

## Agricultural price indices

The **Agricultural producer price index** (IPPAP) and the **Agricultural means of production purchasing price index** (IPAMPA) have been calculated using 2010 as a base and reference since March 2013. This operation incorporates two changes:

- change in the reference year: the mean annual index for 2010 is equal to 100 instead of that for 2005 as previously;
- change in the weighting coefficients: it is now the 2010 values for production, intermediate consumptions, fixed-capital consumption that form the basis for the relative weight of the different product items and groupings, instead of 2005.

### Definitions and information sources

#### ➤ Agricultural producer price index (IPPAP)

Used in short-term economic analysis and the drawing-up of the Agriculture Accounts, the IPPAP measures the change of incomes from production sold by farmers: they consist in incomes received excluding grants. It is therefore necessary to observe market prices of goods leaving the farms.

The trade function is, however, provided more and more by cooperatives and groupings of producers, manufacturers and wholesalers, and the price is not formed when the goods leave the farm. The nature of the product and the market configuration dictate the content of the statements: the inclusion or not of harvesting, storage and packaging fees, subsidies, margins, financial costs and methods of payment. One therefore observes the price on entering the slaughterhouse, leaving the packaging centre and on delivery to the port of shipment.

In former times provided by a great number of organisations (municipalities maintaining a physical market, local or trade press, trade organisations, Ministry for Agriculture), the observation of agricultural prices has nowadays concentrated on 4 types of sources:

- French ministry for Agriculture: cows' milk, poultry, fresh fruits and vegetables;
- FranceAgriMer: potatoes, horticulture, table wines, beets, other animals;
- Trade organisations: PDO (protected designation of origin) wines, vegetables for processing, hops, dried vegetables, flax, nursery plants, other milks, seeds;
- Trade press: cereals, oleaginous, seed potatoes, proteaginous.

#### ➤ Agricultural means of production purchasing price index (IPAMPA)

IPAMPA covers intermediate consumptions and investment by farmers in the following sectors:

- seeds
- veterinary expenses
- fertiliser
- crop protection products
- animal feed
- small equipment and tools
- energy
- capital goods
- consultancy

A survey is carried out across the entire country by the ministry's statistical department of the ministry for Agriculture to find out the prices of the items surveyed, from seeds to small equipment and tools. For energy

and capital goods, consumer price indices and industrial producer price indices (IPPI) are used; for buildings and consultancy services, the BT and Syntec indices are used.

## ■ Calculation method

The aggregated indices are Laspeyre indices with a fixed base period.

While a uniform method is used to calculate the aggregated indices, which are Laspeyre indices, the average prices used to calculate the elementary indices<sup>1</sup> are obtained in two ways. Either a weighted arithmetic mean of the price series for a product covered by an elementary index; or a change in geometric mean, calculated and applied according to the previous average price. The IPPAP and IPAMPA are harmonised at European level within the framework of the Eurostat Agricultural Accounts and Prices working group and they are rebased every five years.

In the IPPAP, the indices for fresh fruit and vegetables and cut flowers must take into account the seasonality of consignments. Therefore, the weighting coefficients change every month and are proportional to the monthly deliveries in the reference year (variable basket system).

### **Seasonal adjustment of the IPPAP**

Only a minority of producer price indices are adjusted for seasonal variations. Some prices are fixed for the whole season (campaign price). However, there are products where consignments are very seasonal, and for which a variable basket is used, and hence the price is comparable only for a single month. Lastly, the prices of cereals, wines and oil seeds do not show a marked seasonality. Thus only animal output, roses and cut flowers are adjusted for seasonal variations.

The seasonal coefficients are updated every year.

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<sup>1</sup> The elementary index uses the average price for the month and that of the reference year.