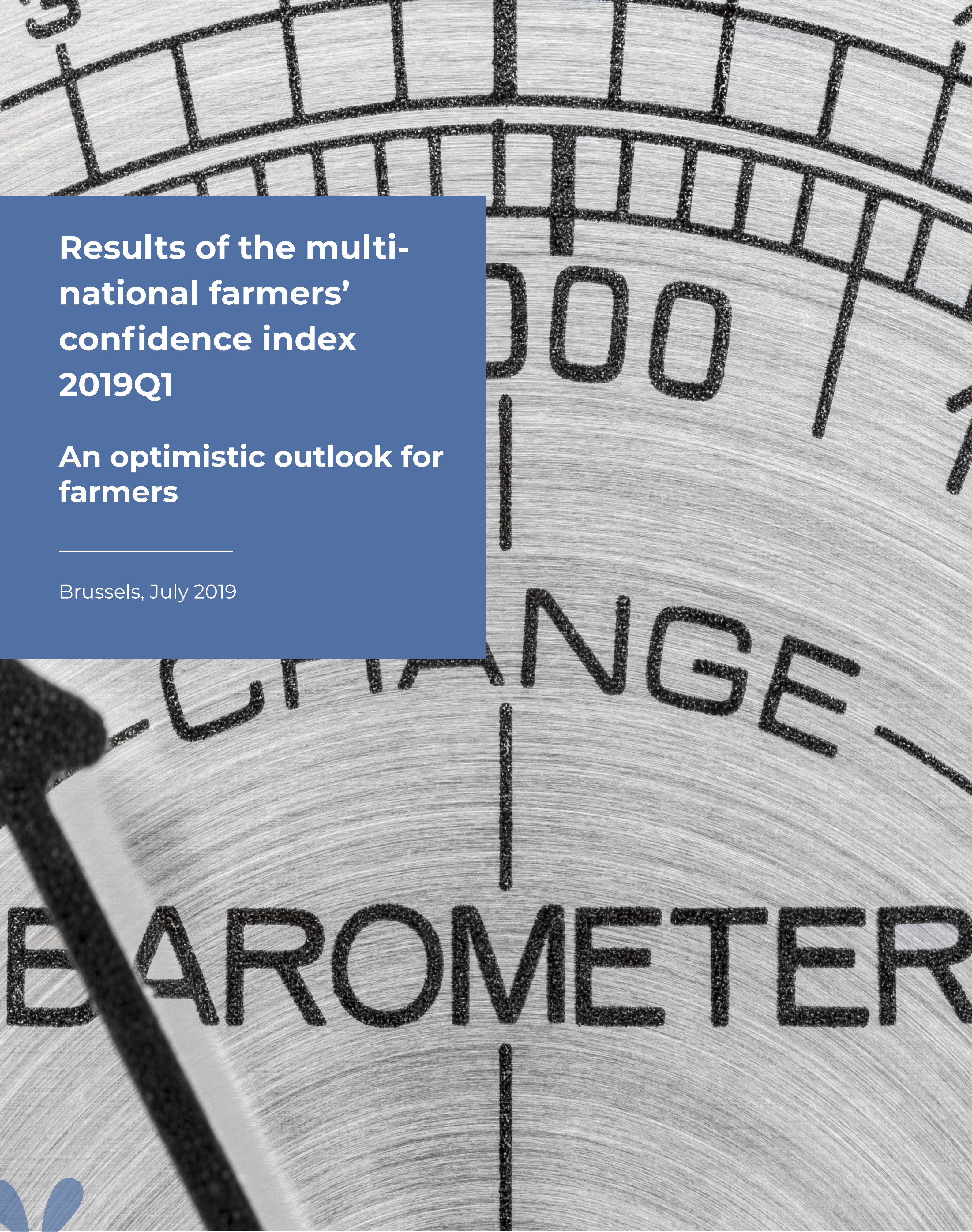
Results of the multi-national farmers' confidence index 2019Q1

An optimistic outlook for farmers

Brussels, July 2019



STATISTICS AND ECONOMIC ANALYSIS

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Disclaimer

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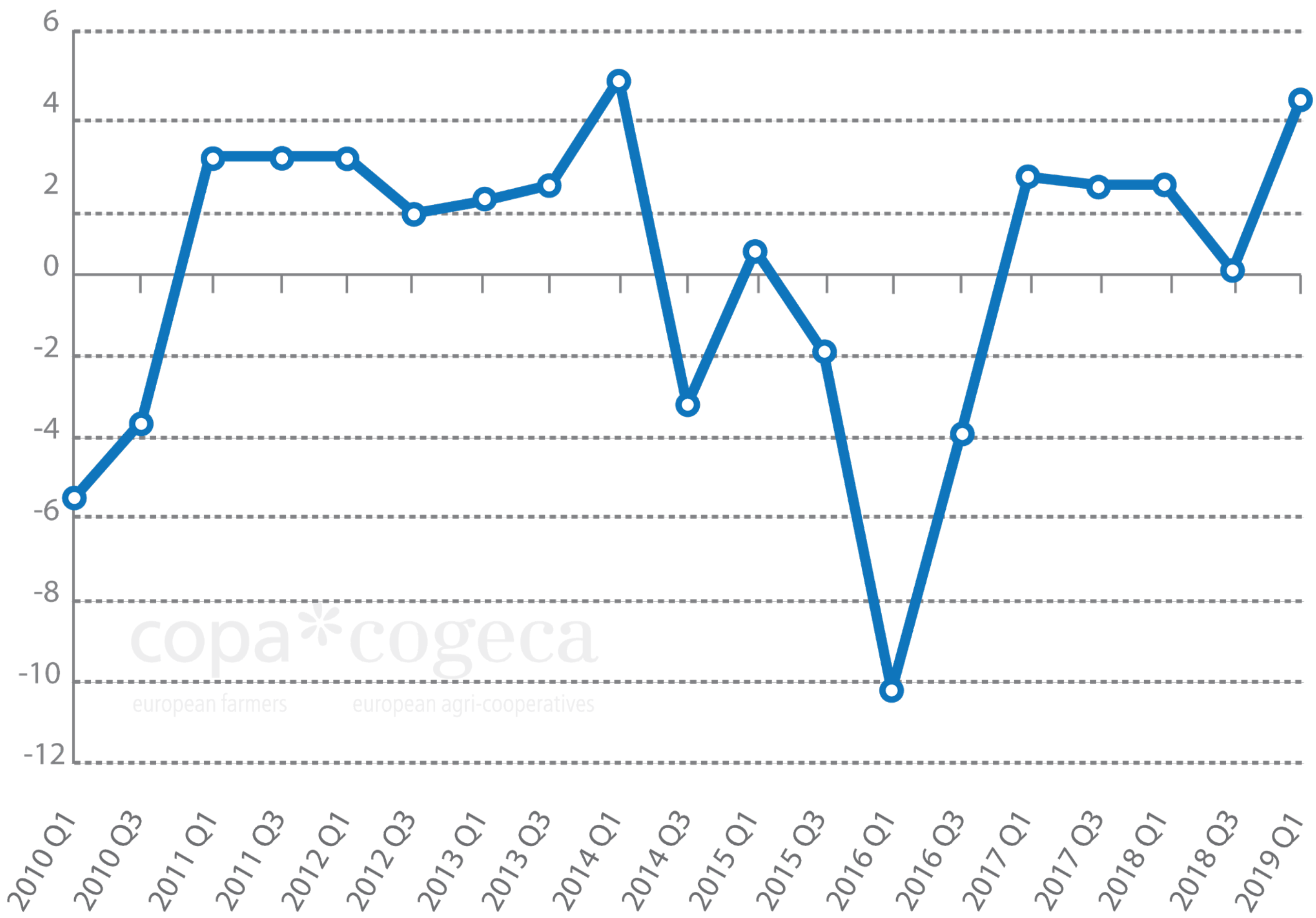
CHANGES IN CONFIDENCE IN AGGREGATE

The confidence survey carried out in ten EU Member States in the spring of 2019 showed some positive development, with the confidence index rising after two years of stagnation and decrease. Farmers' outlook on their future economic situation is also somewhat more optimistic than their assessment of the state of play.

There are not many significant differences between countries, with a majority of them indicating that both the current and the future economic situation are improving. This could probably be attributed to the fact that after a challenging year, farmers are seeing an alleviation of their difficulties. There was no major outbreak of African Swine Fever during the first months of the year and pig farmers greatly appreciate the increase in prices. We have yet to see how weather conditions develop this year, but spring was relatively uncomplicated, as opposed to last year's drought and heatwave. In October this year, the final outcome of the Brexit negotiations and the UK's decision to leave the EU are once again expected to take place, when we might see some implications on the farmers' situation. The trade deal with the Mercosur bloc, which was finalised by the Commission in June, will most certainly also have an impact on any future surveys.

The Copa-Cogeca confidence index is compiled twice a year on the basis of the results of national surveys carried out in Belgium (Flanders), Germany, France, Hungary, 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

For more information on the method, plese 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. Hungary has joined again in 2019Q1.
The index fluctuate between -100 (farmers unanimously pessimistic) and +100 (farmers unanimously optimistic).

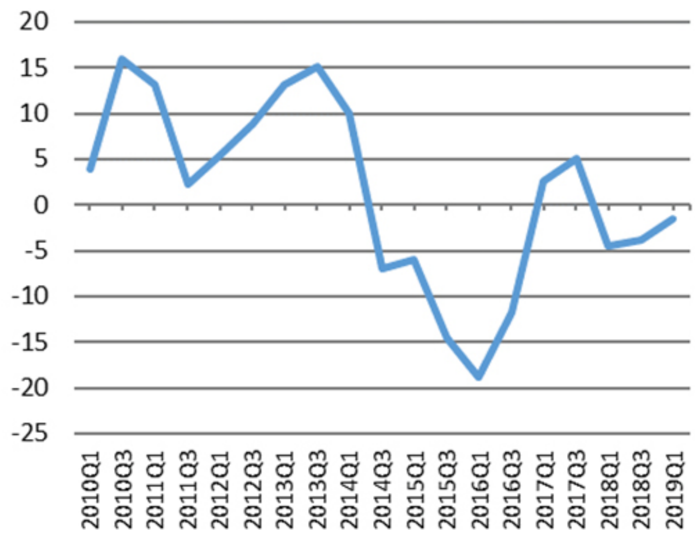
Prospect per country

Belgium (Flanders)

The confidence index amongst Flemish farmers has slightly increased in comparison with to last year. However, there are significant differences amongst the different sectors, with the pig sector having been revitalized and fruit sector facing a decline. The expectations for the future are also slightly more positive.
The sugar sector continues to suffer from falling prices, while the dairy sector is recovering from a problematic last year. The beef farmers are also facing declining prices and the input costs for feed are increasing at the same time. After last year's issues with ASF, Flemish pig farmers are seeing an increase in prices and expect the future development to be quite promising. Open air vegetable growers expect a decrease in their production while greenhouse vegetable growers are very confident about their current and future situation.
The past six months have also seen fewer farmers encountering obstacles than in the preceding period. This positive development is mostly due to better weather conditions, yet farmers remain wary when planning their future investments.

Chart 2 – Belgium (Flanders)

Economic situation on the farm

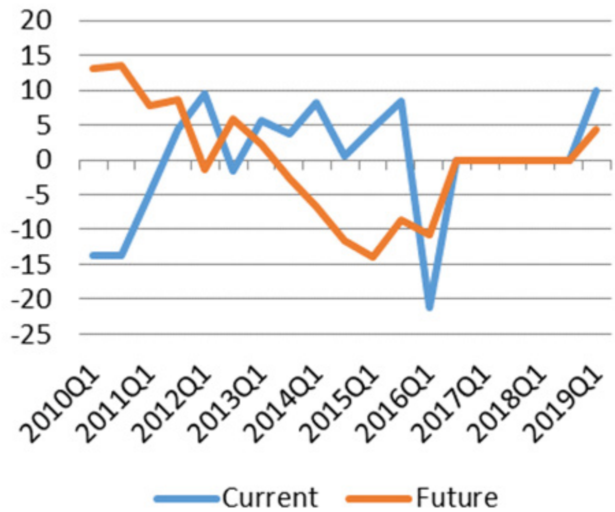


National confidence index

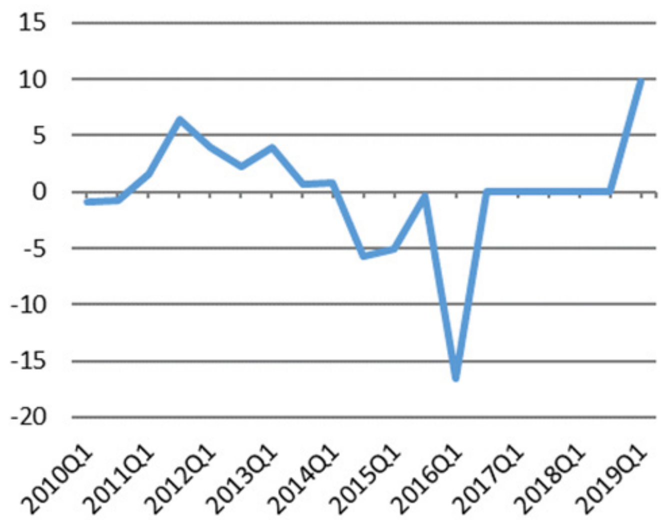
Hungary

Hungary has taken up the survey again after a hiatus of some years. The current trend shows clearly that the mood amongst Hungarian famers is brightening up when compared to the 2016 data. They also perceive both their current and future economic situation as quite positive.
Regarding the difficulties farmers have been facing in the last couple of months, half of them indicated that they did not encounter any problems, which is a very encouraging outcome.

Chart 3 – Hungary



Economic situation on the farm

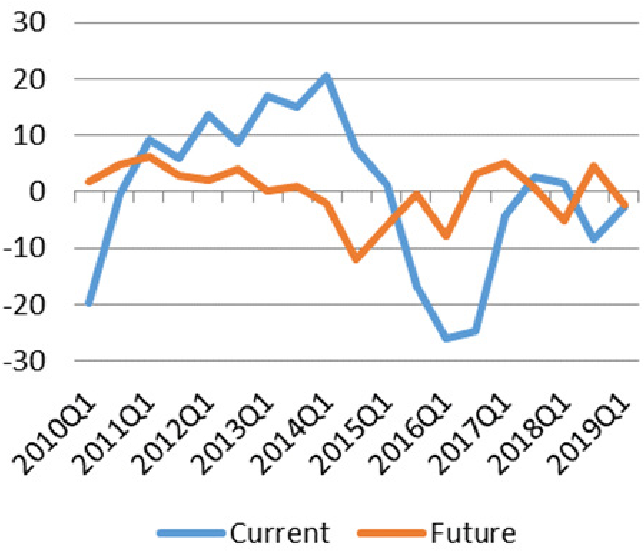


National confidence index

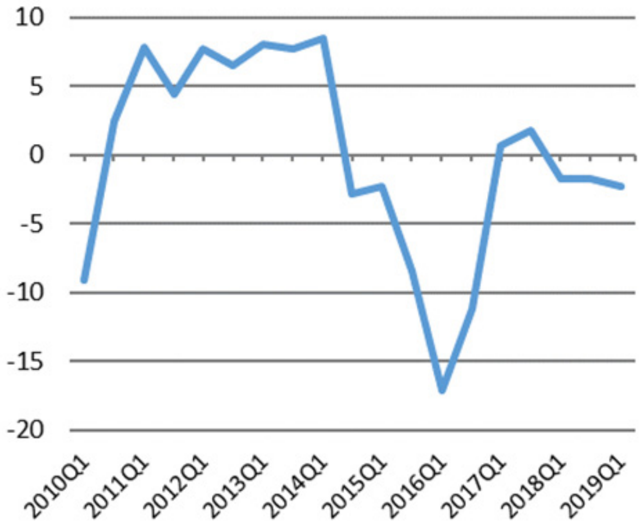
Germany

The mood amongst German farmers has slightly soured when comparing it with the previous period, and the future outlook is not very bright either. This also has an impact on investment plans, which are being scaled down. The political climate and the uncertainties in policy making are apparently preventing farmers from making any large scale investments at this moment. The liquidity situation is still tense for some farmers after last summer's drought, particularly in eastern Germany. The development of agricultural prices – especially for cereals, milk and cattle – has had a negative impact on the farmers' sentiment. Harvest expectations for this year are however quite optimistic.
When asked about the difficulties they faced this spring a prevailing majority of German farmers indicated that they did not run into any kind of difficulties, which was reflected by a very good outcome for the last three months. Where farmers did face problems, these were linked to weather conditions.

Chart 4 – Germany



Economic situation on the farm

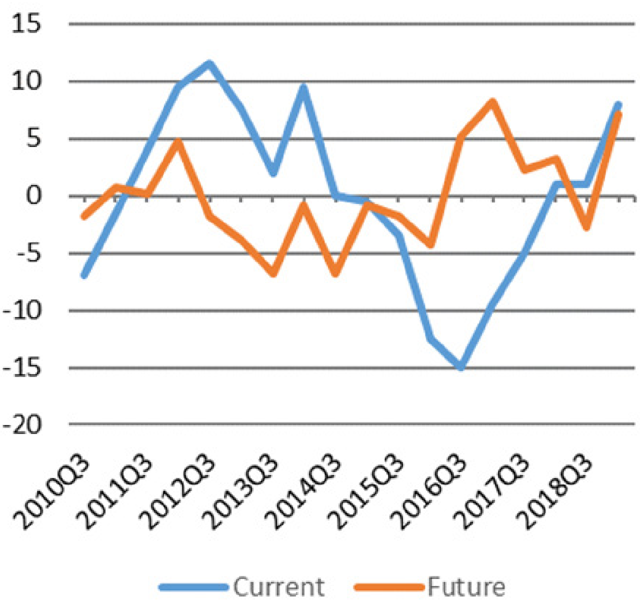


National confidence index

France

This spring French farmers have come to perceive their financial situation as much more satisfactory. The share of negative impressions has also decreased. They also tend to view the future economic situation in a more positive light than before. This holds true for almost all sectors involved in the survey, most particularly for horticulture and viticulture. The general business climate in France is perceived to be very positive, which was in fact the most positive result of the last 7 years. Farmers now also have more confidence in governmental actions and feel that the government understand their needs. A smaller number of farmers are inclined to putting an end to their activities altogether and the tendency to hire new personnel is increasing. The total share of farmers who did not face any problems during the last period has been increasing and has now reached the levels of 2014, indicating a very positive development. Where farmers did face difficulties, these were mostly connected to market developments.

Chart 5 – France

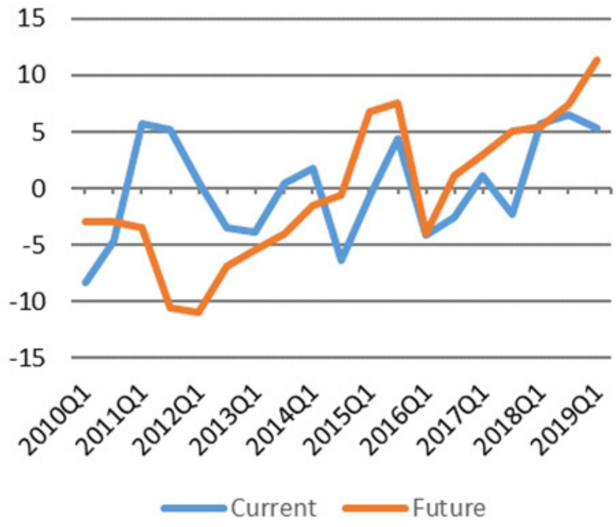


National confidence index

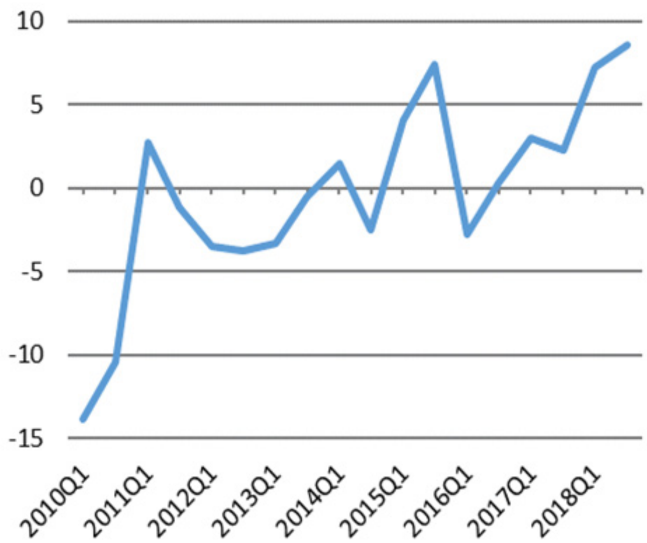
Italy

The mood amongst Italian farmers about their current economic situation has somewhat deteriorated during the last period, yet on the other hand, the future expectations continue to rise. Only crop and olives oil farmers recorded a negative value of the index, even if they were less pessimistic when compared to the previous survey; in the wine sector the confidence has increased, while in the orchard and livestock sectors the confidence has decreased when compared to 2018 Q3. When it comes to problems farmers in Italy have been facing this last period, almost half of them indicated that they did not have any issues in their production.

Chart 6 – Italy



Economic situation on the farm

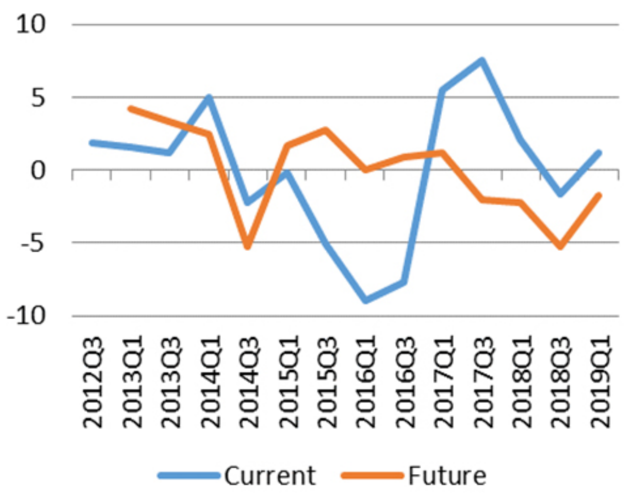


National confidence index

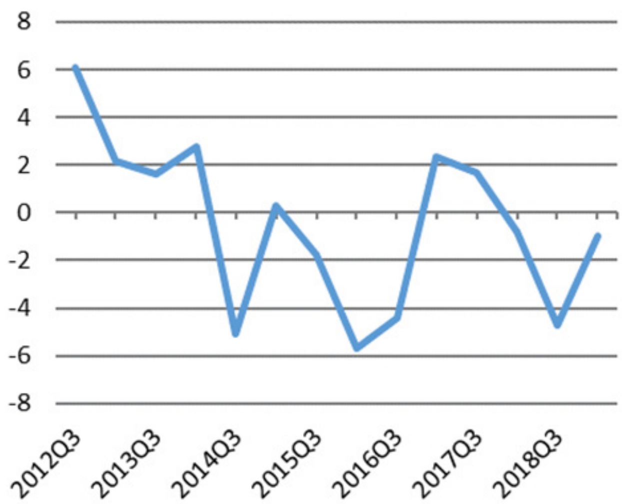
The Netherlands

After two years of continuous decrease, the confidence index amongst Dutch farmers has finally seen an increase. This is true not only for the assessment of the current economic situation of the farm, but also the future outlook. Especially pig farmers have gained a lot of optimism compared with the previous period, while sentiment amongst dairy farmers and greenhouse horticulture farmers remains the same. As for any future expectations, the situation in the livestock farming and pig and poultry farming sectors gives much hope for an increase in production.

Chart 7 – The Netherlands



Economic situation on the farm

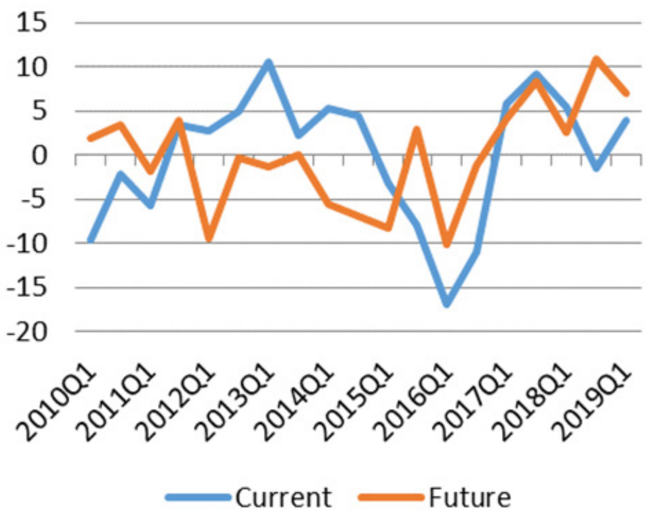


National confidence index

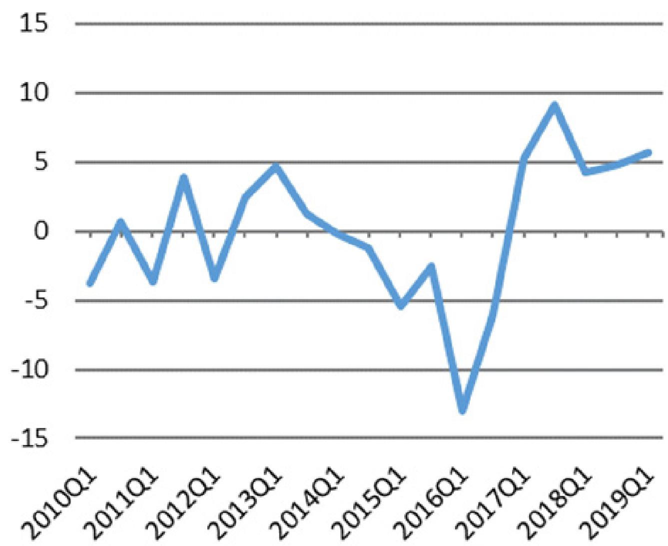
Poland

Confidence amongst Polish farmers has somewhat increased in comparison to autumn last year and the views on the current economic situation are also quite optimistic. The future outlook however seems a little grim, since the expectations are not as high as during autumn last year.

Chart 8 – Poland



Economic situation on the farm

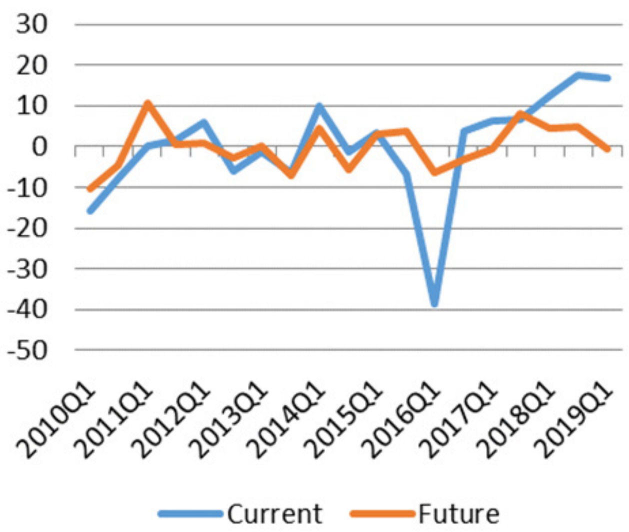


National confidence index

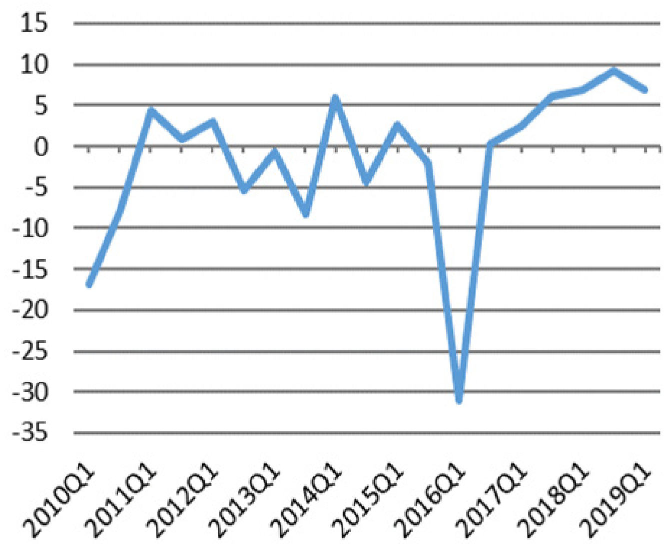
Romania

When compared to last year, the confidence index amongst Romanian farmers has decreased, but only very slightly. This could be attributed to the fact that the current economic situation has deteriorated and the future outlook does not seem very bright either.

Chart 9 – Romania



Economic situation on the farm



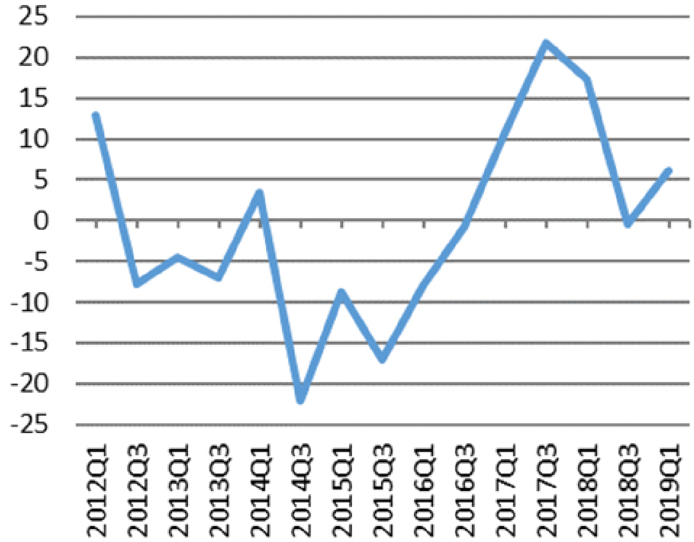
National confidence index

Sweden

As opposed to previous periods, the sentiment amongst Swedish farmers has been revitalized after a two year continuous decline. Both the current economic situation and the future outlook have improved, painting a more optimistic picture of Swedish agriculture.

Chart 10 – Sweden

Economic situation on the farm



National confidence index

Problems faced by farmers

The chart shows that during this period, the biggest share of farmers did not run into any major problems. This holds particularly true for Germany, where almost 70% of farmers indicated that they did not have any problems during this period. The French farmers were probably the most dissatisfied, where the sentiment were spanned the whole spectrum, with as much as 9% indicating that they had had very significant problems when running their farm. In Flanders, none of the farmers had any major issues concerning production during this period, however most of them – 73% – did experience some minor issues. Hungary and Italy fared more or less similarly, with almost half of the farmers in those countries indicating that they did not have any issues with the production.

Chart 11 – Answers to the question "have you had any problems/difficulties in the running of your farm during the last three months?"

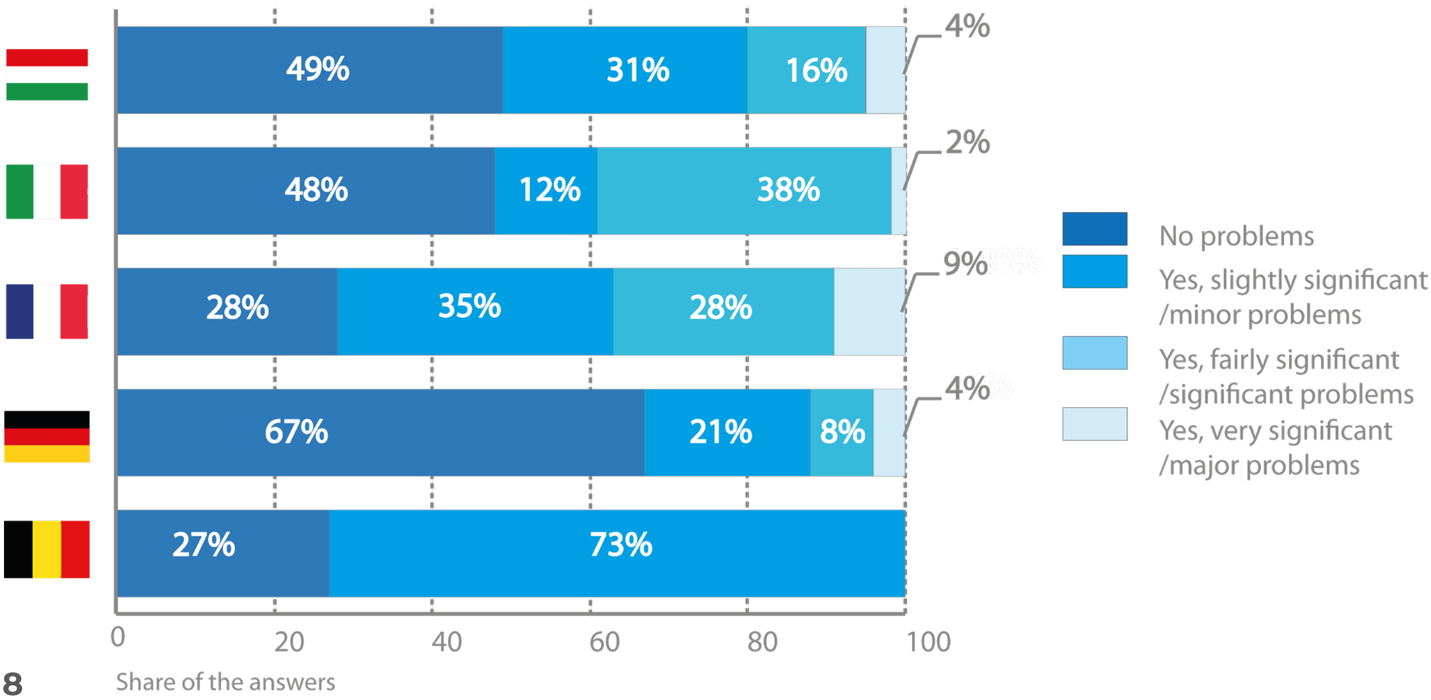
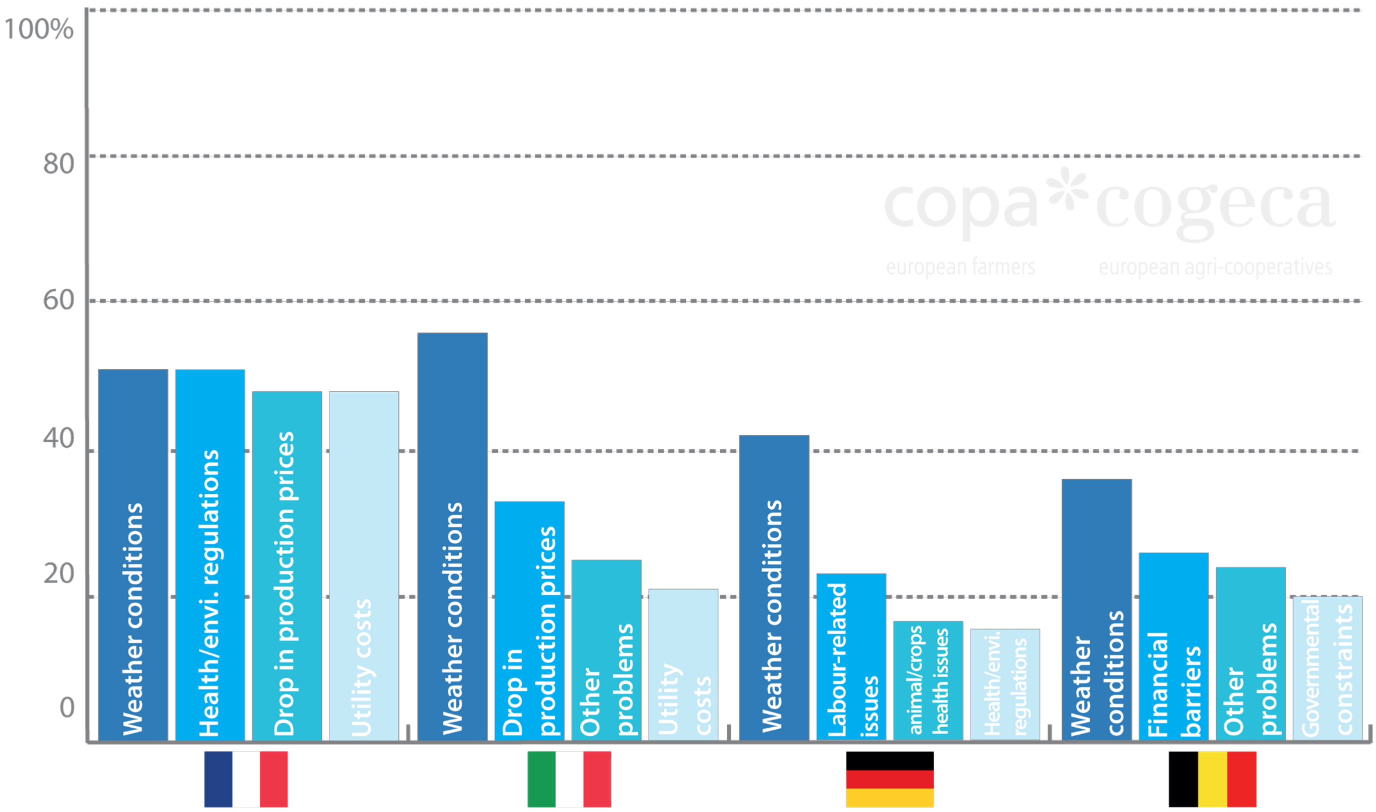
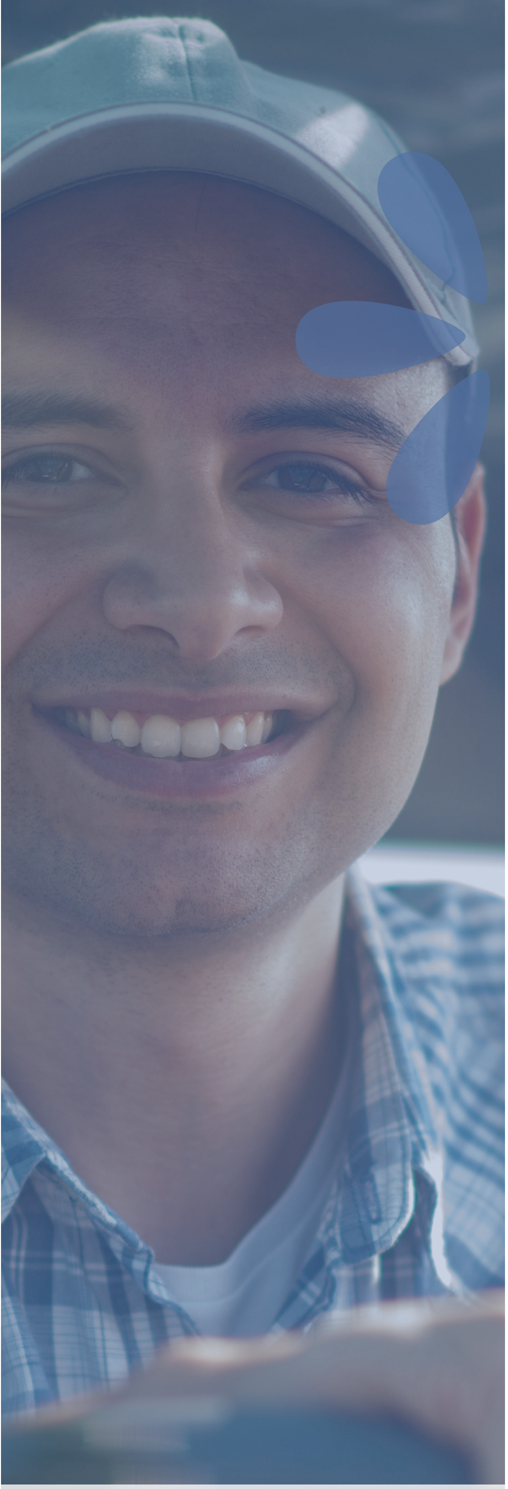


Chart 12 – Top-4 main concerns for Farmers - Answers to the question “Which type of difficulties did you have?”



When looking at the difficulties farmers were facing this spring, it is clear that the common denominator for all countries involved is weather. The weather conditions were indeed on top of the list for all countries involved in this part of the survey, most importantly in Italy. The Italian farmers also found the drop in agriculture prices as worrying, which was also indicated by French farmers. In France, the struggle to keep up with different regulations that farmers have to oblige with was also highlighted.



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.

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