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Agriculture producer prices indices

2016–2021

HIGHLIGHTS

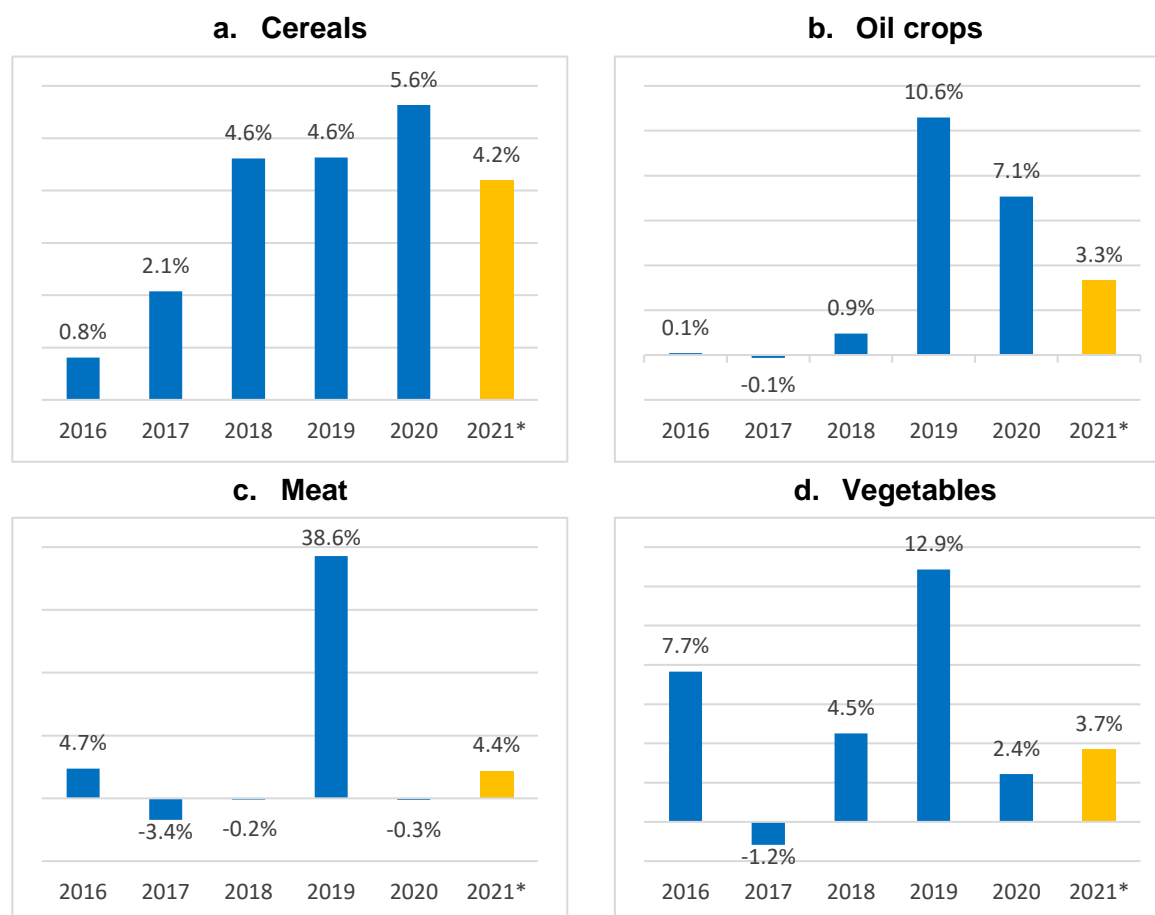
- Globally, during the period 2016–2020, producer price indices showed a generalized increasing pattern for cereals and oil crops, and a generalized decreasing trend for vegetables and meat.
- In 2019 and 2020, large variations in producer price indices were observed, mainly due to COVID-19 pandemic restrictions, which disrupted the supply chain and pushed many countries to stockpile food reserves out of food security concerns, unfavourable weather events in key exporting countries and strong demand for biofuels by non-commercial traders.
- For oil crops, the increases were mostly due to the continuing rise in the price of soybeans, sunflowers and oil palm fruit.
- The producer price index of meat peaked in 2019, mostly due to the increase in China, as the African swine fever outbreak of 2018 resulted in a significant increase in pork meat imports.
- Estimates for 2021 show a sustained increase in producer prices.

FAOSTAT PRODUCER PRICES

GLOBAL

Globally, the producer price index (PPI) for cereals increased faster in 2020 than in 2019. For oil crops, meat and vegetables, the change in 2020 was smaller than in 2019 and, in the case of meat, was slightly negative overall, with peaks in some countries and reductions in others. Due to the COVID-19 pandemic and related concerns about food security, many countries built large stocks and restricted the exports of staples, animal feeds and oil crops, while the worldwide demand for these commodities continued to grow in 2020, especially for feed stocks from China and for biofuels in the United States of America (Ash and Golden, 2021). Moreover, unfavourable weather conditions, such as heatwaves and droughts, led to a lower harvest in key food exporting countries (Argentina, Brazil, the Russian Federation, Ukraine and the United States of America). As of mid-2021, international food producer prices had reached, according to the International Monetary Fund, their highest real levels in May 2021 since 2014 (Bogmans, Pescatori and Prifti, 2021), mainly supported by a generalized increase in energy prices and agricultural inputs prices, especially for fertilizers and feeds (FAO, 2021).

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



Source: Author's own elaboration based on FAO. 2022. FAOSTAT: Producer prices. In: *FAO*. Rome. Cited May 2022. <http://www.fao.org/faostat/en/#data/PP>

Note: Data for 2021 are estimates.

Estimates for 2021 show a sustained increase in producer prices, although at a slower pace than 2020 (Table 1). Only in the Americas were oil crops prices expected to drop.

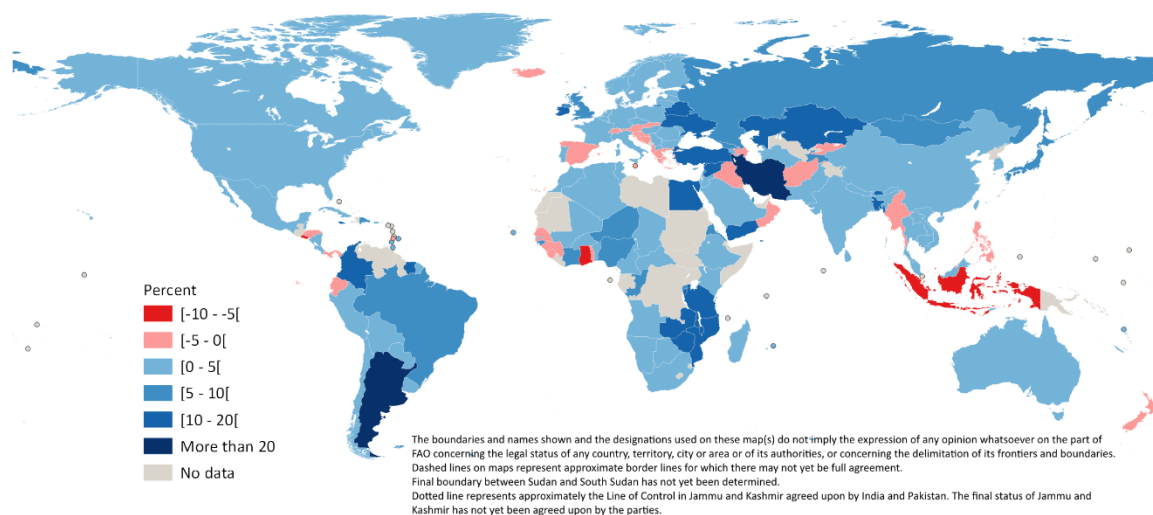
Table 1. Change rate of the producer price index estimates for 2021 (percent)

	Cereals	Oil crops	Meat	Vegetables
Africa	4.0	2.8	5.0	5.3
Americas	11.4	-5.3	1.5	6.6
Asia	2.2	4.8	5.3	2.9
Europe	6.0	6.9	2.3	2.5
Oceania	4.3	3.6	4.5	4.7
World	4.2	3.3	4.4	3.7

Source: Author's own elaboration based on FAO. 2022. FAOSTAT: Producer prices. In: *FAO*. Rome. Cited May 2022. <http://www.fao.org/faostat/en/#data/PP>

CEREALS

Figure 2. 2016–2020 average annual change rate of the PPI for cereal products



Source: FAO. 2022. FAOSTAT: Producer prices. In: FAO. Rome. Cited May 2022. <http://www.fao.org/faostat/en/#data/PP> based on UN Geospatial, 2020.

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

The annual growth rates of PPIs for cereal products increased at the global level from 2016 to 2020, with peaks in South America, Eastern Africa, Eastern Europe, Southern Asia and Western Asia, and large reductions mainly located in South-eastern Asia (Figure 2). The largest average growth rates in cereal PPIs between 2016 and 2020 in Europe occurred in Belarus and Ukraine (11 percent each), Ireland (10 percent), the United Kingdom of Great Britain and Northern Ireland and the Russian Federation (7 percent each). The rise of cereals (along with oil crops) products prices in Eastern Europe, especially Belarus, has been mainly driven by a reduction in yields between 2015 and 2017 and a context of increasing inflation (including energy and fertilizers), along with the liberalization of bread prices (FAO, 2021). In 2020, the largest surges in prices were recorded in the Republic of Moldova (29 percent), Ukraine (23 percent), the Russian Federation and North Macedonia (15 percent each). The main reason for such increases was a combination of increased importers' demand in the last months of 2020 and the announcement of export quotas in Ukraine and the Russian Federation (FAO, 2020).

In Latin America, Argentina (35 percent), Suriname and Colombia (18 percent each), Jamaica (13 percent) and Brazil (8 percent) are the main contributors to the annual average increase price for cereals in 2016–2020. The main reason of the PPI increase was the above-normal inflation, the severe devaluation of the Argentinian Peso and the Brazilian Real, larger exports of maize and persistent dry conditions in 2020 (FAO, 2020, 2021, 2022b).

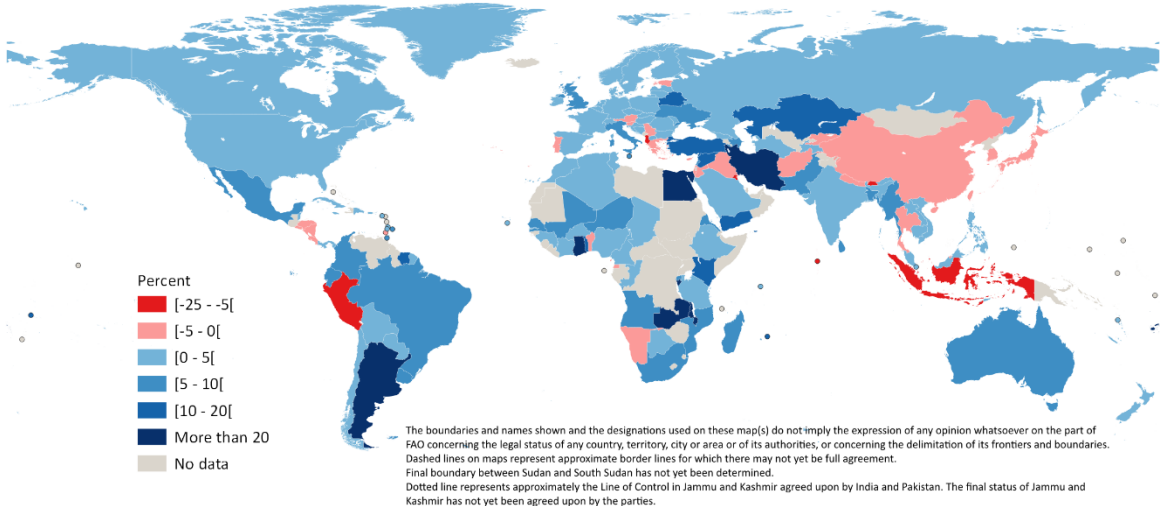
In Africa, and especially in Eastern Africa, the PPIs for cereals were negatively affected by the COVID-19 restrictions and unfavourable weather conditions that induced a reduction in cereals harvest and higher imports. Indeed, in countries such as Burundi and Kenya, the production of maize dropped sharply as a result of the 2016 drought, the 2020 dry season and fall armyworm infestations (FAO, 2017, 2022b).

In Asia, the larger average annual increases in the PPIs for cereals during the 2016–2020 period were recorded in the Islamic Republic of Iran (22 percent), followed by Kazakhstan (18 percent), the Syrian Arab Republic (17 percent), Turkey (14 percent) and Bangladesh (11 percent).

Estimates for cereals indicate a generalized increase in all regions (Table 1), with the largest increase (11 percent) in the Americas, sustained by Brazil, the United States of America and Argentina, followed by 6 percent in Europe, led by the Russian Federation, 4.3 percent in Oceania, supported by Australia, and 4 percent in Africa, driven by Egypt and Nigeria. The PPI for cereals in Asia is estimated to increase by 2.2 percent in 2021, mainly due to a reduction in China.

OIL CROPS

Figure 3. 2016–2020 average annual change rate of the PPI for oil crops



Source: FAO. 2022. FAOSTAT: Producer prices. In: FAO. Rome. Cited May 2022. <http://www.fao.org/faostat/en/#data/PP> based on UN Geospatial, 2020.

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

The prices of oil crops increased by 7.1 percent in 2020 (Figure 1b) mainly due to the continuing rise in the price of soybeans, sunflowers and oil palm fruit, mainly concentrated in the United States of America, South America and Eastern Europe. This is linked to reduced production and limited crushing along with a steady increase in the demand of oil crops meals (FAO, 2021; Ash and Golden, 2021). As seen on Figure 3, between 2016 and 2020, the oil crops PPI has increased in most countries; China, where a decrease was observed, can keep domestic prices stable by operating on the level of stocks.

In South America, Argentina, Suriname and Ecuador had the largest rise of PPIs for oil crops, with average annual growth rates of 33 percent, 17 percent and 10 percent between 2016 and 2020, respectively. In the same period, Brazil has seen an average annual growth rate of 5 percent in its oil crops prices, with a spike of 26 percent in 2020.

In Africa, strong increases in oil crops PPIs were observed in Burundi, Zambia, Ghana, Egypt and Malawi, which all record average growth rates above 20 percent.

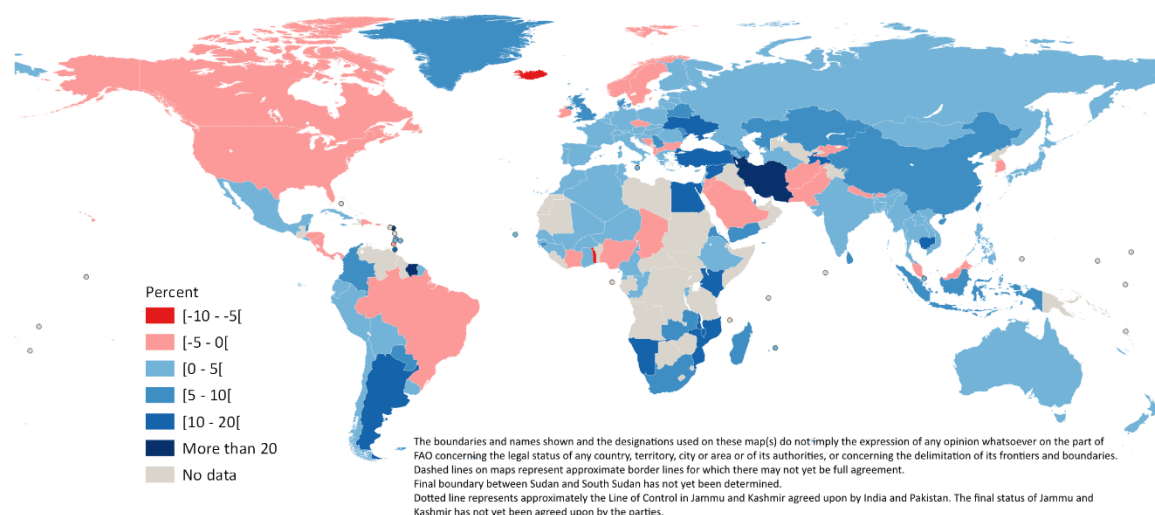
In Europe, the year 2020 saw record increases in the oil crops PPI mostly in Eastern Europe, especially in the Republic of Moldova (40 percent), Ukraine (32 percent), the Russian Federation (30 percent) and Belarus (20 percent).

In Asia, the larger average increases of the PPIs for oil crops between 2016 and 2020 were observed in the Islamic Republic of Iran (26 percent) and Kazakhstan (20 percent), as well as by three countries in Western Asia: Yemen (19 percent), the Syrian Arab Republic (16 percent) and Turkey (14 percent).

PPI estimates for oil crops in 2021 indicate an increase in all regions, except for the Americas (Table 1). In Africa and Oceania, the PPIs for oil crops are estimated to increase by 2.8 and 3.6 percent, respectively, mainly supported by peaks in Ethiopia, Kenya, Australia and New Zealand. The estimated increase in Europe of 7 percent is mainly due to the Russian Federation together with Eastern countries. China is leading the estimated increase of 4.8 percent for oil crops in Asia. In the Americas, instead, the PPIs for oil crops are estimated to decrease by 5.3 percent due to the fall in the United States of America, Peru and Brazil, which results to be stronger than the increases in Colombia, Argentina, Uruguay and Mexico.

MEAT

Figure 4. 2016–2020 average annual change rate of the PPI for meat products



Source: FAO. 2022. FAOSTAT: Producer prices. In: FAO. Rome. Cited May 2022. <http://www.fao.org/faostat/en/#data/PP> based on UN Geospatial, 2020.

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