



## September 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).

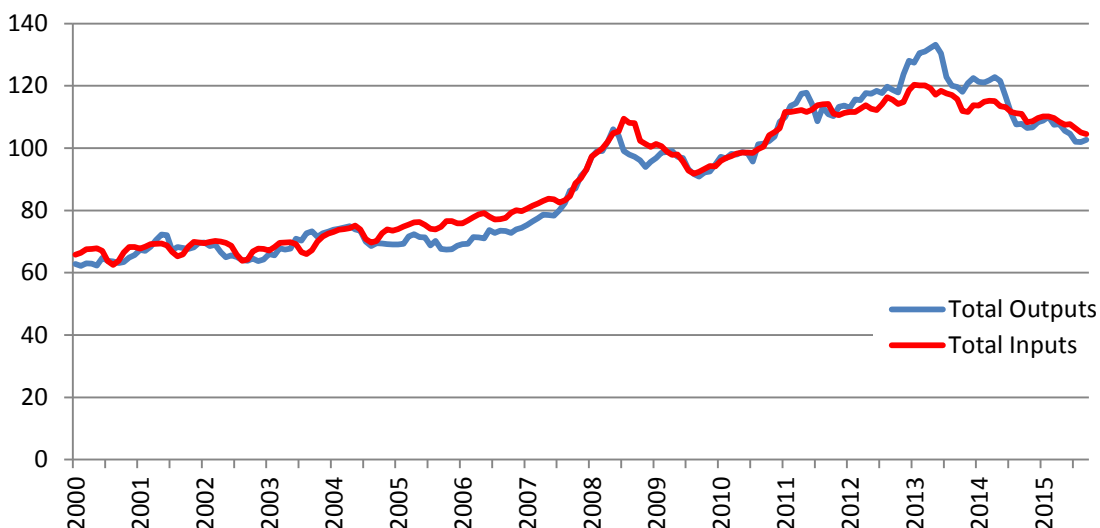
The input series reflects the price farmers pay for goods and services. This is split into two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example 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 September 2015, the monthly price index for all outputs was 4.8% lower than September 2014 and the price index for all inputs was 5.8% lower.

### Figure 1: Agricultural price indices

(2010=100)



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## Outputs

Overall the price index for all crop products was 0.2% lower in September 2015 compared to September 2014.

The price index for all crop products fell 1.2% between August and September 2015 compared to a 0.1% rise between the same two months a year earlier.

The large UK harvest in 2015 has resulted in low cereal prices as supplies are plentiful. The downward pressure on prices has continued through 2015 as farmers have retained high stocks from the bumper 2014 harvest because of the low prices on offer.

The cereal price index was 9.8% lower in September 2015 compared to September 2014. Cereal price indices fell 3.6% between August and September 2015 compared to a 2.8% fall between August and September 2014.

The wheat index fell 4.6% between August and September 2015 compared to a 4% fall between August and September the previous year. The price index for wheat was 11% lower in September 2015 compared to September 2014.

The barley price index followed a similar pattern. It was 9.2% lower in August 2015 compared to August 2014.

The overall potato price index was 17% higher in September 2015 compared to September 2014. This is partly due to the reduction in planted area in 2015 compared to 2014 and a delay in lifting in September due to wet weather.

The potato index fell 12% between August and September 2015 compared to an 11% fall between August and September the previous year.

The price index for fresh fruit was 7% higher in September 2015 compared to September 2014. This rise was mainly due to sharp increases in the index price for raspberries, apples and pears when comparing the two years. Lower supplies and varying quality of fruit pushed prices up in September 2015 compared to September 2014.

Overall the price index for all animals and animal products was 8.2% lower in September 2015 compared to September 2014.

The pig price index has firmed over the last six months after a period of steady decline over the preceding six months. Despite the firming in prices, the pig price index remains low compared to 2014 and in September 2015 was 17% lower than September 2014.

The sheep and lamb price index has risen for the first time since March 2015. In September 2015 the sheep and lamb price index was 1.5% higher than August 2015 and 0.3% higher than September 2014. Supplies have been slightly tighter and the recent strengthening of the euro against the pound has helped the export situation. Both these factors have helped raise the price slightly.

The price index for animal products was 19% lower in September 2015 compared to the same time last year. The price index for animal products rose 1.2% between August and September 2015 compared to a 1.0% fall between the same two months a year earlier.

Following the usual seasonal drop in production in September and the move by a number of milk companies to introduce winter contracts, the price index for milk rose 1.5% between August and September 2015. This was the first real increase since November 2013 (the increase shown in February 2015 was affected by retrospective payments to

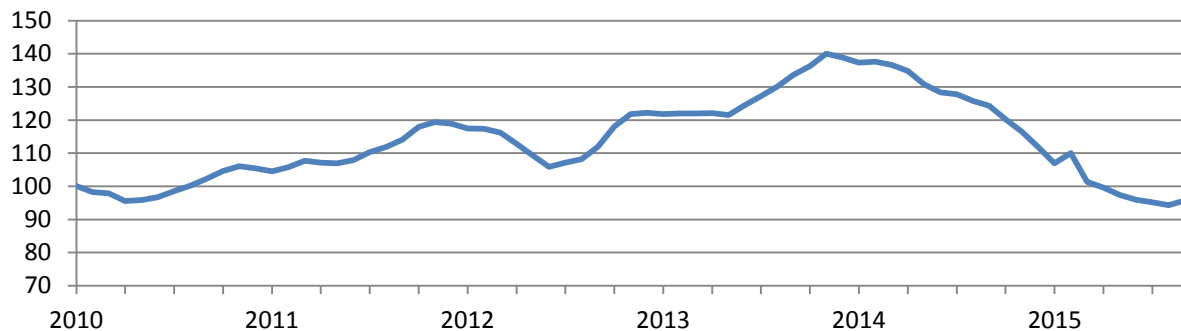
some producers). The price index in September 2015 was 23% lower when compared to September 2014.

The continued high domestic production combined with the ban on dairy imports to Russia and falling returns from global commodity markets has had a large impact on the industry. 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 2: Milk price index

(2010=100)



## Inputs

The price index for straight animal feedstuffs was 11% lower in September 2015 compared to September 2014.

The price index for straight animal feedstuffs fell 2.2% between August and September 2015 compared to a 1.8% fall between the same two months a year earlier.

This reflects the continued low cereal prices following the large 2014 harvest and retention of grain stocks by farmers. A similar pattern is being forecast as yields from the 2015 harvest are high across the EU.

The price index for energy and lubricants was 19% lower in September 2015 compared to the same month last year.

World oil prices have remained relatively low and this has kept prices down despite fuel prices rising recently.

## **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	
	Aug-14	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	September 2014 to September 2015	August - September 2015	August - September 2014
<b>All Outputs</b>	107.6	107.8	107.7	105.5	104.7	102.1	102.0	102.7	-4.8%	0.6%	0.2%
<b>Crop products</b>	99.7	99.9	106.3	104.2	102.2	98.5	100.9	99.7	-0.2%	-1.2%	0.1%
Cereals	106.9	103.9	112.5	105.2	101.4	102.3	97.2	93.7	-9.8%	-3.6%	-2.8%
Wheat	107.5	103.2	111.4	103.2	99.6	101.6	96.6	92.2	-10.6%	-4.6%	-4.0%
Barley	106.2	105.9	117.2	113.0	109.2	103.1	97.4	96.1	-9.2%	-1.3%	-0.3%
Oats	100.7	99.3	110.8	112.7	109.0	113.3	106.0	106.1	6.8%	0.1%	-1.3%
Potatoes	112.1	99.9	98.0	105.6	115.4	102.2	132.3	116.5	16.7%	-11.9%	-10.9%
Industrial Crops	88.3	97.9	99.1	98.3	100.5	95.2	94.8	101.2	3.3%	6.7%	10.9%
Oilseed Rape	85.9	88.2	95.3	96.2	99.0	93.8	93.4	94.3	7.0%	0.9%	2.7%
Sugar Beet	106.7	106.7	105.7	105.7	105.7	105.7	105.7	105.7	-1.0%	0.0%	0.0%
Forage plants	100.6	98.5	99.7	98.1	96.6	94.9	89.7	88.9	-9.8%	-0.9%	-2.1%
Fresh Vegetables	91.6	91.7	107.5	103.9	104.0	97.9	98.2	96.6	5.3%	-1.7%	0.1%
Fresh Fruit	103.3	99.9	97.9	107.0	88.9	88.7	105.7	106.9	7.0%	1.1%	-3.3%
Flowers and plants	105.7	107.4	109.0	109.8	109.9	109.9	108.3	107.4	0.0%	-0.8%	1.6%
Other crop products	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	0.0%	0.0%	0.0%
<b>Animals and animal products</b>	115.1	114.6	108.5	106.6	106.7	105.0	103.1	105.2	-8.2%	2.1%	-0.4%
Animals (for slaughter & export)	108.1	108.6	112.3	111.7	111.9	108.1	106.1	108.6	0.0%	2.4%	0.5%
Cattle and calves	122.3	124.4	125.0	123.2	127.1	127.8	126.6	126.2	1.5%	-0.3%	1.7%
Pigs	111.4	109.9	92.7	92.0	92.6	93.1	92.7	91.6	-16.6%	-1.2%	-1.3%
Sheep and lambs	96.0	88.6	115.5	110.1	106.3	90.8	87.5	88.8	0.3%	1.5%	-7.7%
All Poultry	96.3	100.5	104.9	107.5	104.8	100.8	101.3	108.8	8.3%	7.5%	4.4%
Animal products	125.1	123.9	102.2	100.2	99.9	99.8	98.8	100.0	-19.3%	1.2%	-1.0%
Milk	125.8	124.4	99.6	97.4	96.0	95.2	94.3	95.7	-23.0%	1.5%	-1.2%
Eggs	119.5	119.5	118.2	118.2	118.2	118.3	118.3	118.3	-1.1%	0.0%	0.0%

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

										Yearly	Monthly	
	Aug-14	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	September 2014 to September 2015	August - September 2015	August - September 2014	
<b>All Inputs</b>	111.2	111.0	108.5	107.5	107.7	106.4	105.1	104.6	-5.8%	-0.5%	-0.2%	
<b>All goods and services currently consumed in agriculture</b>	111.4	111.2	108.1	107.0	107.2	105.7	104.2	103.7	-6.8%	-0.5%	-0.2%	
Seeds	90.6	90.6	93.1	92.6	92.1	89.7	90.5	90.1	-0.6%	-0.4%	0.1%	
Energy and lubricants	117.7	117.9	102.2	102.2	102.2	100.0	94.6	95.1	-19.3%	0.6%	0.2%	
Fertilisers and soil improvers	105.7	107.5	105.9	105.7	106.6	98.6	97.2	97.4	-9.3%	0.2%	1.7%	
Plant protection products	123.6	104.8	104.5	101.8	99.1	99.1	126.3	105.2	0.4%	-16.7%	-15.2%	
Veterinary services	107.0	107.4	107.7	107.7	107.7	107.7	107.7	107.7	0.3%	0.0%	0.4%	
Animal feedingstuffs	115.4	115.0	111.7	109.5	109.1	108.2	105.7	105.3	-8.5%	-0.4%	-0.3%	
Straight feedingstuffs	109.1	107.2	110.7	106.6	105.3	102.9	97.4	95.2	-11.2%	-2.2%	-1.8%	
Compound feedingstuffs	120.1	119.7	112.4	111.8	111.6	112.0	111.8	111.3	-7.0%	-0.5%	-0.4%	
Maintenance of Materials	110.7	110.5	110.9	110.6	110.8	110.7	110.7	110.6	0.2%	0.0%	-0.2%	
Maintenance of Buildings	110.9	110.8	109.7	109.9	109.5	108.8	108.5	108.3	-2.3%	-0.2%	-0.1%	
Other goods and services	109.8	109.7	111.0	111.1	110.9	111.0	110.6	110.6	0.9%	0.0%	-0.1%	
<b>Goods and services contributing to investment</b>	109.8	110.0	110.4	110.4	110.2	109.8	109.7	109.6	-0.3%	0.0%	0.1%	
Materials	110.3	110.6	110.8	110.7	110.4	110.2	110.1	110.2	-0.4%	0.0%	0.2%	
Buildings	108.4	108.3	107.7	107.9	107.6	107.1	106.9	106.8	-1.4%	-0.1%	-0.1%	
Other (Engineering and soil improvement operations)	110.2	110.3	114.5	114.0	114.2	113.5	112.9	112.9	2.4%	0.0%	0.0%	