

ECONOMIC BULLETIN Q1 2018

Moderate decline in production, turnover, manufacturing prices and exports – and steady employment growth

Food and drink industry

Decrease in production and sales, and lower manufacturing prices

- In Q1 2018, EU food and drink industry production decreased by 0.1% compared to the previous quarter.
- EU food and drink industry turnover decreased by 0.3% compared to the previous quarter.
- The year-on-year comparison shows that total manufacturing production growth exceeded food and drink industry production growth (3.8% vs. 1.4% compared to Q1 2017). The same trend is observed for turnover (4.3% vs. 3.4% compared to Q1 2017).
- Food manufacturing prices decreased by 0.4% in Q1 2018 and were 1.2% higher than in Q1 2017.

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Employment growth remains steady

- Employment in the EU food and drink industry increased by 0.2% in Q1 2018 and remained on a growth path since Q2 2015.
- In the long term, employment growth in the food and drink industry continues to outperform the one in the manufacturing industry (Q1 2018/Q1 2013: +6.4% vs. +5.9%).

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EU exports slightly lower at €26 billion

- EU exports of food and drinks totalled €26 billion in Q1 2018 (Q1 2018/Q1 2017: -0.4%).
- The trade surplus stood at €8.4 billion in Q1 2018.
- The top 5 products with the largest share in export value generated €12.5 billion in Q1 2018 (meat

products, dairy products, wine, spirits, processed fruits and vegetables).

- EU imports of food and drinks reached €17.6 billion (Q1 2018/Q1 2017: -5.1%).

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Agricultural commodities

Further decline in the FAO food price index

- The FAO food price index decreased by 2% in Q1 2018 compared to the previous quarter and was down 2% compared to Q1 2017.
- In Q1 2018, EU prices for most agricultural commodities decreased except for corn and soft wheat. World market prices increased for most commodities, except for sugar, coffee, palm oil, soybean oil and rapeseed.
- The year-on-year comparison shows a decline in world market prices for all the main agricultural commodities, with the most significant decrease observed for sugar, SMP, cocoa, coffee and WMP.

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Retail

Retail trade in foodstuffs reaches new peak

- Retail trade in foodstuffs was up by 0.5% compared to Q4 2017 and reached a new peak in March 2018.
- Year-on-year retail trade growth in foodstuffs increased by 2.6%, whereas total retail trade was 2.3% higher compared to March 2016.
- Consumer prices increased by 0.8% in Q1 2018, and were 1.8% higher compared to Q1 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 92/2018, 'Volume of retail trade up by 0.1% in euro area -

Up by 0.4% in EU28', 5 June 2018 <http://ec.europa.eu/eurostat/documents/2995521/8962853/4-05062018-AP-EN.pdf/2d8c7ae7-f60f-4dba-a3a9-6f70c90f2b2b>

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 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	y-o-y
Total manufacturing	103.5	104.5	106.1	107.7	107.4	
% change	0.5	1.0	1.5	1.5	-0.3	3.8
Food and drink industry	102.4	103.2	103.5	103.9	103.8	
% change	0.5	0.8	0.3	0.4	-0.1	1.4

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.

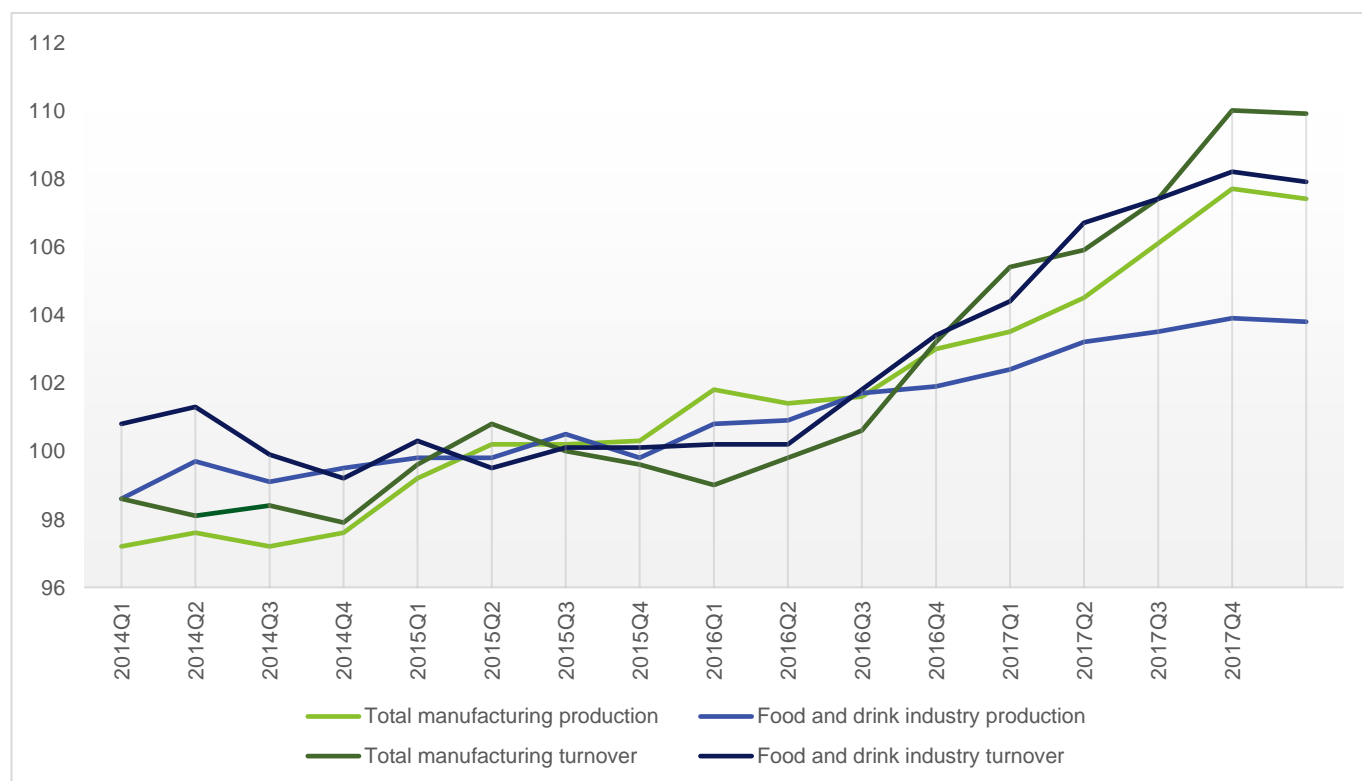
Turnover index

	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	y-o-y
Total manufacturing	105.4	105.9	107.4	110.0	109.9	
% change	2.1	0.5	1.4	2.4	-0.1	4.3
Food and drink industry	104.4	106.7	107.4	108.2	107.9	
% change	1.0	2.2	0.7	0.7	-0.3	3.4

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	2017 Q4 / 2017 Q3 (% change)	2018 Q1 / 2017 Q4 (% change)	2018 Q1 / 2017 Q1 (% change)
EU	0.4	-0.1	1.4
Austria	0.2	0.5	4.2
Belgium	0.9	0.9	4.3
Bulgaria	1.0	1.6	4.1
Czech Republic	1.3	2.1	1.7
Denmark	1.5	-1.3	4.7
Estonia	2.2	-1.2	-2.8
Finland	-0.2	-0.8	0.6
France	-1.2	0.3	-0.1
Germany	-0.4	-0.4	2.1
Greece	-0.2	2.3	3.5
Hungary	2.7	1.9	5.9
Italy	0.1	0.7	2.7
Latvia	0.5	-3.3	-0.1
Lithuania	2.0	-1.2	-0.9
Netherlands	1.0	1.1	4.5
Poland	1.7	0.5	5.4
Portugal	-1.3	0.8	3.9
Romania	0.3	6.1	6.1
Spain	0.8	-1.6	0.2
United Kingdom	0.5	-0.2	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	2017 Q4 / 2017 Q3 (% change)	2018 Q1 / 2017 Q4 (% change)	2018 Q1 / 2017 Q1 (% change)
EU	0.7	-0.3	3.4
Austria	2.3	-0.5	6.5
Belgium	0.0	-5.4	1.0
Bulgaria	2.4	0.3	6.8
Czech Republic	1.9	-0.3	0.0
Denmark	0.6	-3.4	2.5
Estonia	1.1	1.8	5.1
Finland	0.9	0.2	3.2
France	0.4	0.6	2.8
Germany	1.0	-1.2	4.3
Greece	-0.6	0.9	-1.5
Hungary	1.8	3.0	4.6
Italy	-0.7	1.5	4.0
Latvia	-0.3	0.4	5.4
Lithuania	-0.6	0.1	1.8
Netherlands	0.2	1.6	3.9
Poland	1.9	0.2	5.7
Portugal	3.6	1.1	5.8
Romania	0.9	1.1	8.1
Spain	2.2	-1.2	1.8

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

Employment in the EU food and drink industry

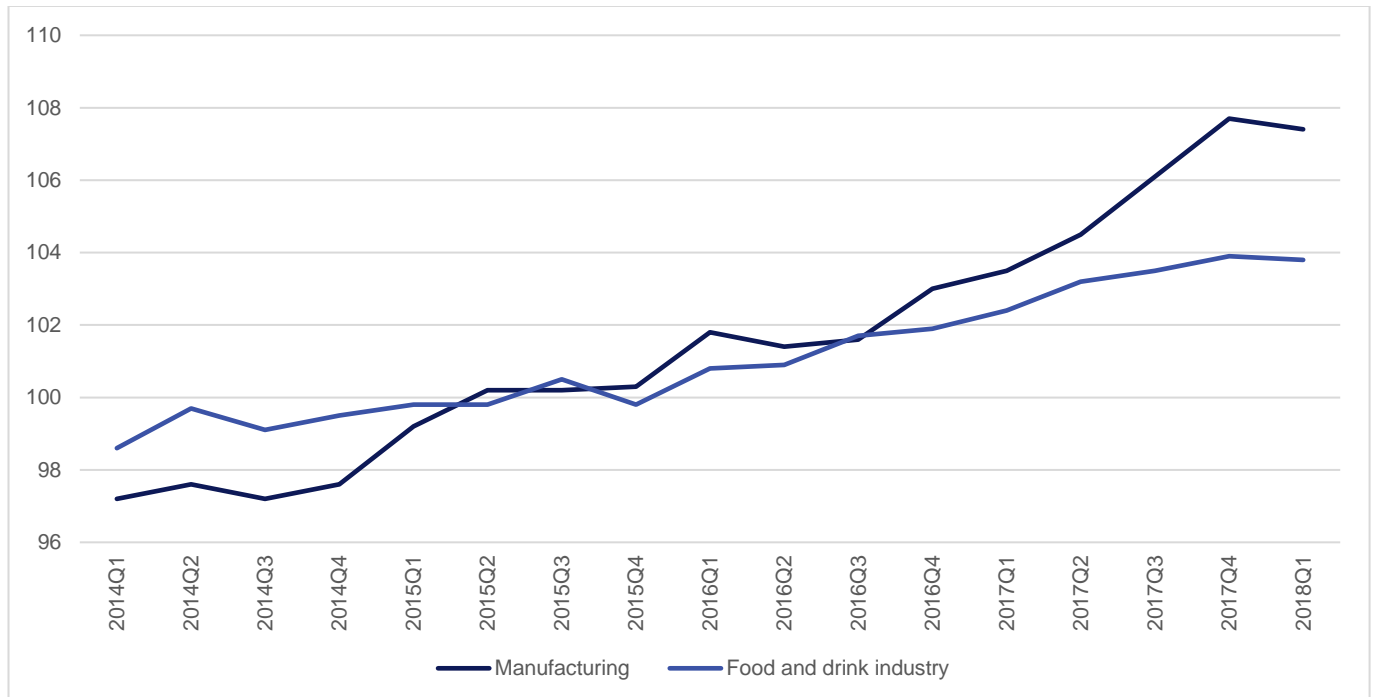
Employment index

Employment	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	y-o-y
Total manufacturing	102.2	102.7	103.1	103.6	104.3	
% change	0.5	0.5	0.4	0.5	0.7	2.1
Food and drink industry	102.6	102.8	103.5	104.3	104.5	
% change	0.3	0.2	0.7	0.8	0.2	1.9

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	2017 Q4 / 2017 Q3 (% change)	2018 Q1 / 2017 Q4 (% change)	2018 Q1 / 2017 Q1 (% change)
EU	0.8	0.2	1.9
Austria	0.2	1.2	2.9
Belgium	0.2	na	na
Bulgaria	1.0	3.5	1.8
Croatia	-0.8	-2.6	-3.1
Czech Republic	0.1	-0.9	-1.1
Denmark	0.4	0.6	1.9
Estonia	-0.5	-1.9	-2.1
Finland	2.9	6.2	18.1
France	0.6	0.0	1.0
Germany	0.8	0.6	3.2
Ireland	-1.6	na	na
Latvia	-0.4	1.9	1.5
Lithuania	2.2	-5.2	-4.0
Netherlands	0.6	na	na
Poland	-0.3	0.5	0.1
Portugal	1.2	0.2	2.9
Romania	0.8	1.8	3.4
Spain	3.2	-2.7	3.5
Sweden	1.4	1.1	2.1
United Kingdom	0.7	-0.6	-2.6

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

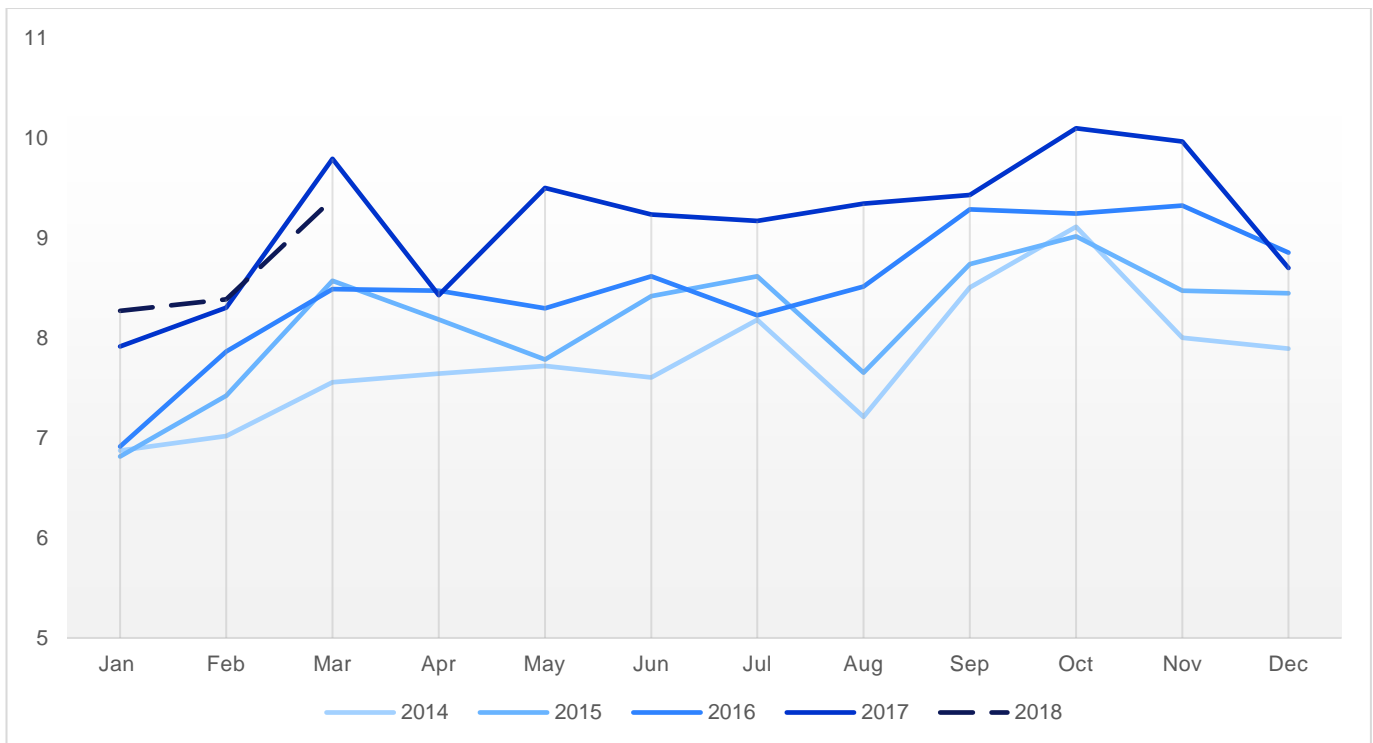
External trade

EU food and drink trade (€ billion)

	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	y-o-y
Exports	26.1	27.1	27.9	28.8	26.0	-0.4
Imports	18.5	19.1	18.5	19.0	17.6	-5.1
Balance	7.6	8.1	9.4	9.8	8.4	11.1

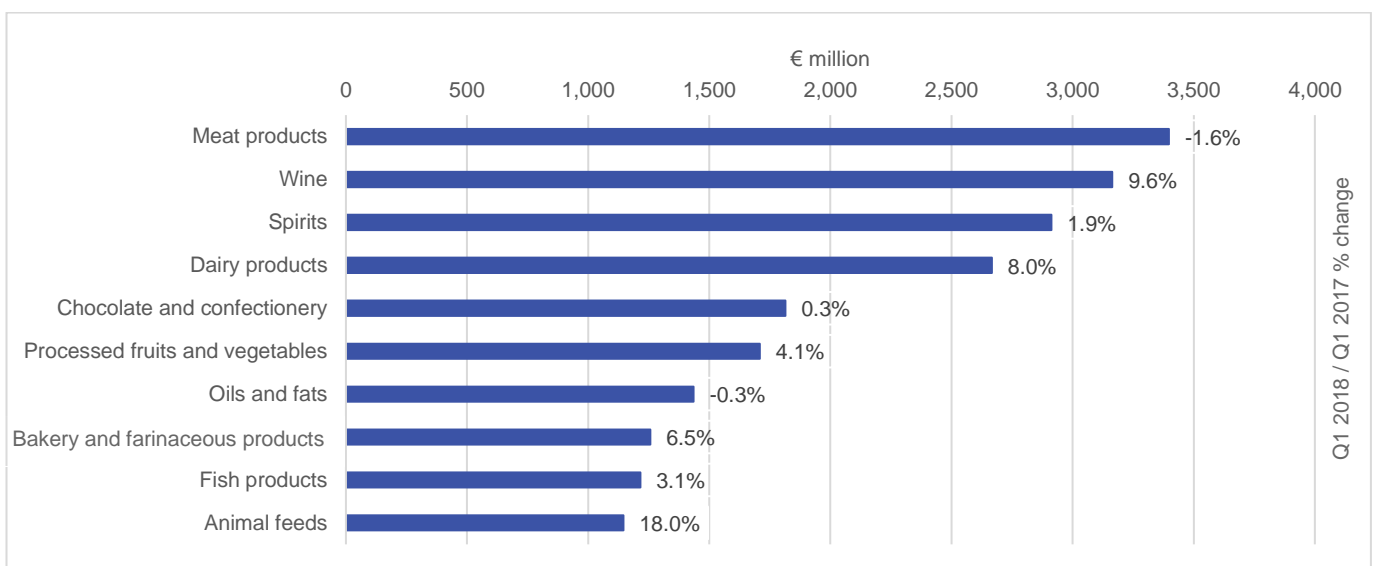
Source: Eurostat

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



Source: Eurostat

Export performance by sub-sector in Q1 2018



Source: Eurostat

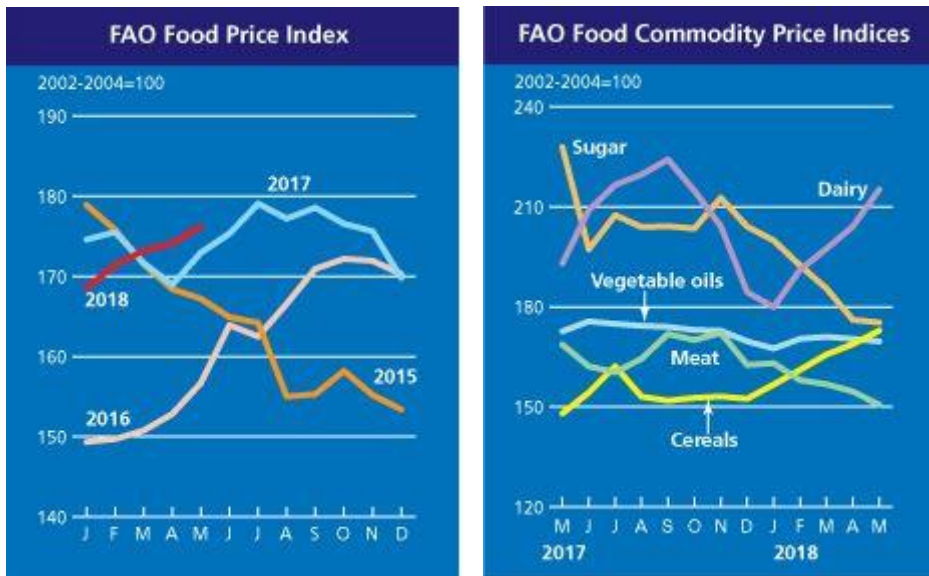
Trade by sub-sector in value and volume in Q1 2018

FLOW	VALUE_IN_MMN_EUROS									QUANTITY_IN_1000 tonnes											
	IMPORT			% change			EXPORT			Trade Balance			IMPORT			EXPORT			% change		
	Q1 2017	Q1 2018		Q1 2017	Q1 2018		Q1 2017	Q1 2018	trend	Q1 2017	Q1 2018		Q1 2017	Q1 2018							
Food and drink	18,535	17,586	-5.12%	26,142	26,035	-0.41%	7,607	8,448	11%	17,127	16,782	-2.02%	13,641	14,398	5.55%						
Food	17,188	16,268	-5.35%	19,248	19,008	-1.25%	2,060	2,740	33%	15,715	15,311	-2.57%	10,226	10,912	6.71%						
Drink	1,347	1,318	-2.18%	6,894	7,026	1.92%	5,546	5,708	3%	1,412	1,471	4.16%	3,416	3,486	2.06%						
Meat products	1,697	1,720	1.33%	3,365	3,170	-5.80%	1,668	1,450	-13%	490	475	-3.06%	1,983	1,981	-0.11%						
Dairy products	160	159	-0.70%	2,844	2,729	-4.05%	2,684	2,570	-4%	51	47	-7.10%	1,132	1,155	2.07%						
Wine	597	583	-2.24%	2,539	2,624	3.33%	1,943	2,040	5%	320	317	-0.96%	545	534	-2.06%						
Spirits	347	355	2.36%	2,309	2,362	2.29%	1,962	2,006	2%	68	76	10.68%	302	325	7.55%						
Processed fruits and vegetables	2,229	2,112	-5.22%	1,618	1,642	1.45%	-611	-471	-23%	1,844	1,973	6.98%	1,348	1,441	6.92%						
Chocolate and confectionery	816	761	-6.76%	1,507	1,439	-4.55%	692	678	-2%	214	242	13.01%	357	373	4.44%						
Oils and fats	4,426	3,860	-12.77%	1,514	1,361	-10.13%	-2,912	-2,500	-14%	8,932	8,630	-3.38%	1,129	1,050	-7.04%						
Animal feeds	311	345	10.99%	968	1,036	7.06%	657	691	5%	271	341	25.55%	770	812	5.41%						
Fish and seafood products	4,680	4,677	-0.05%	945	968	2.45%	-3,735	-3,709	-1%	1,180	1,188	0.67%	408	432	5.87%						
Mineral waters and soft drinks	240	248	3.03%	857	908	5.99%	616	660	7%	556	738	32.89%	991	1,043	5.24%						
Grain mill and starch products	501	451	-9.89%	980	906	-7.56%	480	455	-5%	732	668	-8.70%	1,236	1,053	-14.80%						
Bakery and farinaceous products	201	159	-20.88%	1,016	842	-17.11%	815	683	-16%	89	78	-12.98%	440	394	-10.44%						
Beer	150	118	-21.37%	845	769	-8.99%	695	651	-6%	455	322	-29.17%	865	861	-0.53%						
Processed tea and coffee	551	498	-9.59%	548	544	-0.71%	0	45	83%	40	41	2.28%	77	79	3.90%						
Cider	6	8	21.44%	60	66	10.03%	54	58	9%	4	5	19.75%	44	45	2.90%						

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	Q1 2018 average	EU		Q1 2018 average	WORLD	
		Q1 2018/ Q4 2017	Q1 2018/ Q1 2017		Q1 2018/ Q4 2017	Q1 2018/ Q1 2017
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	161	2.4	-0.8	134	5.8	-11.9
Soft wheat	166	1.5	2.2	155	3.9	-7.5
DAIRY						
SMP	1,373	-10.4	-30.2	1,539	0.8	-31.1
WMP	2,589	-6.8	-13.1	2,530	2.5	-15.9
SUGAR						
White sugar	373	-9.2	-24.7	295	-8.7	-41.3
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				847	-2.8	0.8
Soybean				418	4.7	-0.1
Soybean meal				423	16.7	12.0
Rapeseed				426	-1.2	-4.2
Palm oil				674	-4.2	-12.8
COFFEE AND COCOA						
Cocoa				2,048	2.8	-18.1
Coffee				2,581	-7.6	-16.4

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

Retail trade

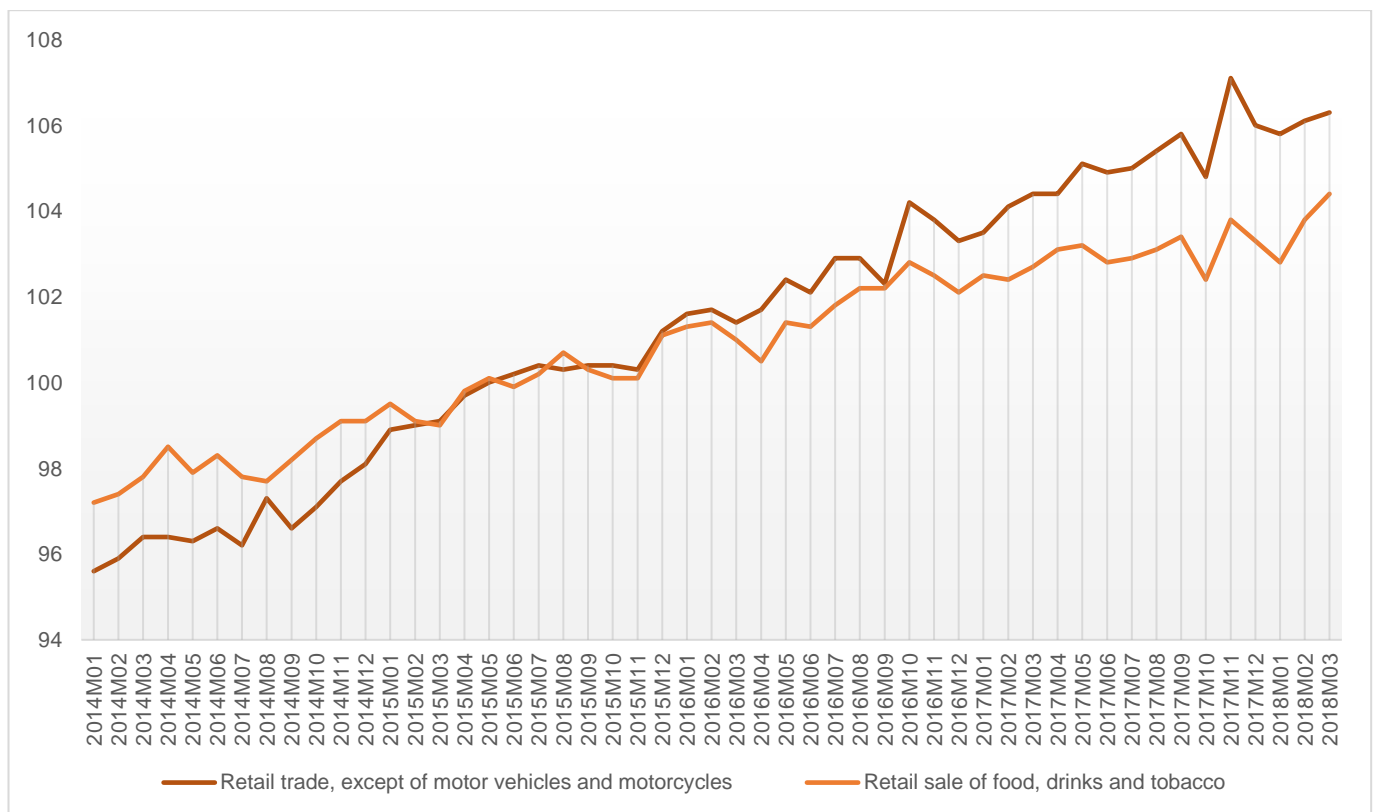
Volume of retail trade (% change)

	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	y-o-y
Total retail	2.2	-1.0	-0.2	0.3	0.2	2.3
Food, drinks and tobacco	1.4	-0.5	-0.5	1.0	0.6	2.6

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)

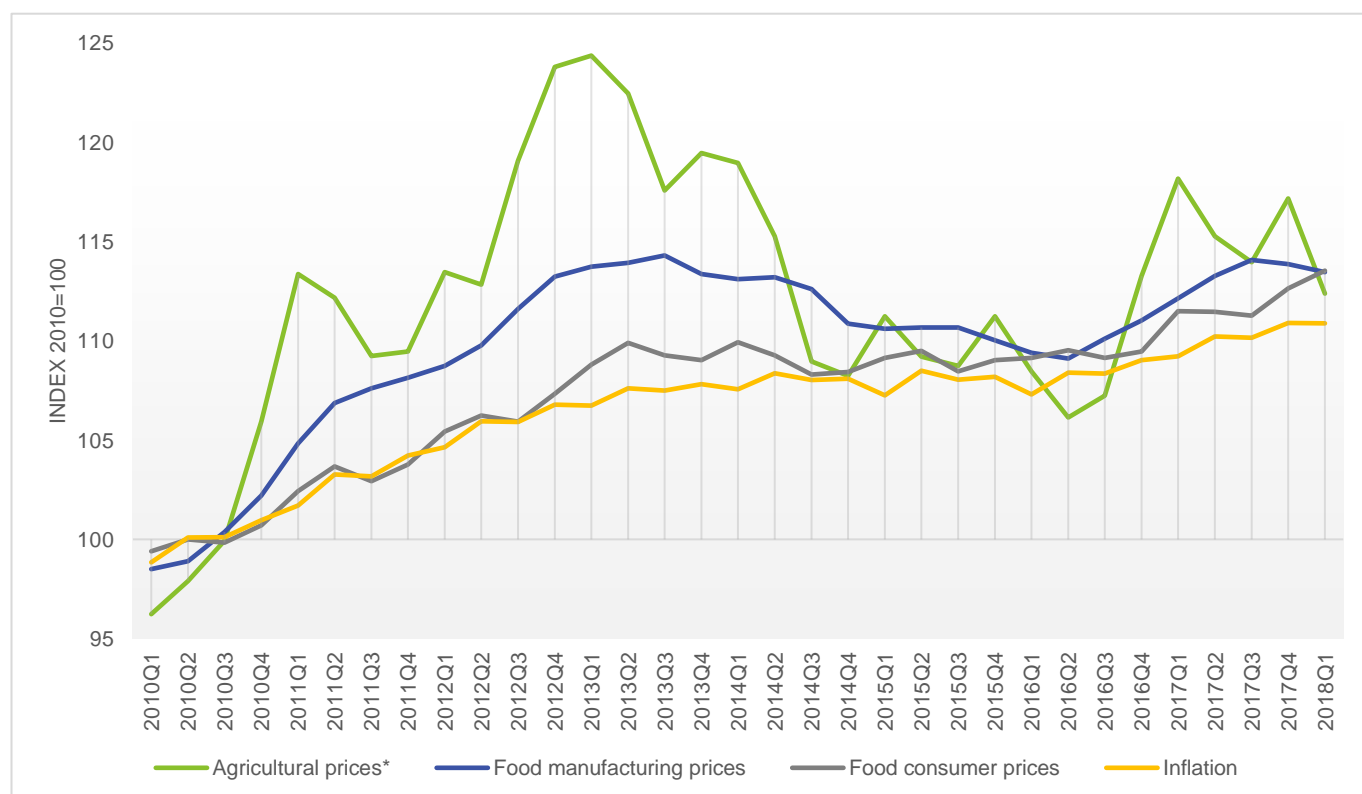


Sources: Eurostat; [Eurostat News Release 92/2018](#)

Price developments along the EU food chain

Price developments (% change)

	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	y-o-y
Agricultural prices*	4.3	-2.5	-1.1	2.8	-4.1	-4.9
Food manufacturing prices	1.0	1.0	0.7	-0.2	-0.4	1.2
Food consumer prices	1.9	0.0	-0.2	1.2	0.8	1.8
Inflation	0.2	0.9	-0.1	0.7	0.0	1.5



* 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