



Results of the multi-national farmers' confidence index - 2018Q3

Farmers more pessimistic

—
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STATISTICS AND ECONOMIC ANALYSIS

copa*cogeca
european farmers european agri-cooperatives



■ Disclaimer

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Changes in confidence in aggregate

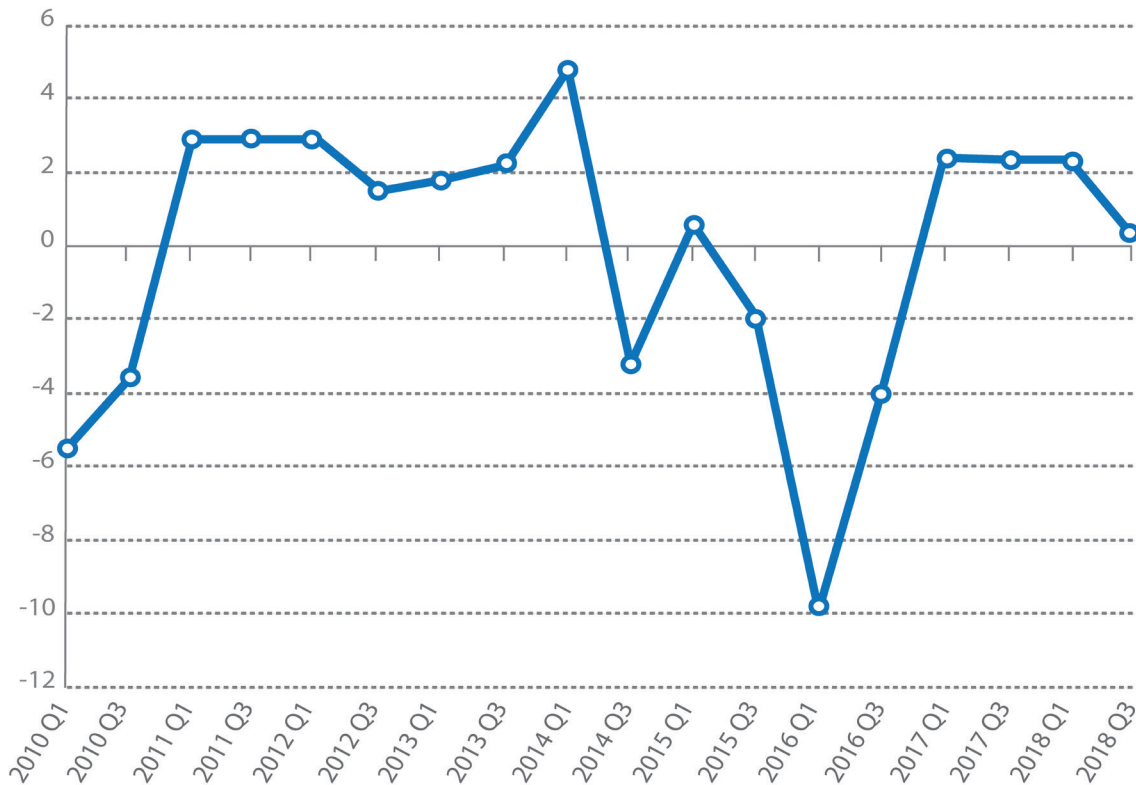
The confidence survey carried out in ten EU Member States between September and November 2018 showed a decreasing sentiment amongst farmers. The current economic situation of farmers is rated as being more negative than the future outlook.

The sentiments differ however widely between countries, with most of them rating the farming situation as negative, with the exception of Romania and Italy, where the outlook looks more and more positive. What influences these developments is the uncertainty of the development of the global agricultural markets and the proposed decrease in the agriculture budget for the CAP might also negatively impact the sentiment of farmers. The complicated negotiations on Brexit and the impending date of final decision may have a negative impact on key economic indicators as well. In relation to the price developments, the pork prices are still low as the sector of pork producers continues to be embroiled in the African Swine fever predicament.

What has impacted the farmers the most last year was however the summer heatwave and dry spell, as indicated in the share of answers. This impacted not only the harvest, but also the availability and price of fodder and impacted negatively the liquidity of farms. The European Commission activated derogations from some greening rules and allowed early payments while some national governments also provided help packages. This has however not helped to decrease the overall negative sentiment.

The Copa-Cogeca confidence index is calculated twice yearly on the basis of the results of national surveys carried in Belgium (Flanders), Denmark, Germany, France, Italy, the Netherlands, Poland, Romania, Sweden and the United Kingdom (England and Wales) on how farmers assess the current and expected economic situation of their farms.¹

Chart 1 – EU-10* confidence index development



Compiled by Copa-Cogeca using national data

¹For more information on the method, please see the document ECON(11)576 (rev.8). Please note that Copa-Cogeca's method may vary from those used in national barometers, therefore figures in this document may not be directly comparable with national data.

*The Netherlands has been included since 2012Q3. Denmark has been included since 2013Q3. The index fluctuates between -100 (farmers unanimously pessimistic) and +100 (farmers unanimously optimistic).

Prospects per country

■ Belgium (Flanders)

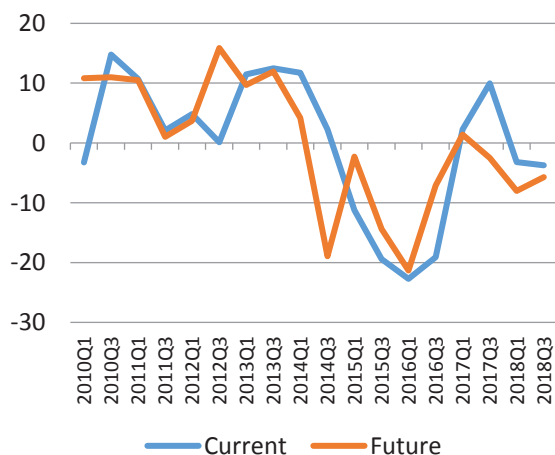
The confidence index amongst Flemish farmers remained almost unchanged during the last period. Despite this status quo, the situation for pig farmers and greenhouse vegetable growers has turned for a worse. The pig prices have decreased after an African swine fever case has been identified in Belgium in September last year. The warm and dry spring and summer of 2018 also negatively impacted the vegetable production.

Majority of arable farmers have indicated that the sales prices have increased and that they will continue to increase. This is to be expected with the declining harvest expectations yet it makes a

welcome compensation after the loss of revenue due to drought. Dairy farmers are also optimistic about the current and future milk prices – this is also due to a better butter price. The fruit growers have seen a good season as well as the abundance of sun helped with the production.

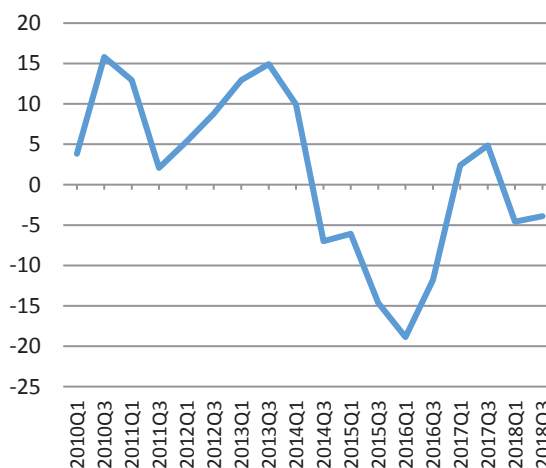
More than 80% of the farmers and horticulturists included in the survey have encountered some obstacles in the past six months. As the main difficulties were listed weather conditions, financial problems, government restrictions, share of animal or plant diseases and other problems.

Chart 2 – Belgium (Flanders)



Economic situation of the farm

Compiled by Copa-Cogeca using national data



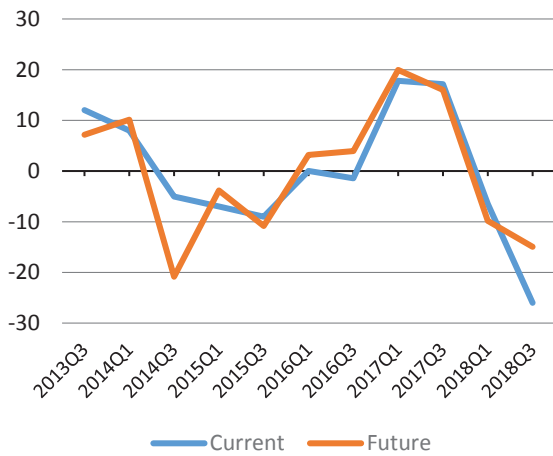
National confidence index

■ Denmark

The mood among the Danish farmers has further decreased in this period confirming the trend of long-time steady decline. Yet they rate their current situation and future outlook very differently, with the current situation being viewed very negatively while the future outlook is quite bright. As for the investments in agriculture, Danish farmers foresee that these will remain largely unchanged. These views might

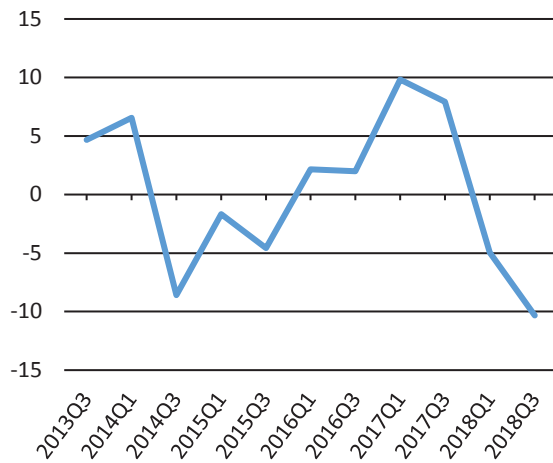
be impacted by the long dry spell last summer which have hit farmers particularly hard. The harvest of wheat, barley and rye has fallen sharply and also the pork producers have been suffering with the low pork prices. The drought has also hit fodder production and pushed farmers to buy fodder from third parties. All in all, these negative trends have fuelled the rate of bankruptcies in farming sector.

Chart 3 – Denmark



Economic situation of the farm

Compiled by Copa-Cogeca using national data



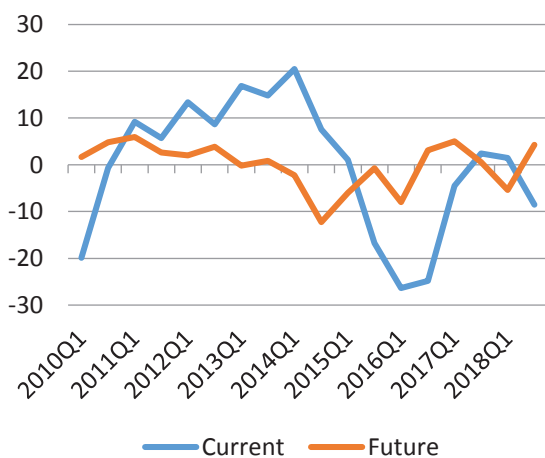
National confidence index

■ Germany

The current mood of German farmers has been slightly decreasing for a second period in a row as according to the assessment of the last six months. Yet on the other hand, the future economic situation has seen some positive development and has gone up. The pig sector has been hit particularly hard with the low pig prices affected by the African swine fever. The input prices have gone up on the other hand, especially for fertilizers and fodder. This increase was impacted by the heatwave last summer and the shortage of fodder. The liquidity in farming sector is getting worse, especially in Eastern Germany. Also the rate of investments is decreasing.

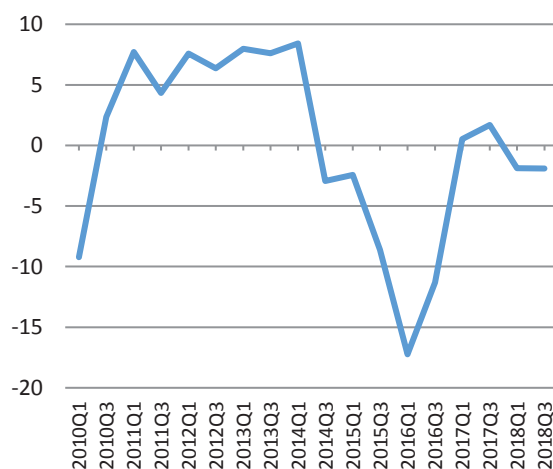
When asked about what kind of difficulties did the German farmers face in the last period, there was no prevailing share of answers – the same amount of farmers indicated they did not have any issues as those who have faced significant problems. However, when they did face problems, they were most significantly weather conditions – this was indicated by 92% of the respondents.

Chart 4 – Germany



Economic situation of the farm

Compiled by Copa-Cogeca using national data

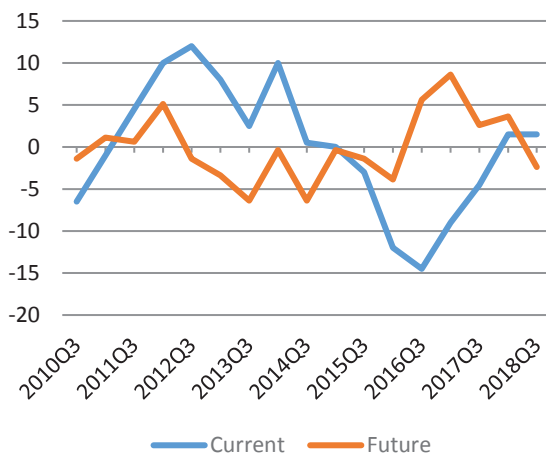


National confidence index

■ France

The mood amongst French farmers about the current economic situation remains the same as in the last period and now around a quarter of farmers consider the economic situation of their operation to be good. Yet the outlook remains grim with 40% of farmers (especially in the field of arable crops) expecting to be worse off in the future. The financial situation of farmers is also expected to deteriorate in the future. This is reflected in the national confidence index which has fallen sharply from the last period.

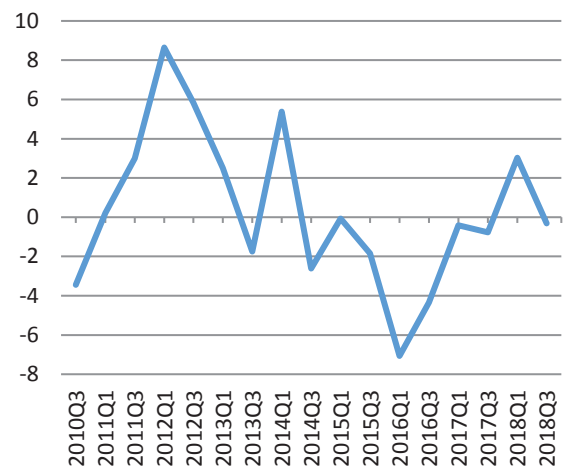
Chart 5 – France



Economic situation of the farm

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The concerns about the general business climate in France continue to mount and this also affects the farmers' activities. More than 40% of farmers indicated they experienced some issues in their operations during the last period (most concerned was the region of Normandy). These problems were predominantly linked to weather conditions, with the increase in utility costs and decrease of productions prices also playing a role. On the more optimistic note, less than 1 farmer in 6 would consider to cease activity in the next year. The approaching retirement or financial difficulties tend to motivate those who wish to leave.



National confidence index

■ Italy

The optimism amongst Italian farmers has increased in the last period, both about the current economic situation and the future outlook. This might probably be accounted for by the fact that the dry spell which has dominated Europe last summer did not Italy that hard.

Majority of farmers indicated that they did not experience any difficulties in the last period. If they did however encounter problems, those were mostly linked to weather conditions, lower prices for agricultural products and an increase in utility costs.

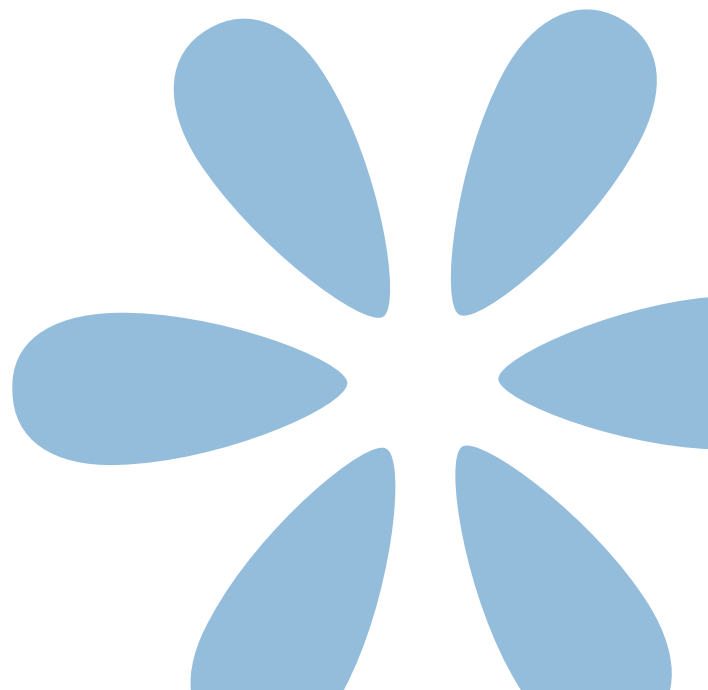
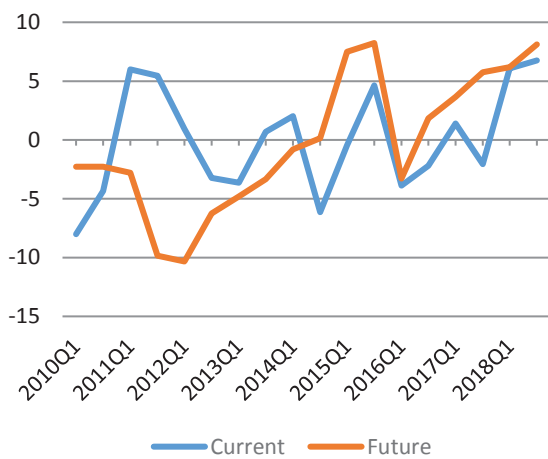
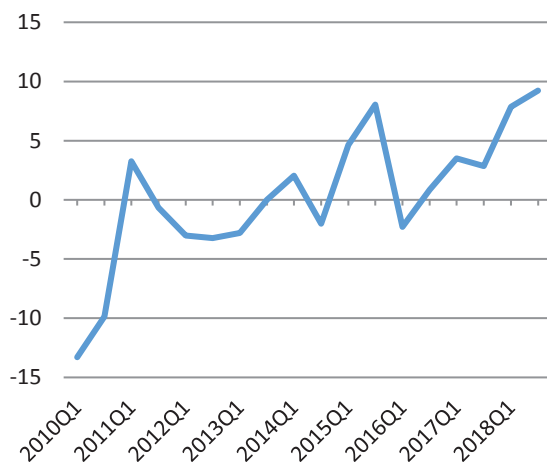


Chart 6 – Italy



Economic situation of the farm

Compiled by Copa-Cogeca using national data



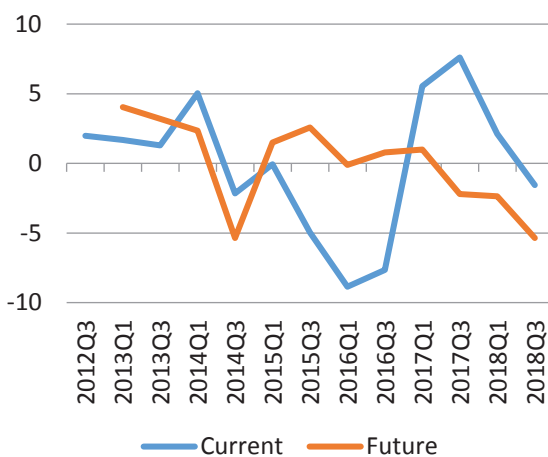
National confidence index

■ The Netherlands

The national confidence index has been steadily decreasing for more than two years now. Poultry farmers remain the most pessimistic, while the pig farming has seen the biggest increase in confidence over the last period. Nevertheless, the confidence in the pig farming remains the lowest amongst other sectors. The mood stability in businesses has hardly changed as opposed to the last period and the mood is at the lowest in all sectors. As for the expectations for the future, farmers are slightly more pessimistic again. This index was this low only at the end of 2014. It is so mostly due to decrease of expectations of poultry farmers, greenhouse growers and arable farmers.

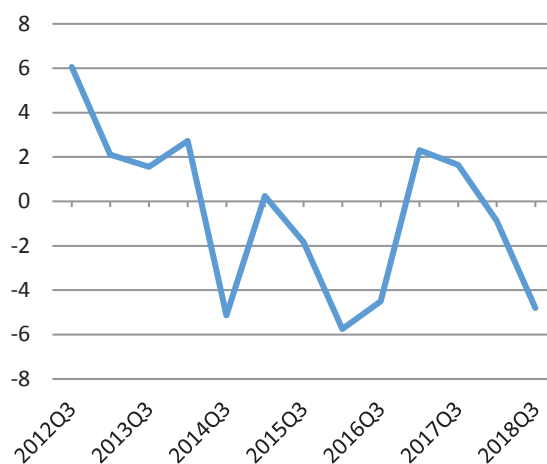
The position on liquidity, especially amongst pig farmers, is quite strained. More than one fifth of these companies are in a tight spot while also at least one third of dairy farmers indicate that they have tight stock exchange. The drought last summer has also had a negative impact on liquidity, with almost half of the farmers involved indicating this as an issue. The drought has had the direst consequences for dairy farmers, arable farmers and outdoor horticulture. On the other hand, the greenhouse horticulture was not that strongly affected by drought, with the poultry and pig farmers indicating a similar trend. Only a very small percentage of farmers overall have benefited from the drought.

Chart 7 – The Netherlands



Economic situation of the farm

Compiled by Copa-Cogeca using national data



National confidence index

■ Poland

The confidence index amongst Polish farmers has remained mostly unchanged as opposed to last period. The views however differ on the current economic situation and the future outlook. While the current situation is rather pessimistic and the sentiment has been decreasing for a

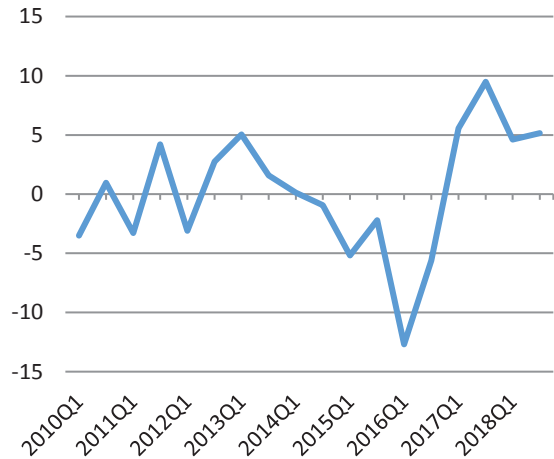
year now, the future outlook seems brighter and has improved in comparison to last period. These developments might be influenced by low harvest last year, the increase in fodder price and also the effects of African swine fever which is still raging on.

Chart 8 – Poland



Economic situation of the farm

Compiled by Copa-Cogeca using national data



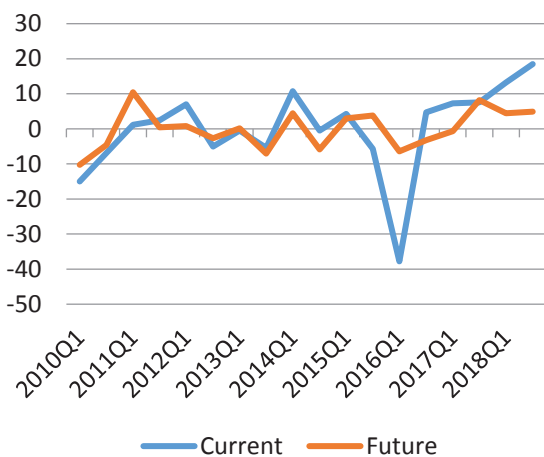
National confidence index

■ Romania

The mood amongst Romanian farmers is still on the rise and confirms the long-term increasing trend. Also the views on the current economic situation and the future outlook are positive,

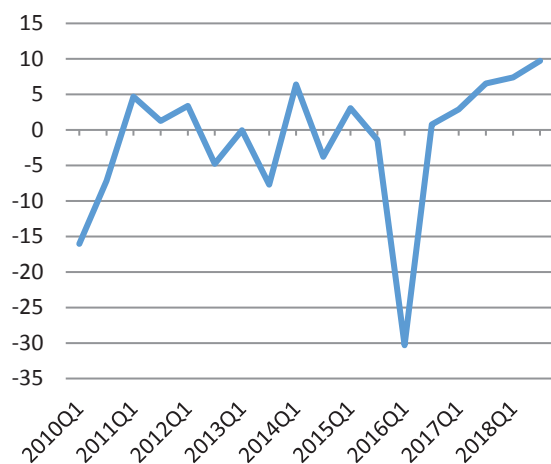
with both of them increasing in the last period. This might be impacted by the increasing milk and cereal prices, while decreasing rapeseed production can be seen as a negative driver.

Chart 9 – Romania



Economic situation of the farm

Compiled by Copa-Cogeca using national data



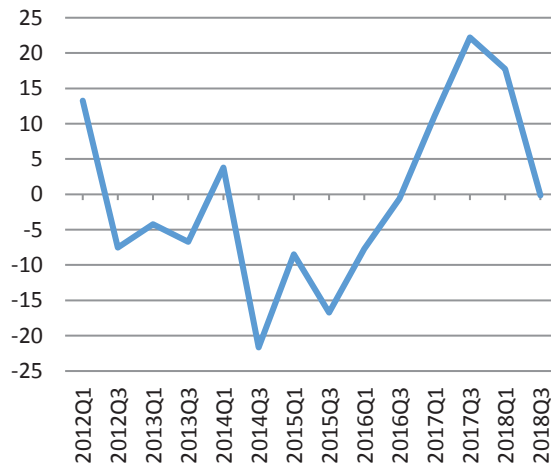
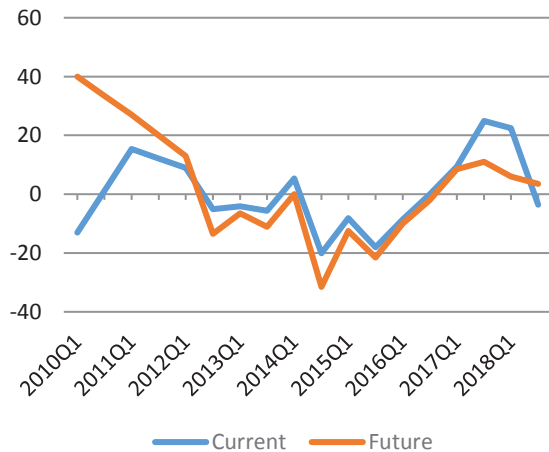
National confidence index

■ Sweden

The sentiment amongst Swedish farmers continued its downward trend. While the confidence index continues its fall for a second year, the sentiment about the economic situation is also not mending. Both the current situation and the future outlook look bleak, with especially

the sentiment on the current state of play having decreased sharply. This was undeniably affected by the heatwave long dry spell last summer. The government has provided means to alleviate this situation yet this clearly has not contributed to a more positive mood amongst farmers.

Chart 10 – Sweden



Economic situation of the farm

Compiled by Copa-Cogeca using national data

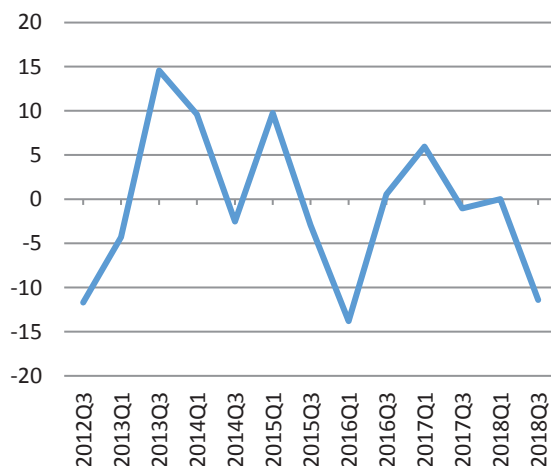
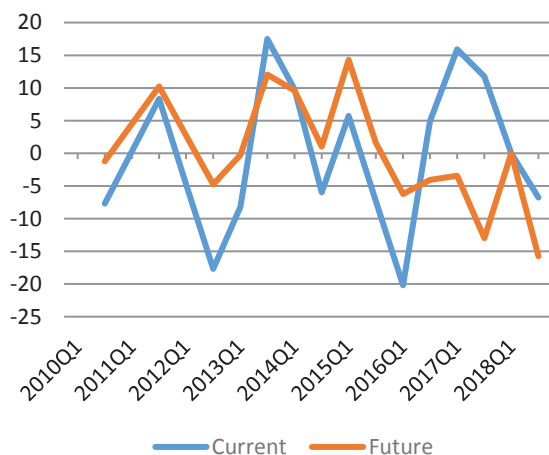
National confidence index

■ United Kingdom

The survey amongst British farmers shows that the views on the current and the future situation are very sceptical, with the confidence index falling down as well. This development can be attributed to several issues shaping this year. Most farmers (84%) indicated that they have concerns about the input costs going up, while there are also significant concerns about the falling livestock prices (sheep in particular).

The implications of Brexit and the uncertainty about the final decision come March 2019 weighs in heavily on the decision making of farmers, as they are particularly concerned about issues surrounding exports to the EU and the future of the livestock sector. Also the investment intentions have been influenced by the impending Brexit, as 21% of farmers indicated that they will reduce their investments with only 9% planning to increase them.

Chart 11 – United Kingdom

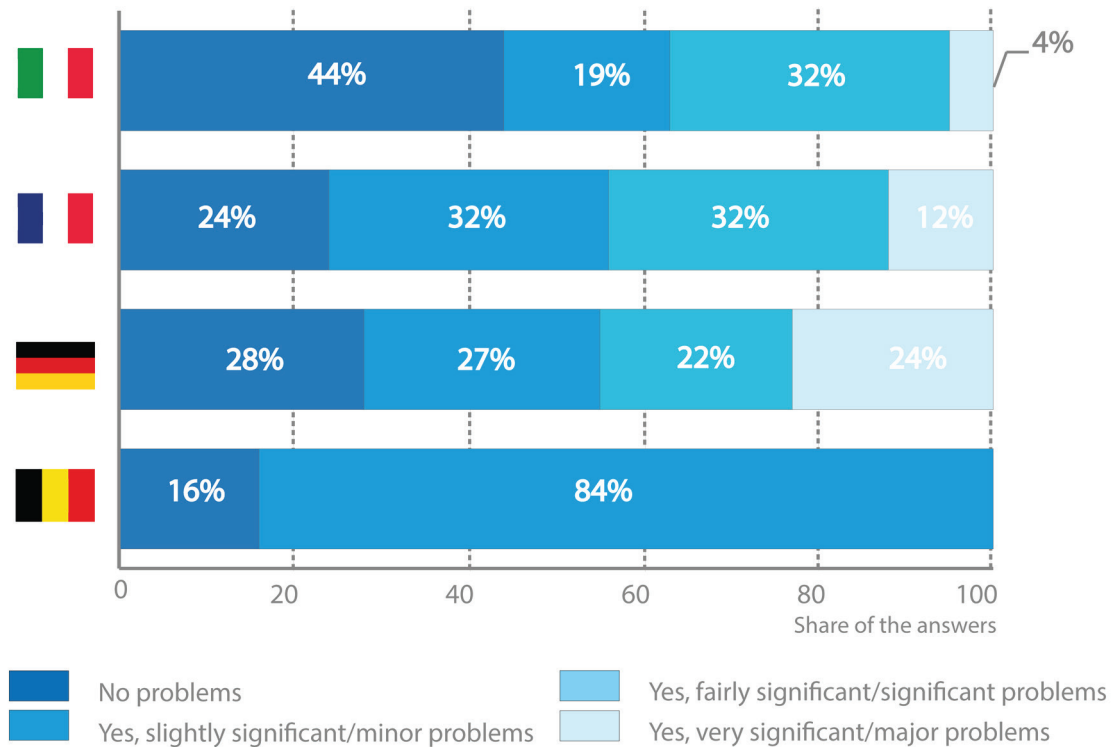


Economic situation of the farm

Compiled by Copa-Cogeca using national data

National confidence index

Chart 12 – Answers to the question “have you had any problems/difficulties whilst running your farm during the last three months?”



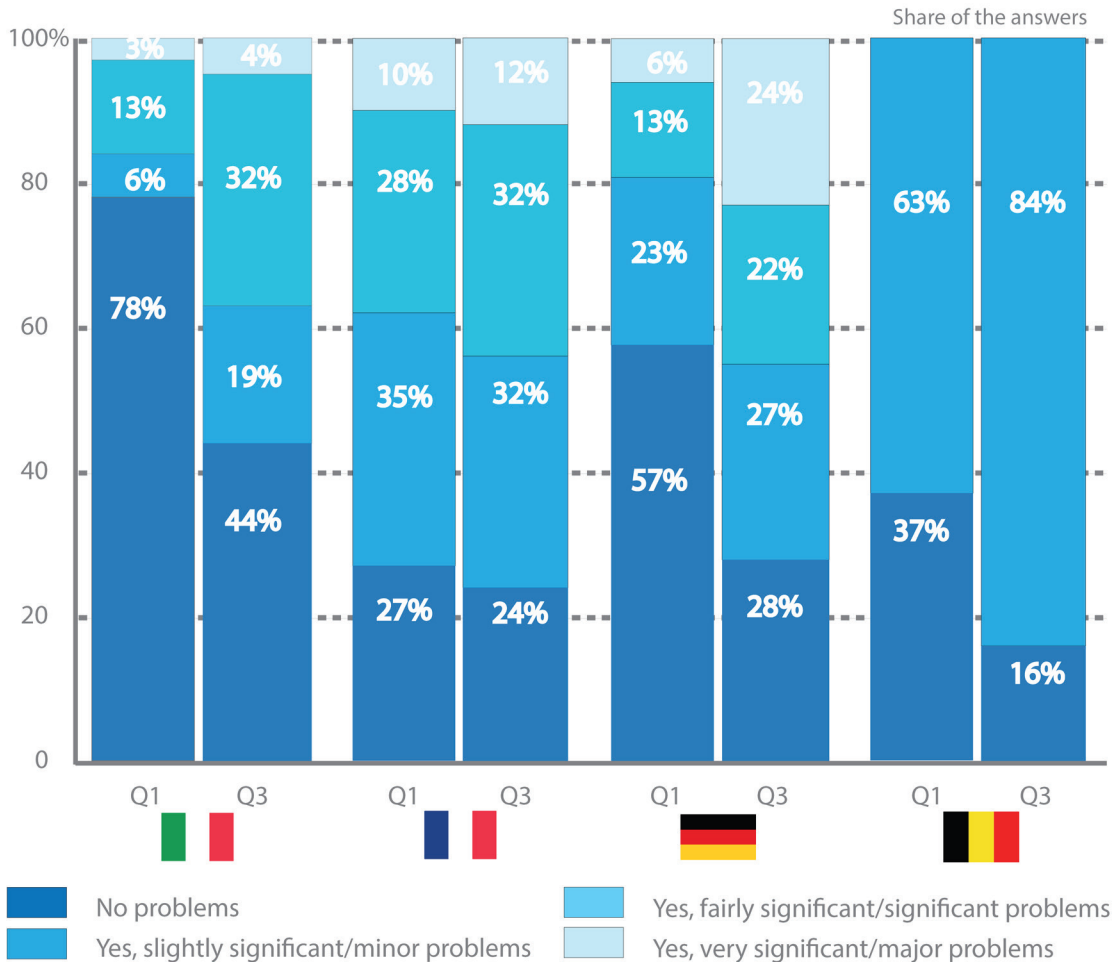
Compiled by Copa-Cogeca using national data

The chart shows that during autumn last year the farmers in Flanders have not experienced any significant issues and only dealt some minor problems, which were predominantly unfavourable weather conditions. The sentiment amongst German farmers was split uniformly between the four set of answers. When they did encounter some issues however, more than 92% of them indicated those were weather conditions.

The views of French farmers were also divided, with some 44% articulating they ran into significant problems in the last period. These again either weather conditions, or as well input costs and decreasing agriculture prices. The Italian farmers were the best off amongst the different countries, with 44% of them not running into any kind of problems in the last period.



Chart 13 – Answers to the question “have you had any problems/difficulties whilst running your farm during the last three months?” and comparison with previous quarter



The overview of how the answers to the question on difficulties has developed also depicts an interesting picture. In all countries, the share of farmers who indicated that they did not run

into any kind of problems has decreased (if in France only very slightly), clearly showing how the weather conditions with the heatwave and the dry spell mounted many problems for the farmers.





The Copa-Cogeca agricultural barometer gives an indication on the sentiment amongst farmers as regards to their financial situation. It is based on a confidence index which is calculated twice yearly on the basis of the results of national surveys carried out amongst over 8,000 farmers. They are asked two questions about how they assess the current and expected economic situation of their farms and this data is then used to produce national aggregates. The final results are produced twice a year, for the first and third quarter. The agricultural barometer is currently running in 10 Member States of the EU.

copa*cogeca

european farmers european agri-cooperatives

61, Rue de Trèves
B - 1040 Bruxelles

Telephone 00 32 (0) 2 287 27 11
Telefax 00 32 (0) 2 287 27 00

www.copa-cogeca.eu