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FAOSTAT ANALYTICAL BRIEF 26

# Agriculture producer prices indices

2015–2019

## HIGHLIGHTS

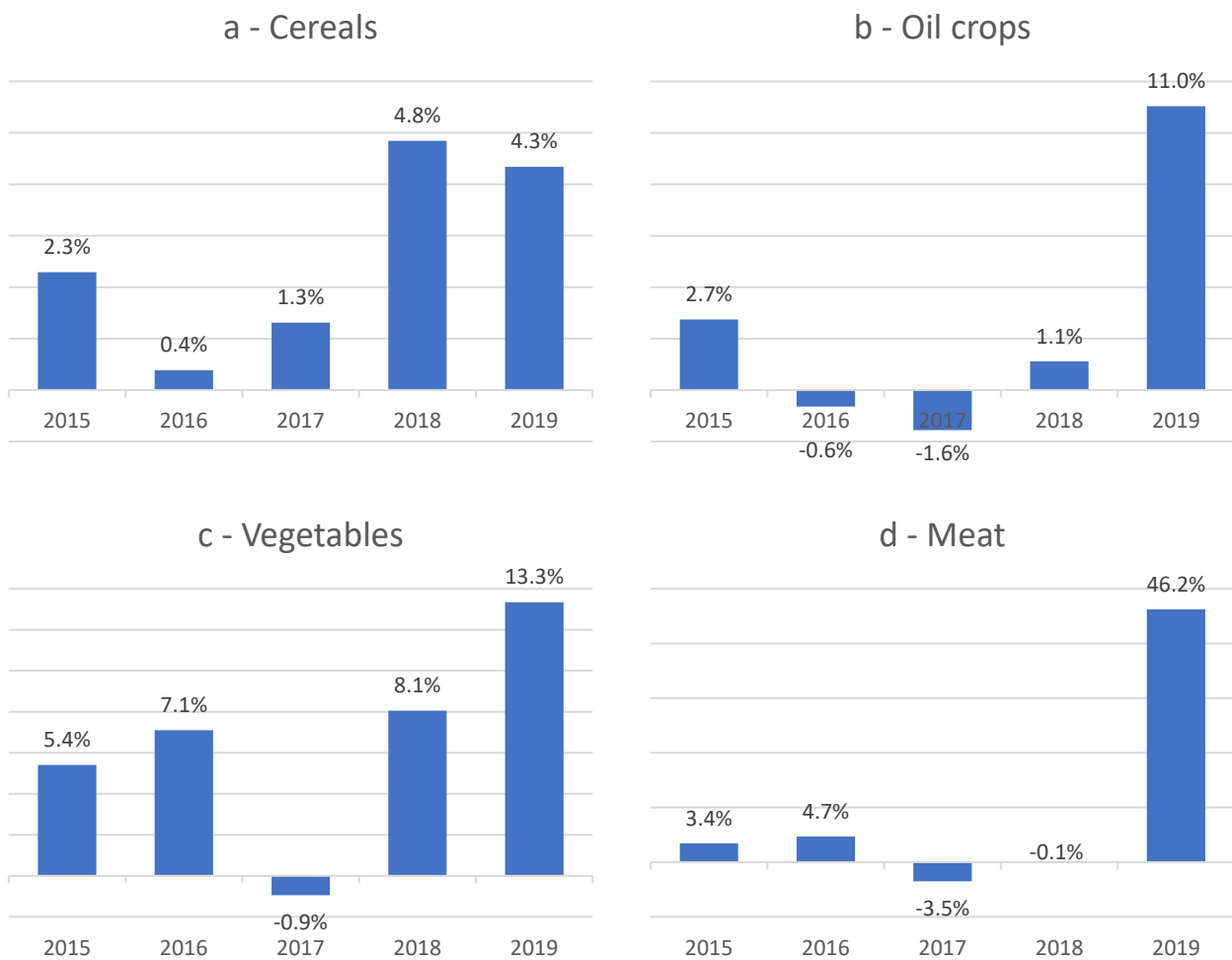
- Globally, within the period from 2015 to 2019, the producer price index (PPI) of cereal, oil crops, vegetables and meat products has shown a discrete variability with decreasing trends from 2015 to 2017 and a following growth up to 2019.
- In European countries, the growth rates of PPIs for cereals, meat, vegetables and oil crops are fairly stable with average annual values varying between -7 percent and +10 percent from 2015 to 2019, except for Belarus and Ukraine.
- In the Americas, PPIs for cereals, vegetables and meat products increase overall in most countries from 2015 to 2019 (except meat products in Brazil), while PPIs for oil crops increase on average in Latin American countries and decrease in Northern America.
- In sub-Saharan Africa, a large number of countries have experienced droughts and unfavourable weather during the last few years, which largely contributed to the increase of PPIs in this region.
- In Asia, the PPIs for cereals, meat products and vegetables have gone up for most countries from 2015 to 2019.

## FAOSTAT PRODUCER PRICES

### GLOBAL FOCUS

Globally, from 2015 to 2019, the producer price index (PPI) of cereal products, oil crops, vegetables and meat show some variability, with reductions in the first years and a relatively smooth growing trend afterwards. In 2019, the PPI for cereal products increased by 4.3 percent following an annual increase of 4.8 percent in 2018 (Figure 1a). The global PPI of oil crops has experienced two years of decline in 2016 and 2017, after which the annual growth rate climbs up to +11 percent in 2019 (Figure 1b). This high annual growth rate in 2019 is mainly due to the +21 percent average increase of oil crops prices in China. The global PPI for Vegetables has shown a sustained increasing trend from 2015 to 2019, interrupted by a -1 percent in 2017 (Figure 1c). The global PPI for meat increased from 2015 to 2016 and recorded a decrease to -3.5 percent in 2017. From 2017 to 2019, the global PPI for meat increased reaching +42 percent in 2019 driven by a remarkable +134 percent increase in China (Figure 1d).

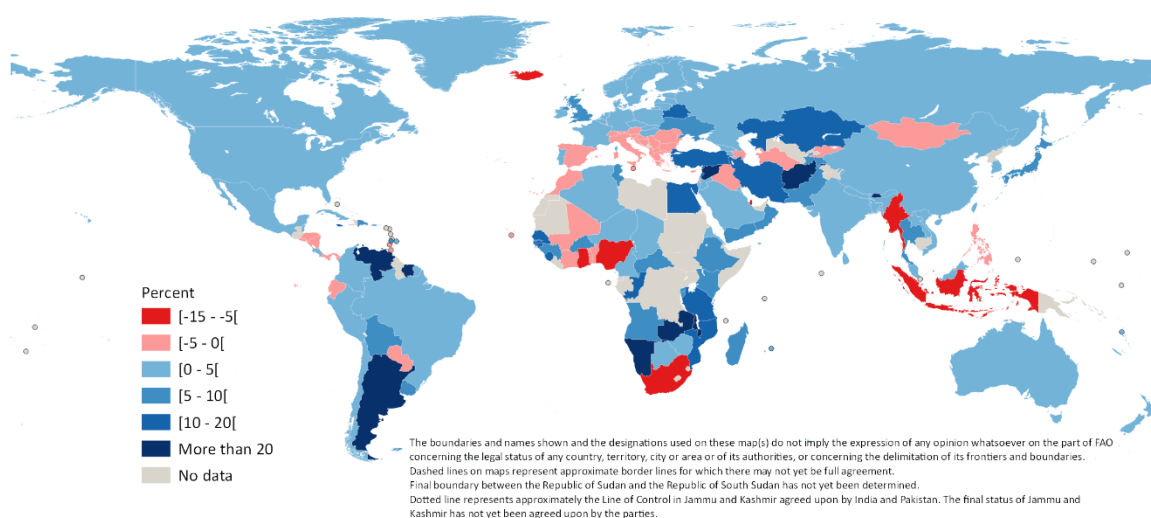
Figure 1. Global annual change rate of the PPI for cereals, oil crops, vegetables and meat



Source: FAO, 2021a.

At the global level, the PPIs of cereals, vegetables and meat show increasing trends in most countries (Figures 2, 4 and 5), while the PPIs of oil crops record decreasing trends in larger producer countries (Figure 3).

Figure 2. 2015–2019 average annual change rate of the PPI for cereal products

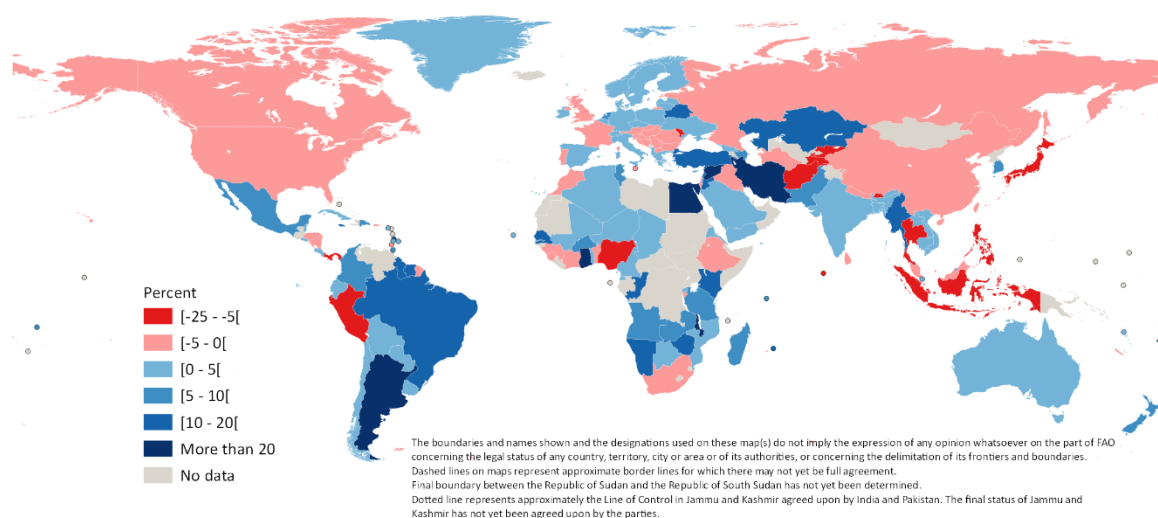


**Source:** FAO, 2021a based on UN Geospatial, 2020.

**Note:** Average increases over 20 percent are mainly due to general hyperinflation in all economic sectors.

The average annual increase rates from 2015 to 2019 of PPIs for cereal, vegetable, meat and oil crops are fairly stable in Europe, with values between -7 percent and +10 percent, except for Belarus (12.1 percent for cereal and 16.3 percent for oil crops) and Ukraine (16 percent for meat products) from 2015 to 2019. The rise of cereals and oil crops products prices in Belarus has been mainly driven by a reduction in yields between 2015 and 2017 and a context of increasing inflation and fuel and energy prices, along with the liberalization of bread prices (FAO, 2021b). The rise of beef and swine production costs in Ukraine is one of the factors behind the relatively high average meat PPI increase rate. In Ukraine, cattle and swine inventories contracted in 2019, and dairy farms tend to focus on milk production instead of beef production, which may lead to further increase of the meat PPI (Beef2Live, 2021). The high annual increase in the vegetables PPI for Latvia is mainly due to the increase in the producer prices of potatoes, tomatoes and onions (for example, the PPI of dry onions has increased by 40 percent from 2017 to 2018).

**Figure 3. 2015–2019 average annual change rate of the PPI for oil crops**

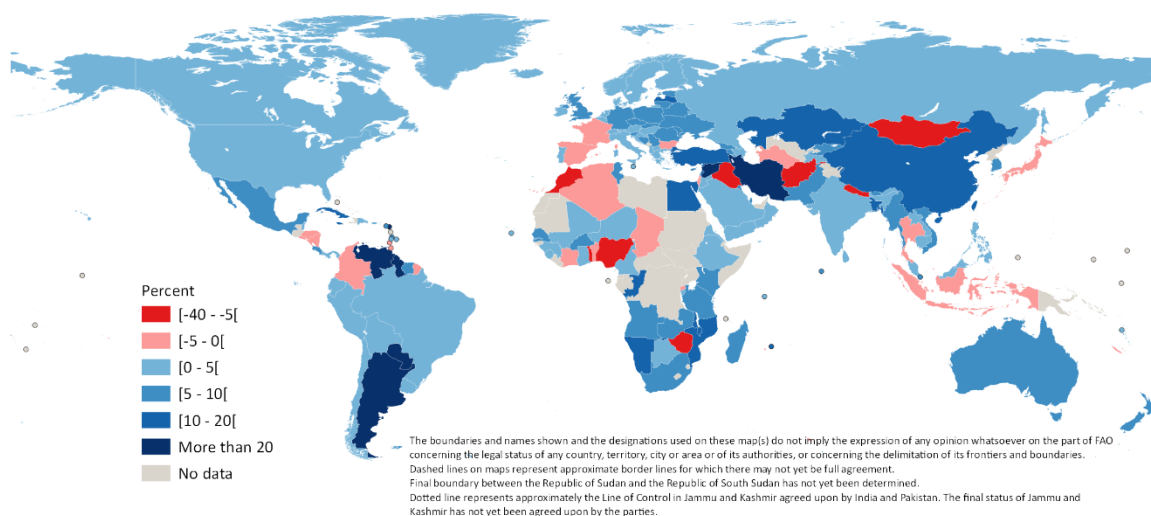


**Source:** FAO, 2021a based on UN Geospatial, 2020.

**Note:** Average increases over 20 percent are mainly due to general hyperinflation in all economic sectors.

In Latin America, Brazil has seen an average 10.3 percent annual decrease in the PPI for meat products, with one of main reasons being the expansion of its cattle industry. Due to favourable legislative, political and enforcement changes, beef production in Brazil has expanded substantially from 2015 to 2019, making it a big exporter to China, the United States of America, and the European Union (Kuepper, Steinweg and Piotrowski, 2020). Conversely, Brazil has seen a high average annual growth rate at 13.4 percent in its oil crops. The gradual increase of the PPI from 2015 to 2019 is mainly driven by the increase of average production cost for soybean, due to the price increases of chemicals for crop protection, diesel and lubricants as well as the opportunity cost for land (Osaki, 2019). The extreme increases of the PPI in the Bolivarian Republic of Venezuela (1,347 percent annual growth rate for cereals and 1,334 percent for meat products) are due to the hyperinflation following the country's economic crisis. In Argentina, the severe devaluation of the Argentine Peso in 2017 has also led to a 30.5 and 35 percent average annual increase of the PPIs for oil crops and vegetables, respectively.

Figure 5. 2015–2019 average annual change rate of the PPI for vegetable products



**Source:** FAO, 2021a based on UN Geospatial, 2020.

**Note:** Average increases over 20 percent are mainly due to general hyperinflation in all economic sectors.

In sub-Saharan Africa, a large number of countries have experienced droughts and unfavourable weather during the last few years, which largely contributed to the big fluctuation of PPIs in the region. Kenya, for example, has seen an average 8.8 percent annual increase of the cereals PPI from 2015 to 2019, which is similar to that of vegetables (8.1 percent). The production of maize dropped sharply as a result of the 2016 drought and fall armyworm infestations (FAO, 2017). On the contrary, South Africa has seen an average 8.1 percent annual decrease, which is mainly due to its recovery from the severe 2015 drought that had led to a sharp fall in cereals production and a 29 percent jump of the PPI from 2015 to 2016 (Piesse, 2016).

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