



July Agricultural Price Index

The Agricultural Price Index (API) measures price changes in agricultural outputs and inputs for the UK. The output series reflects the price farmers receive for their products, also referred to as farm gate price. Information is collected for all major crops (for example wheat and potatoes) and on livestock and livestock products (for example sheep, milk and eggs).

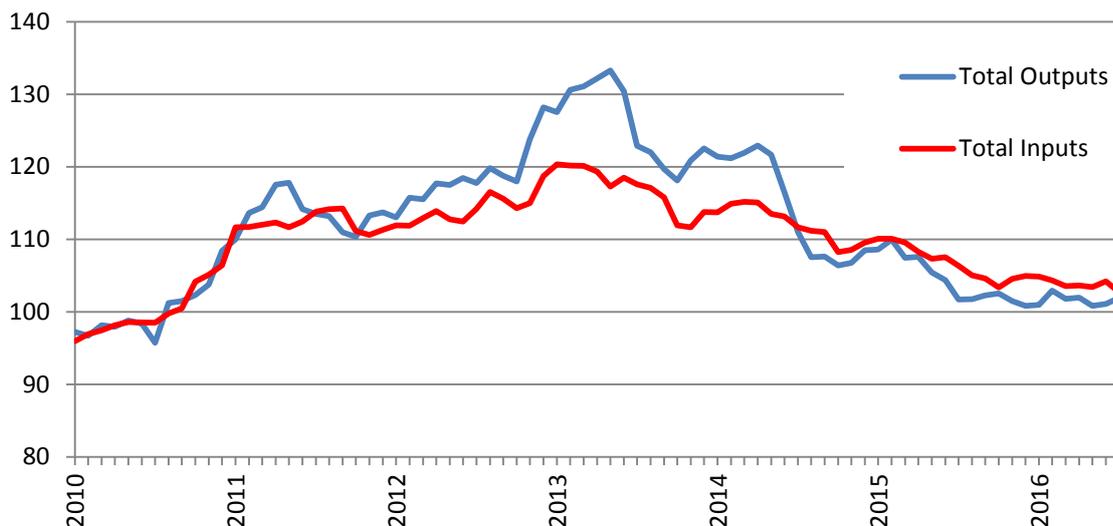
The input series reflects the price farmers pay for goods and services. This is split into two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example fertiliser or seed. Goods and services contributing to investment relate to items that are required but not consumed in the production process, such as tractors or buildings.

Key points

In July 2016, the monthly price index for all outputs was 0.2% higher than July 2015 and the price index for all inputs was 3.4% lower.

Figure 1 shows the monthly price indices for total agricultural inputs and outputs from January 2010 to July 2016.

Figure 1: Monthly indices for total Outputs and total Inputs



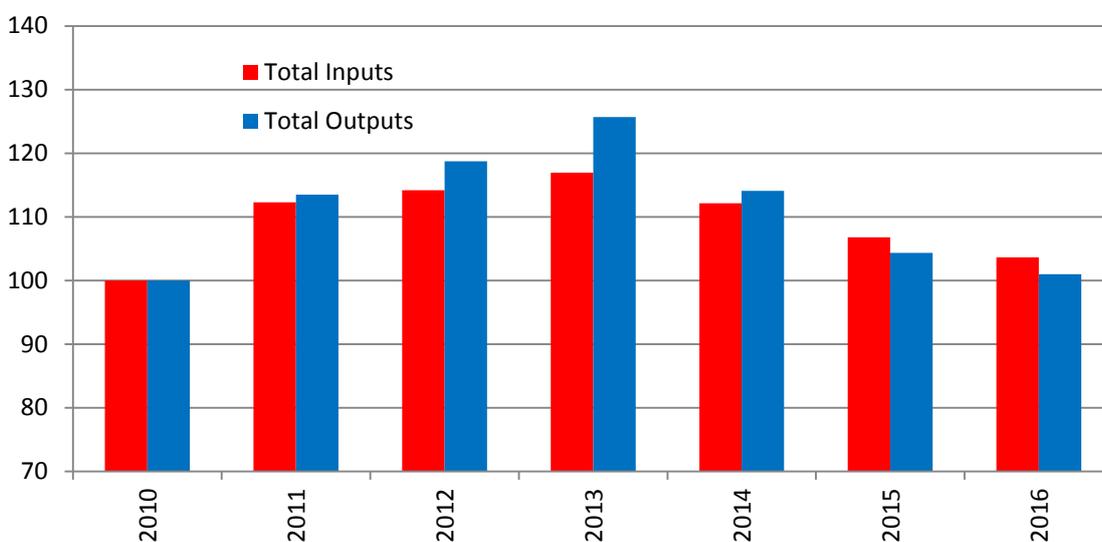
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Figure 2 shows a comparison of the average annual price indices for total agricultural inputs and outputs from January 2010 to July 2016.

Figure 2: Comparison of annual average indices for total Inputs and total Outputs

(2010=100)



Outputs

Overall the price index for all crop products was 4.0% higher in July 2016 compared to July 2015.

The price index for all crop products fell by 2.9% between June and July 2016 compared to a 3.6% fall between the same two months a year earlier.

The large UK cereal harvest in 2015, on the back of the bumper 2014 harvest, resulted in plentiful supplies and high stock levels putting downward pressure on prices throughout 2015. The low price levels remained into 2016 and overall the cereal price index was 5.0% lower in July 2016 compared to July 2015.

The cereal price index rose 1.6% between June and July 2016 boosted by the 3.4% rise in the wheat price index, and compares to a 0.9% rise between the two months last year.

The overall potato price index was 4.7% higher in July 2016 compared to July 2015.

Prices fell from the high levels of the previous months as new crop supplies became available. The price index fell by 39% between June and July 2016.

The fresh fruit index was 15% higher due to supplies being down when compared to July 2015. The fresh vegetables index was 12% higher due to supplies of some vegetables being lower than in July 2015.

Overall the price index for animals and animal products was 2.6% lower in July 2016 compared to July 2015.

The pig price index remains low compared to 2015 and in July 2016 it was 3.2% lower than the previous year.

A reduction in domestic supply, good export demand and stronger EU prices have all helped support the UK price recently and the price index rose 6.2% between June and July 2016.

In July 2016 the sheep and lamb price index was 20% higher than in July 2015. The price usually falls quite sharply at this time of year as increased numbers of lambs come onto the market but the sharp drop in sterling after the EU exit referendum result supported lamb prices. The price index fell by just 0.5% between June and July 2016 compared to a larger fall of 15% between the same two months last year.

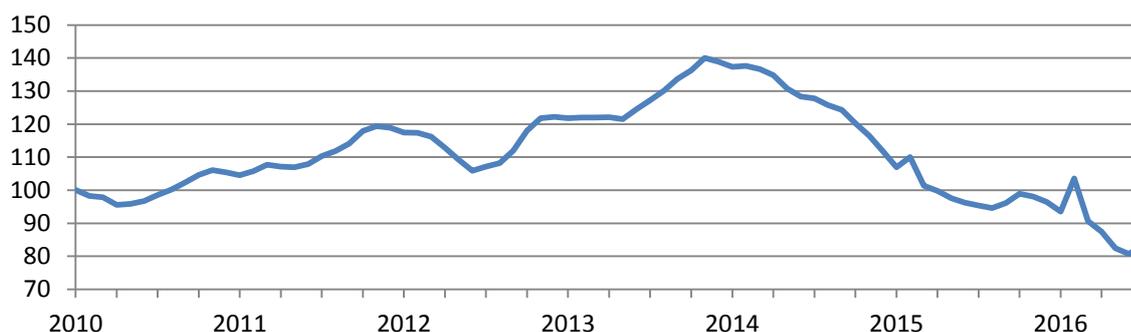
The price index for animal products was 13% lower in July 2016 compared to the same time last year and rose 2.9% between June and July 2016. This compares to a 0.6% fall between the same two months a year earlier.

Milk production fell in July in line with the seasonal trend seen in previous years. The price index for milk rose by 3.3% between June and July 2016 and was the first rise in the milk price (excluding bonuses) since October 2015. The price index was 0.9% lower when compared to July 2015.

Figure 3 shows the price index for milk between January 2010 and July 2016. For more detailed information on milk prices please see the link below to our website. <https://www.gov.uk/government/collections/milk-prices-and-composition>

Figure 3: Milk price index

(2010=100)



Inputs

The price index for animal feedstuffs was 2.0% lower in July 2016 compared to July 2015. This reflects the continued low cereal prices due to plentiful supplies.

The price index rose 1.3% between June and July 2016 following the increase in cereal prices. There was a 0.6% fall between the same two months a year ago.

The price index for fertilisers and soil improvers was 23% lower in July 2016 compared to the same month last year. Prices have fallen steadily across 2016 and the downward trend looks set to continue as falling demand has put pressure on the industry.

Data uses

Farmers use the agricultural price index to help set prices for their output and monitor the price paid for inputs. Analysts in Government, industry and academia use the data to assess the impact that price changes have on industry and consumers.

The Office of National Statistics (ONS) uses API data in the production of the Producer Price Index (PPI), which is one of the key measures of inflation.

Methodology

Defra collect prices from a wide variety sources to produce the monthly API. This includes data from our own surveys, information from the Agricultural, Horticultural Development Board (AHDB), and the ONS. For some items we only receive quarterly or annual data, for example, electricity prices. When no new data are available the data for the previous month is carried forward until new data becomes available.

The methodology used is described in the [Handbook for EU Agricultural Prices](#) and is standard across the EU.

Weights

Each item is assigned a weight which reflects their contribution to the overall index. The weights are based upon the value of the item, for example, if the value of animal feed is three times more than fertilisers then the weight for animal feed will be three times more than the fertiliser.

The overall weight for an item is either split equally between the 12 months or reflects the yearly pattern of sales or purchases. For example, if the sales of apples in October are double June sales then October weight is double the June weight for apples. Some outputs are seasonal, for example strawberries, and these will only have a weight for the months they are in season.

To note all weights are based upon base year data which is 2010.

Table 1 Index of Agricultural Outputs UK (2010=100)

| | | | | | | | | | Yearly | Monthly | |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------------|--------------------------|--------------------------|
| | Jun-15 | Jul-15 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | July 2015 to July 2016 | June 2016 - July 2016 | June 2015 - July 2015 |
| All Outputs | 104.4 | 101.7 | 102.9 | 101.8 | 102.0 | 100.8 | 101.1 | 101.9 | 0.2% | 0.8% | -2.6% |
| Crop products | 102.2 | 98.5 | 100.2 | 103.6 | 106.5 | 105.7 | 105.4 | 102.4 | 4.0% | -2.9% | -3.6% |
| Cereals | 101.4 | 102.3 | 97.0 | 97.5 | 95.2 | 95.9 | 95.7 | 97.3 | -5.0% | 1.6% | 0.9% |
| Wheat | 99.6 | 101.6 | 94.9 | 94.9 | 93.1 | 93.1 | 92.9 | 96.0 | -5.5% | 3.4% | 2.0% |
| Barley | 109.2 | 103.1 | 101.5 | 102.4 | 101.3 | 106.2 | 106.4 | 98.4 | -4.5% | -7.5% | -5.6% |
| Oats | 109.0 | 113.3 | 105.1 | 105.2 | 104.8 | 113.2 | 116.0 | 115.8 | 2.2% | -0.2% | 3.9% |
| Potatoes | 115.8 | 102.6 | 118.9 | 130.3 | 151.6 | 166.5 | 175.0 | 107.5 | 4.7% | -38.6% | -11.4% |
| Industrial Crops | 102.6 | 96.3 | 96.7 | 96.8 | 97.8 | 99.8 | 101.3 | 99.1 | 2.9% | -2.2% | -6.2% |
| Oilseed Rape | 99.0 | 93.8 | 96.8 | 96.8 | 98.5 | 100.8 | 102.7 | 99.4 | 5.9% | -3.3% | -5.2% |
| Sugar Beet | 115.6 | 115.6 | 96.1 | 96.1 | 96.1 | 96.1 | 96.1 | 96.1 | -16.9% | 0.0% | 0.0% |
| Forage plants | 96.6 | 94.9 | 91.2 | 91.7 | 93.8 | 94.0 | 94.1 | 94.9 | 0.0% | 0.8% | -1.7% |
| Fresh Vegetables | 103.9 | 97.8 | 96.6 | 106.7 | 115.6 | 112.2 | 106.6 | 109.3 | 11.8% | 2.5% | -5.9% |
| Fresh Fruit | 88.9 | 88.7 | 102.1 | 104.7 | 105.2 | 86.9 | 85.4 | 102.3 | 15.3% | 19.7% | -0.2% |
| Flowers and plants | 107.9 | 107.9 | 106.1 | 106.2 | 106.4 | 106.1 | 107.3 | 107.3 | -0.5% | 0.0% | 0.0% |
| Other crop products | 102.9 | 102.9 | 102.9 | 102.9 | 102.9 | 102.9 | 102.9 | 102.9 | 0.0% | 0.0% | 0.0% |
| Animals and animal products | 106.1 | 104.2 | 104.8 | 100.7 | 99.3 | 97.1 | 97.6 | 101.5 | -2.6% | 4.0% | -1.7% |
| Animals (for slaughter & export) | 111.6 | 107.8 | 105.6 | 106.4 | 105.4 | 106.9 | 108.4 | 110.9 | 2.9% | 2.3% | -3.4% |
| Cattle and calves | 127.1 | 127.8 | 120.2 | 118.6 | 116.1 | 118.8 | 121.2 | 123.8 | -3.1% | 2.1% | 0.5% |
| Pigs | 92.6 | 93.1 | 79.0 | 78.7 | 79.4 | 81.4 | 84.8 | 90.1 | -3.2% | 6.2% | 0.6% |
| Sheep and lambs | 106.3 | 90.8 | 107.8 | 110.3 | 110.9 | 111.1 | 109.8 | 109.2 | 20.3% | -0.5% | -14.6% |
| All Poultry | 103.7 | 99.7 | 100.7 | 104.6 | 103.6 | 103.2 | 103.6 | 106.6 | 6.9% | 2.9% | -3.9% |
| Animal products | 98.9 | 98.3 | 103.6 | 92.5 | 89.3 | 84.8 | 83.5 | 85.9 | -12.6% | 2.9% | -0.6% |
| Milk | 96.3 | 95.4 | 103.6 | 90.6 | 87.5 | 82.4 | 80.7 | 83.4 | -12.6% | 3.3% | -0.9% |
| Eggs | 118.2 | 118.3 | 104.4 | 104.4 | 100.3 | 100.3 | 100.3 | 100.3 | -15.2% | 0.0% | 0.0% |

Table 2 Index of Agricultural Inputs UK (2010=100)

| | | | | | | | | | Yearly | Monthly | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|---------------------------|--------------------------|--------------------------|
| | Jun-15 | Jul-15 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | July 2015 to July 2016 | June 2016 - July 2016 | June 2015 - July 2015 |
| All Inputs | 107.5 | 106.4 | 104.3 | 103.6 | 103.6 | 103.4 | 104.2 | 102.7 | -3.4% | -1.4% | -1.1% |
| All goods and services currently consumed in agriculture | 107.0 | 105.6 | 103.2 | 102.4 | 102.4 | 102.1 | 102.9 | 101.2 | -4.2% | -1.7% | -1.3% |
| Seeds | 95.0 | 93.4 | 95.5 | 96.3 | 99.4 | 99.2 | 99.1 | 95.3 | 2.0% | -3.8% | -1.7% |
| Energy and lubricants | 102.1 | 100.0 | 105.5 | 90.7 | 88.6 | 87.9 | 91.1 | 93.6 | -6.4% | 2.7% | -2.1% |
| Fertilisers and soil improvers | 106.6 | 98.6 | 89.9 | 88.1 | 83.8 | 82.4 | 79.6 | 76.1 | -22.8% | -4.5% | -7.5% |
| Plant protection products | 99.1 | 99.1 | 106.3 | 104.9 | 103.9 | 101.9 | 99.0 | 97.8 | -1.3% | -1.2% | 0.0% |
| Veterinary services | 107.7 | 107.7 | 107.6 | 107.9 | 108.0 | 107.9 | 107.9 | 107.9 | 0.2% | 0.0% | 0.0% |
| Animal feedingstuffs | 109.1 | 108.5 | 100.9 | 101.5 | 103.0 | 103.6 | 105.0 | 106.3 | -2.0% | 1.3% | -0.6% |
| Straight feedingstuffs | 105.3 | 102.9 | 95.3 | 95.5 | 96.8 | 101.2 | 105.0 | 107.4 | 4.4% | 2.4% | -2.2% |
| Compound feedingstuffs | 111.6 | 112.5 | 104.9 | 104.8 | 106.9 | 105.5 | 105.0 | 105.6 | -6.2% | 0.6% | 0.8% |
| Maintenance of Materials | 110.8 | 110.7 | 111.4 | 111.7 | 111.8 | 112.2 | 112.4 | 112.2 | 1.4% | -0.2% | -0.1% |
| Maintenance of Buildings | 109.5 | 109.5 | 106.2 | 107.0 | 107.9 | 108.3 | 109.0 | 109.0 | -0.5% | 0.0% | 0.0% |
| Other goods and services | 109.3 | 109.5 | 109.4 | 110.1 | 110.9 | 110.9 | 111.0 | 111.0 | 1.4% | 0.1% | 0.2% |
| Goods and services contributing to investment | 110.2 | 110.0 | 109.6 | 110.0 | 110.2 | 110.2 | 110.4 | 110.5 | 0.5% | 0.1% | -0.2% |
| Materials | 110.4 | 110.2 | 110.4 | 110.8 | 110.6 | 110.5 | 110.6 | 110.7 | 0.4% | 0.1% | -0.2% |
| Buildings | 107.6 | 107.6 | 105.5 | 106.1 | 106.7 | 107.0 | 107.5 | 107.5 | -0.1% | 0.0% | 0.0% |
| Other (Engineering and soil improvement operations) | 114.2 | 113.5 | 113.5 | 114.0 | 115.1 | 115.4 | 115.4 | 115.5 | 1.8% | 0.1% | -0.6% |