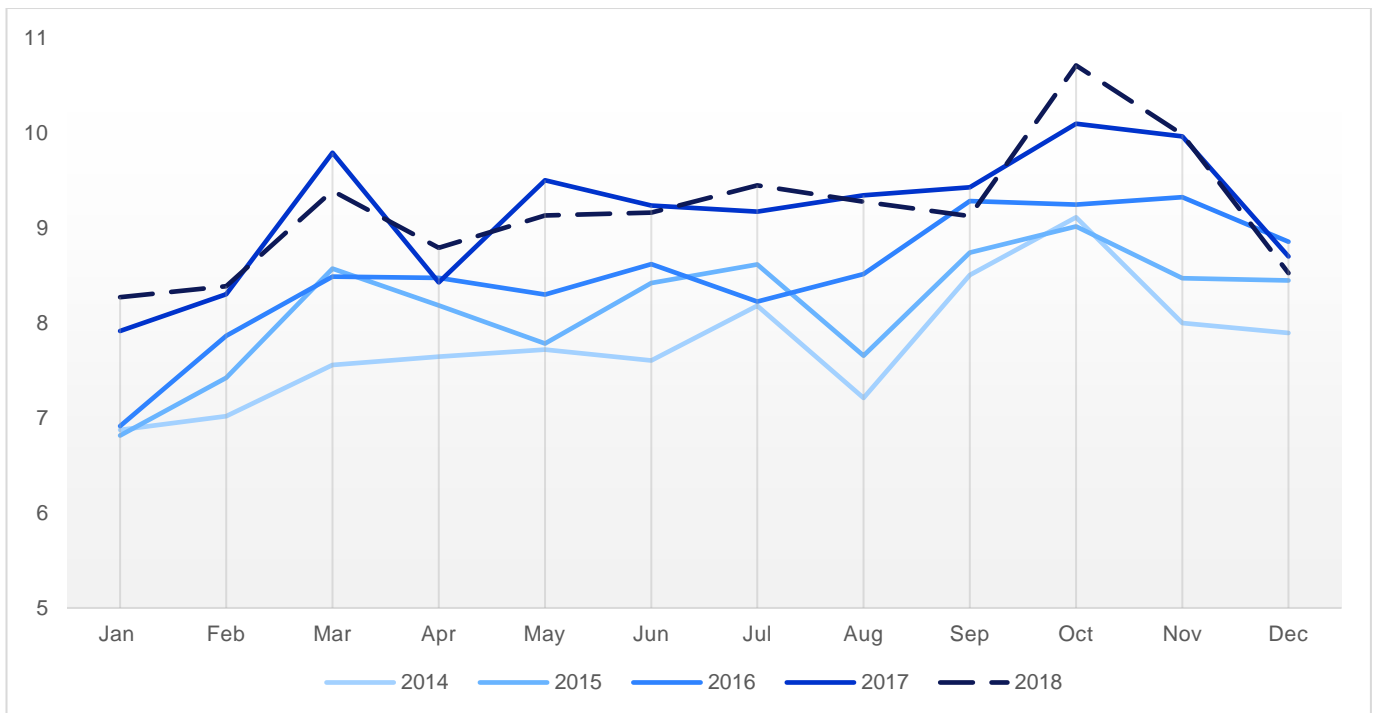
## External trade

### EU food and drink trade (€ billion)

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	y-o-y
<b>Exports</b>	28.7	26.0	27.1	27.8	29.2	1.9%
<b>Imports</b>	19.0	17.6	18.7	18.4	19.0	0.2%
<b>Balance</b>	9.7	8.4	8.3	9.5	10.2	5.1%

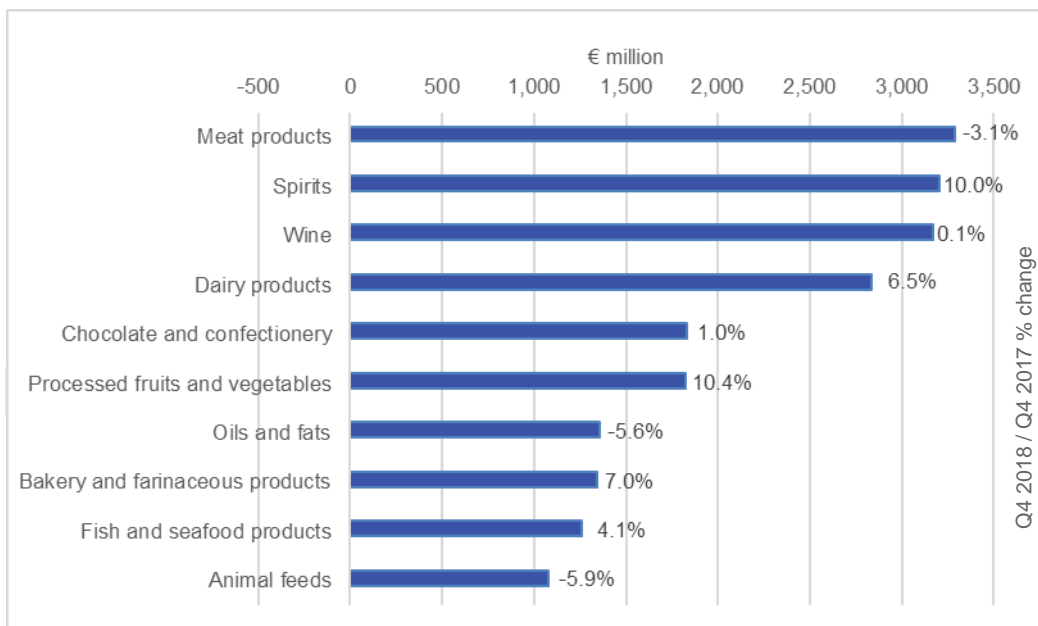
Source: Eurostat

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



Source: Eurostat

### Export performance by sub-sector in Q4 2018



Source: Eurostat



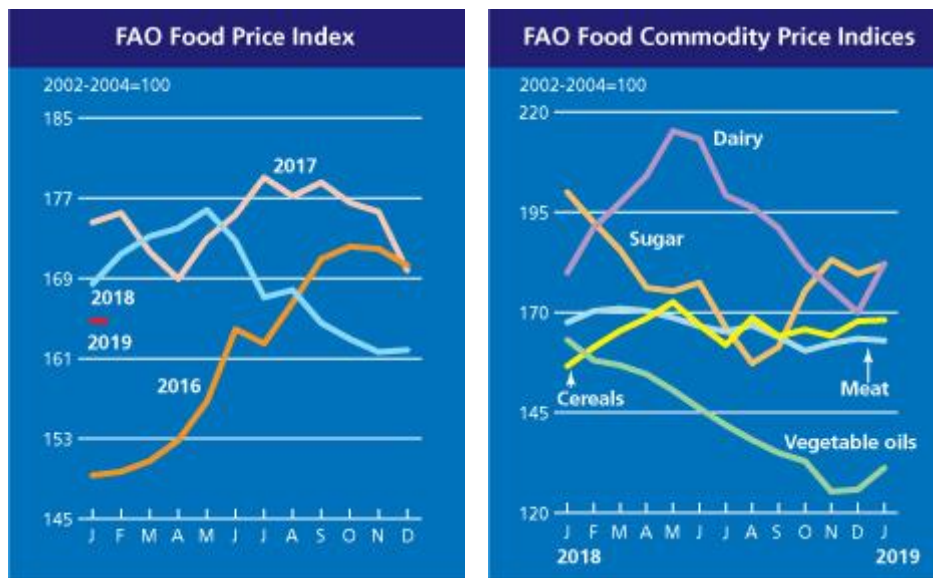
## Trade by sub-sector in value and volume in Q4 2018

FLOW	VALUE_IN_MMN_EUROS									QUANTITY_IN_1000 tonnes					
	IMPORT	IMPORT	% change	EXPORT	EXPORT	% change	Trade Balance			IMPORT	IMPORT	% change	EXPORT	EXPORT	% change
	Q4 2017	Q4 2018		Q4 2017	Q4 2018		Q4 2017	Q4 2018	trend	Q4 2017	Q4 2018		Q4 2017	Q4 2018	
<b>Food and drink</b>	<b>18,979</b>	<b>19,023</b>	<b>0.23%</b>	<b>28,664</b>	<b>29,204</b>	<b>1.88%</b>	<b>9,685</b>	<b>10,181</b>	<b>5%</b>	<b>17,982</b>	<b>18,234</b>	<b>1.40%</b>	<b>15,020</b>	<b>14,801</b>	<b>-1.46%</b>
Food	17,443	17,382	-0.35%	20,553	20,753	0.98%	3,110	3,372	8%	16,438	16,509	0.43%	11,363	11,100	-2.32%
Drink	1,536	1,642	6.87%	8,111	8,450	4.18%	6,575	6,809	4%	1,544	1,724	11.72%	3,657	3,701	1.19%
Meat products	1,698	1,664	-2.00%	3,393	3,289	-3.07%	1,696	1,626	-4%	477	480	0.69%	2,051	2,121	3.39%
Dairy products	198	212	7.18%	2,666	2,838	6.47%	2,468	2,626	6%	55	50	-9.78%	1,086	1,183	8.93%
Wine	710	726	2.23%	3,163	3,167	0.12%	2,452	2,440	0%	367	374	1.77%	672	611	-9.20%
Spirits	465	467	0.26%	2,914	3,206	10.00%	2,449	2,739	12%	92	95	2.65%	382	420	10.04%
Processed fruits and vegetables	2,300	2,277	-0.98%	1,651	1,823	10.40%	-649	-454	-30%	2,007	2,032	1.26%	1,407	1,536	9.17%
Chocolate and confectionery	855	890	4.01%	1,811	1,830	1.02%	956	940	-2%	251	255	1.58%	416	425	2.17%
Oils and fats	4,128	3,942	-4.49%	1,434	1,354	-5.57%	-2,694	-2,588	-4%	9,381	9,128	-2.70%	1,064	1,025	-3.67%
Animal feeds	332	370	11.62%	1,144	1,077	-5.89%	812	706	-13%	360	406	12.55%	834	877	5.24%
Fish and seafood products	5,119	5,078	-0.81%	1,210	1,259	4.06%	-3,909	-3,819	-2%	1,178	1,175	-0.27%	455	456	0.18%
Mineral waters and soft drinks	227	256	12.75%	878	968	10.25%	651	712	9%	718	747	4.01%	1,033	1,169	13.13%
Grain mill and starch products	544	525	-3.45%	954	898	-5.94%	410	372	-9%	778	770	-1.06%	1,134	909	-19.86%
Bakery and farinaceous products	208	225	7.96%	1,253	1,340	6.99%	1,044	1,115	7%	89	95	6.55%	514	545	5.95%
Beer	120	180	50.51%	807	744	-7.88%	688	564	-18%	358	501	40.04%	885	808	-8.69%
Processed tea and coffee	570	587	2.93%	590	587	-0.47%	0	0	83%	43	45	3.71%	88	86	-2.44%
Cider	9	9	-3.30%	69	74	7.62%	60	65	9%	5	4	-8.66%	49	49	-0.27%

Sources: Eurostat; own calculations

## Prices of agricultural commodities

### FAO Food Price Index



Source: FAO Food Price Index

### Main agricultural commodity prices

Agricultural commodity	Q4 2018 average	EU		Q4 2018 average	WORLD	
		Q4 2018/ Q3 2018	Q4 2018/ Q4 2017		Q4 2018/ Q3 2018	Q4 2018/ Q4 2017
	EUR/T	% change	% change	EUR/T	% change	% change
<b>CEREALS</b>						
Maize	164	-4.3	4.6	141	4.1	11.8
Soft wheat	192	6.4	17.8	185	3.4	24.5
<b>DAIRY</b>						
SMP	1,613	4.2	5.6	1,759	0.5	15.3
WMP	2,725	-2.9	-1.9	2,328	-9.9	-5.7
<b>SUGAR</b>						
White sugar	318	-8.5	-22.6	304	9.5	-6.0
				USD/T	%	%
<b>OILS AND OIL CROPS</b>						
Soybean oil				737	12.1	-16.1
Soybean				374	-6.0	-4.7
Soybean meal				368	-6.5	3.8
Rapeseed				428	-0.5	-0.8
Palm oil				555	3.9	-22.7
<b>COFFEE AND COCOA</b>						
Cocoa				2,176	-2.9	6.3
Coffee				2,362	4.4	-8.5

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

## Retail trade

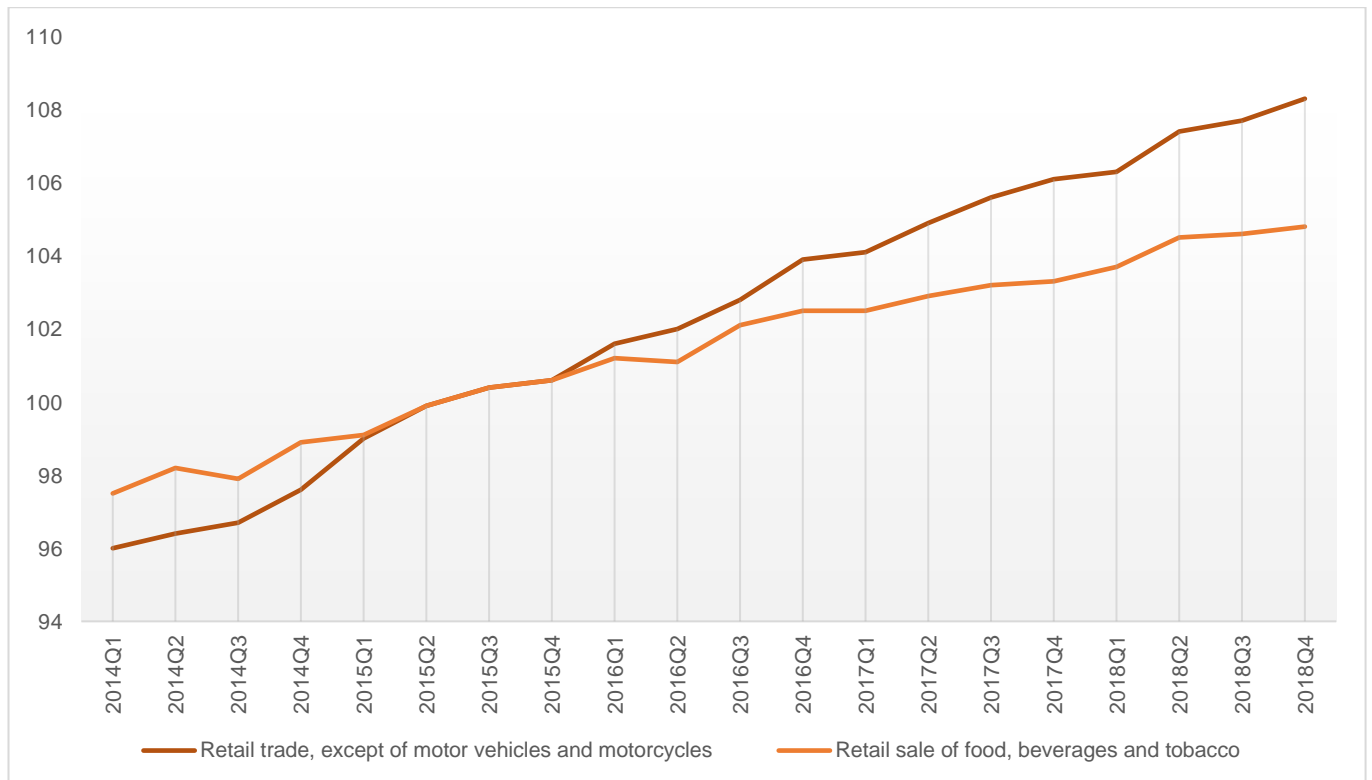
### Retail sales index

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	y-o-y
<b>Total retail trade</b>	106.1	106.3	107.4	107.7	108.3	
<b>% change</b>	0.5	0.1	1.1	0.3	0.6	2.0
<b>Food, drinks and tobacco</b>	103.3	103.7	104.5	104.6	104.8	
<b>% change</b>	0.2	0.3	0.8	0.1	0.2	1.4

Source: Eurostat

The index of the volume of retail trade measures the evolution of the turnover in retail trade, adjusted for price changes (deflated), i.e. the evolution of the total amount of goods sold, based on data adjusted for calendar and seasonal effects.

### EU turnover in retail trade by economic activity, 2014-2018 (2015=100)

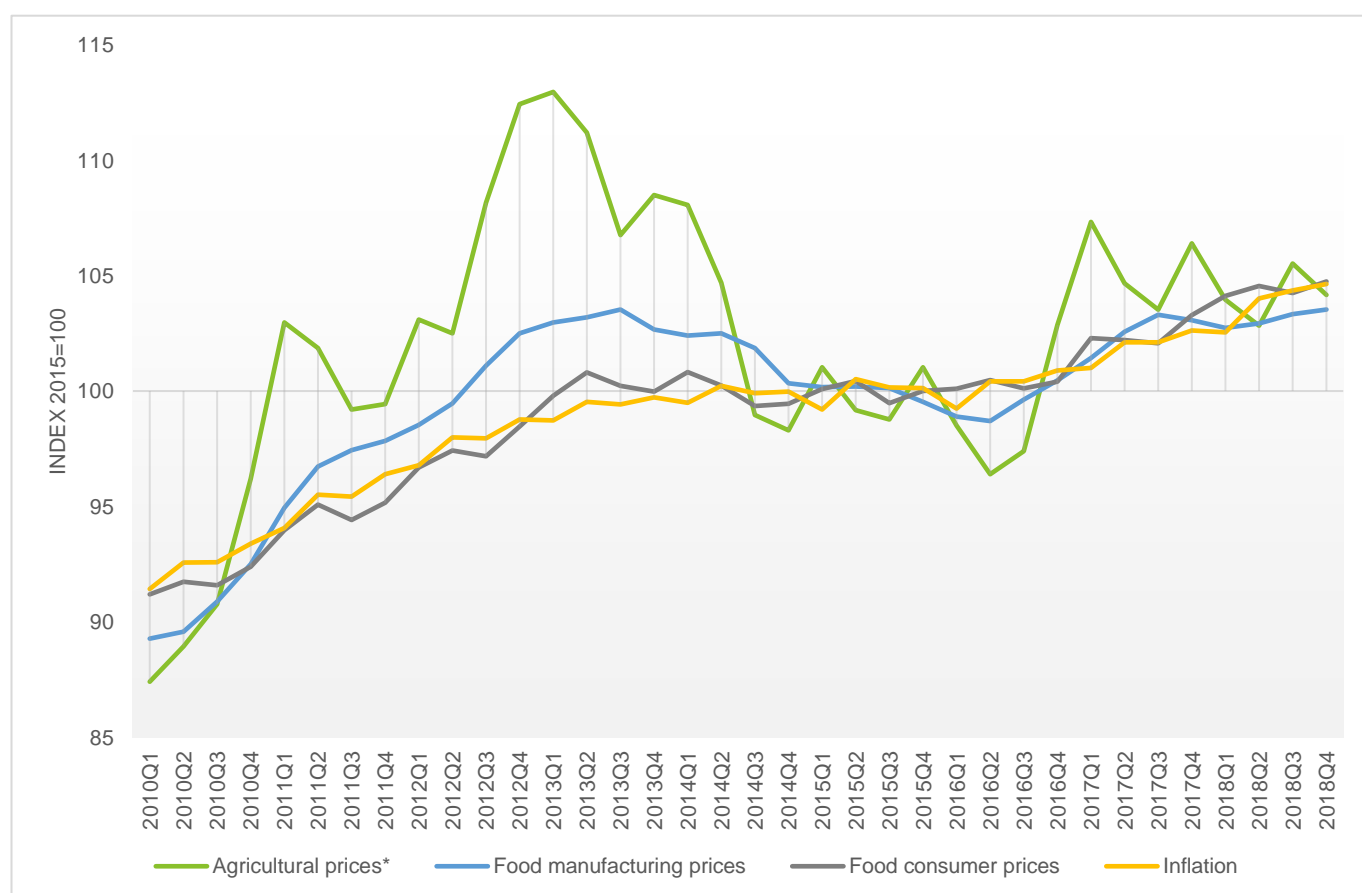


Source: Eurostat

## Price developments along the EU food chain

### Price developments (% change)

	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	y-o-y
<b>Agricultural prices*</b>	2.8	-2.3	-1.1	2.6	-1.3	-2.1
<b>Food manufacturing prices</b>	-0.2	-0.3	0.2	0.4	0.2	0.5
<b>Food consumer prices</b>	1.2	0.8	0.4	-0.3	0.5	1.4
<b>Inflation</b>	0.5	-0.1	1.4	0.3	0.3	2.0



\* 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

Focus on ...

Breakdown of EU household consumption expenditure (2016)

