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Food prices in Poland on the rise

Report Categories:

Agricultural Situation

Agriculture in the Economy

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Report Highlights:

During the January – April 2011 period, prices on consumer goods and services increased 2.9 percent, with food prices rising by 5.8 percent and transportation services by 4.3 percent. The annual consumer price index in April stood at 4.5 percent, up from March's 4.3 percent (year-on-year). This level exceeds the upper limit of 2.5 percent set for inflation targeted by the Monetary Policy Council. When taking into consideration lower global supplies, falling food reserve levels, and increasing costs of production, pressure will remain on food prices for the foreseeable future.

General Information:

Poland's Central Statistic Office (CSO) is responsible for reporting on prices of consumer goods and services. According to CSO data, in 2010 food prices increased by an average of 5 percent, led by bakery flour (50 percent), pasta (40 percent), and bread (20 percent). The first couple months of 2011 witnessed further price increase though the influx of grain onto the market tempered the rate of rise.

CSO data published in May 2011 showed the price index rose by 0.5 percent in April as compared to March. Different groups of products characterize different dynamics; however, the largest impact on the consumer price index again was food, where prices rose by 0.9 percent, and services related to transportation, where prices rose by 1.7 percent. Within the food category, price rose fastest for sugar (4.7 percent) and vegetables (2.7 percent). Within the meat category, price rose for pig meat (1.7 percent), poultry (1.4 percent), beef (1.3 percent), and cold meats (0.5 percent). Price increases were also reported for April for fish (0.9 percent), milk and butter (0.7 percent), milling and pasta preparations (0.6 percent), bread (0.5 percent), and cheese (0.4 percent).

Industry estimates are that in the first half of 2011 bread prices will increase by 10-15 percent, but will stabilize in the second half as grain supplies become more readily available. However, grain prices are not the only factor in the most recent food prices increases. Other factors include: rising transportation costs, increase in Value Added Tax (equivalent of Sales tax in the United States) for flour from 3 to 5 percent, and market speculation leading to some hoarding of basic commodities (like sugar and flour).

Officially, the Ministry of Agriculture estimates that in 2011 food prices will increase by no more than 5 percent.

Ministry comments reflect a view that market speculation is driving food price increases. Due to the importance of the issue, late last year Poland's Prime Minister appointed an inter-ministerial team review relationships between farmers, processors, and trade. That team developed and released a so-called "Code of good practices," yet to be adopted by the largest stores and supermarkets. Meanwhile the Ministry of Agriculture continues to focus attention on what it deems the primary cause for rising food prices - speculation driven by high trader margins, noting it's easier to blame climate change, weather events, increased consumption in China or India or use of agricultural raw materials for renewable energy as the culprit.

"Looking at the statistics of last year, grain production fell by 2 percent and wheat prices increased by

150-200 percent” noted the Ministry. It has to be noted that the grain sector disagrees with the official production data for 2010/11 and reports production lower thus the reason for increasing prices.

Product	Type of product	in PLN/metric ton							
		8 May 2011	24 Apr 2011	13 Mar 2011	20 Feb 2011	30 Jan 2011	26 Dec 2010	31 Oct 2010	19 Sep 2010
Wheat flour (retail)	Type 450 (prepacked)	1372	1426	1460	1453	1420	1343	1320	1224
	Type 500 (prepacked)	1532	1633	1577	1456	1608	1554	1558	1448
Wheat flour (baking)	Type 500 (bags)	1400	1366	1372	1372	1346	1224	1194	1259
	Type 750 (bags)	1311	1279	1283	1312	1293	1144	1139	1183
Rye flour (baking)	Type 580 (bags)	1330	1314	1315	1362	1300	1145	1122	1137
	Type 720 (bags)	1286	1275	1294	1323	1274	1120	1097	1090
Average monthly exchange rate per 1 US dollar		2.7270	2.7467	2.8688	2.8787	2.9148	3.0197	2.8482	3.0318

Source: based on Polish millers Association newsletters 2010-2011

Product	Type of product	in PLN/metric ton				
		8 May 2011	9 May 2010	10 May 2009	Price change [%] in 2011 in relation to:	
					2010	2009
Wheat flour (retail)	Type 450 (prepacked)	1372	910	1035	50.8	32.5
	Type 500 (prepacked)	1532	1078	1239	42.2	23.7
Wheat flour (baking)	Type 500 (bags)	1400	747	771	87.3	81.6
	Type 750 (bags)	1311	672	703	95.2	86.5
Rye flour (baking)	Type 580 (bags)	1330	587	673	126.8	97.8
	Type 720 (bags)	1286	587	669	119.1	92.3
Average monthly exchange rate per 1 US dollar		2.7270	3.2137	3.2337		

Source: Polish millers Association newsletters May, 2011