



December 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).

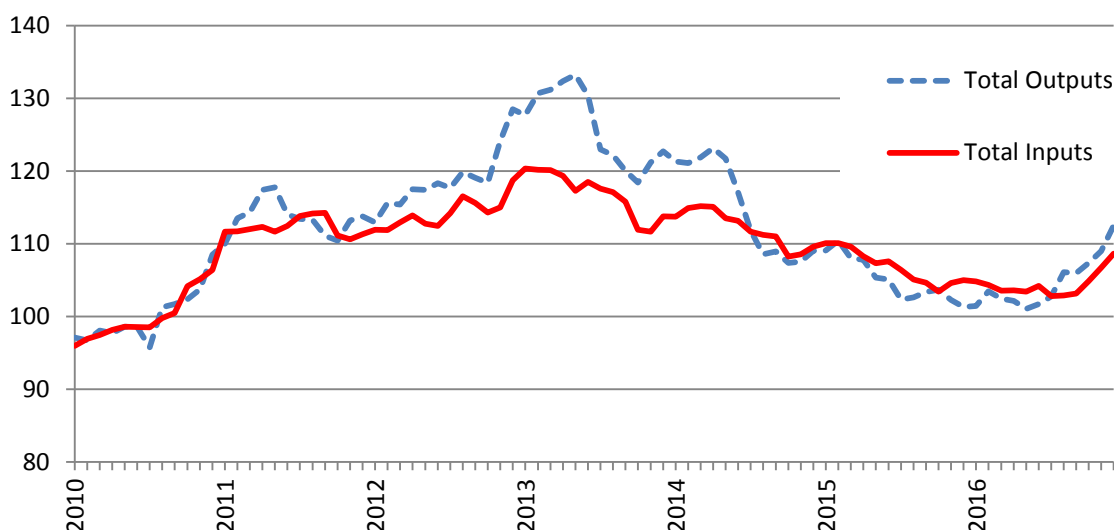
The input series reflects the price farmers pay for goods and services. The series is in two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example fertiliser 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 December 2016, the monthly price index for all outputs was 11% higher than December 2015 and the price index for all inputs was 3.5% higher.

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

Figure 1: Monthly indices for total Outputs and total Inputs



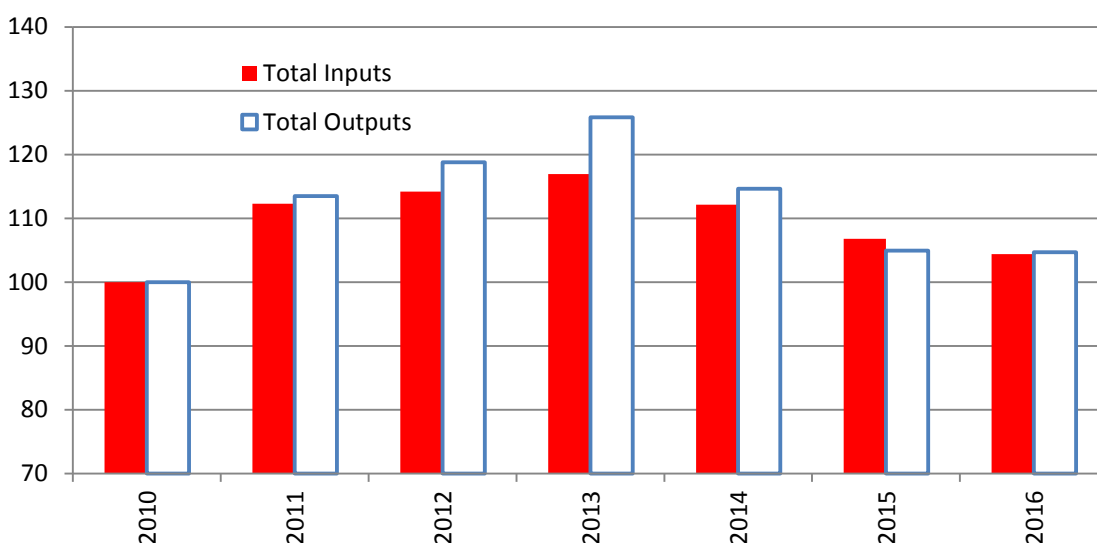
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Figure 2 shows a comparison of the average annual price indices for total agricultural inputs and outputs from January 2010 to December 2016.

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 16% higher in December 2016 compared to December 2015.

The price index for all crop products rose 3.5% between November and December 2016 compared to a 0.9% fall between the same two months a year earlier.

Cereal price levels in 2016 continued their upturn and overall the cereal price index was 18% higher in December 2016 compared to December 2015.

The cereal price index rose 6.0% between November and December 2016. Wheat, barley and oats all saw price increases. A return to a more typical harvest level and the low value of sterling have both bolstered cereal prices. In comparison there was a 2.0% fall in the cereal price index between the same two months last year.

The potato price index was 34% higher in December 2016 compared to December 2015. Grower confidence continues to limit supply and with yields down on the previous year the potato index rose 6.5% between November and December 2016 compared to a 5.1% increase between November and December the previous year.

The oilseed rape index was 32% higher in December 2016 compared to December 2015. Low yields and a lower than usual planted area has led to higher prices compared to the previous year.

The fresh vegetable price index was 21% higher in December 2016 compared to December 2015. This rise was mainly due to considerable increases in the price for brussels sprouts, red capsicums and spinach, all of which a result of very short supply. The fresh vegetable price index rose 0.6% between November and December 2016 compared to a 2.3% decrease between the same two months last year.

The price index for animals and animal products was 8.0% higher in December 2016 compared to December 2015.

The pig price index was 22% higher in December 2016 compared to December 2015. A reduction in domestic supply and rising export demand have helped support the UK price this year. The December price rise was more modest than in recent months with an increase of 1.3% compared to November 2016.

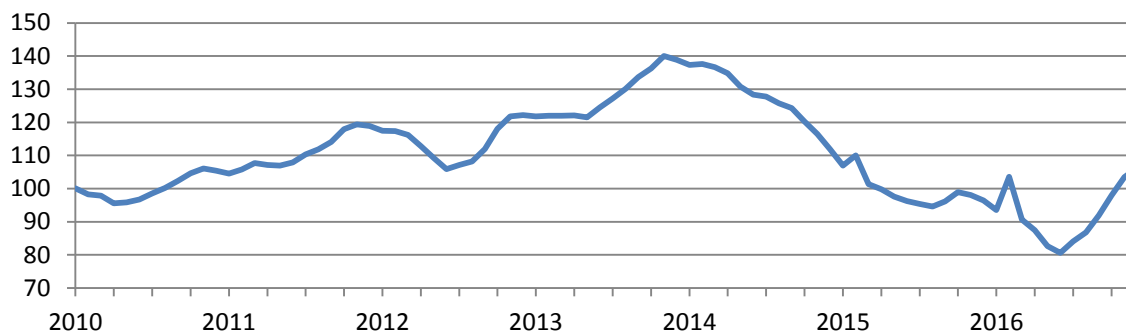
The price index for animal products was 5.9% higher in December 2016 compared to the same time last year and rose 2.4% between November and December 2016. This compares to a 1.4% fall between the same two months a year earlier.

For the sixth consecutive month milk production increased in December. The price index for milk rose by 2.7% between November and December 2016 and milk prices are now higher than the same month of the previous year.

Figure 3 shows the price index for milk between January 2010 and December 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

Compared to the previous year, in December 2016 the price index for all inputs items increased, with the exception of the plant protection products index which decreased slightly.

The price index for straight feedingstuffs saw the largest increase, 16% higher in December 2016 compared to December 2015 and rose 2.7% between November and December 2016. This reflects raw material cost increases over previous months and the low value of sterling.

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.

Revisions

Figures in this notice are provisional and subject to revision. In this edition there are slight revisions from 2014 to the fresh vegetable index as a correction was made to the unit price measure for 6 vegetable commodities.

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

									Yearly	Monthly	
	Nov-15	Dec-15	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	December 2015 to December 2016	November 2016 - December 2016	November 2015 - December 2015
All Outputs (1)	102.3	101.3	102.7	106.1	105.9	107.4	109.0	112.5	11.0%	3.2%	-0.9%
Crop products (1)	99.8	98.8	104.2	110.0	107.0	107.8	110.8	114.7	16.0%	3.5%	-0.9%
Cereals	98.8	96.8	97.3	100.7	102.8	105.7	107.9	114.3	18.1%	6.0%	-2.0%
Wheat	97.8	95.2	96.0	99.9	100.9	104.3	106.4	113.1	18.8%	6.2%	-2.7%
Barley	101.9	100.8	98.4	101.2	106.0	109.0	112.7	117.3	16.4%	4.1%	-1.1%
Oats	108.6	103.6	115.8	109.6	114.6	118.9	118.1	120.3	16.1%	1.8%	-4.7%
Potatoes	107.2	112.6	107.5	133.7	125.6	117.5	141.4	150.6	33.7%	6.5%	5.1%
Industrial Crops	95.0	95.7	98.8	103.3	104.0	105.5	110.2	112.8	18.0%	2.4%	0.7%
Oilseed Rape	95.6	96.7	99.4	104.5	111.5	116.9	123.3	127.6	32.0%	3.5%	1.1%
Sugar Beet	93.4	93.4	93.4	93.4	93.4	87.7	87.7	87.7	-6.0%	0.0%	0.0%
Forage plants	88.4	88.4	94.9	96.7	95.4	95.7	98.0	98.1	10.9%	0.1%	0.0%
Fresh Vegetables (1)	97.5	95.3	117.9	120.2	111.3	109.8	114.3	115.0	20.8%	0.6%	-2.3%
Fresh Fruit	111.7	96.1	103.0	125.9	110.8	117.8	111.0	108.0	12.4%	-2.7%	-14.0%
Flowers and plants	106.3	107.0	107.3	105.3	103.9	105.5	106.4	107.5	0.4%	1.0%	0.7%
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	104.1	102.9	101.6	102.4	105.0	107.1	107.7	111.1	8.0%	3.2%	-1.1%
Animals (for slaughter & export)	106.0	105.1	110.7	111.9	112.8	111.6	110.5	114.9	9.3%	4.0%	-0.8%
Cattle and calves	121.0	123.6	123.8	126.8	125.9	123.4	123.1	136.1	10.1%	10.6%	2.2%
Pigs	88.4	87.3	90.1	95.4	98.6	102.0	105.4	106.7	22.2%	1.3%	-1.2%
Sheep and lambs	90.3	95.5	108.1	106.9	103.6	99.1	97.9	100.1	4.8%	2.2%	5.8%
All Poultry	107.4	100.9	106.6	106.3	110.6	110.2	106.3	106.0	5.1%	-0.3%	-6.1%
Animal products	100.8	99.4	86.4	88.8	93.1	98.3	102.9	105.3	5.9%	2.4%	-1.4%
Milk	98.1	96.4	84.1	86.8	91.9	98.0	103.5	106.3	10.3%	2.7%	-1.7%
Eggs	117.2	117.2	99.2	99.2	99.2	100.2	100.2	100.2	-14.5%	0.0%	0.0%

(1) Figures have been revised as a result of a correction to historical data back to April 2014 for 6 vegetable commodities

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

									Yearly	Monthly	
	Nov-15	Dec-15	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	December 2015 to December 2016	November 2016 - December 2016	November 2015 - December 2015
All Inputs	104.6	105.0	102.8	102.9	103.2	104.9	106.7	108.6	3.5%	1.8%	0.4%
All goods and services currently consumed in agriculture	103.6	104.0	101.2	101.4	101.8	103.6	105.8	108.1	3.9%	2.2%	0.4%
Seeds	95.3	95.1	95.9	97.7	96.8	99.7	100.4	101.4	6.6%	0.9%	-0.2%
Energy and lubricants	104.6	109.6	93.3	93.3	98.1	100.8	109.5	113.3	3.4%	3.5%	4.7%
Fertilisers and soil improvers	95.5	93.6	76.1	78.3	78.8	79.9	84.4	95.8	2.3%	13.5%	-2.0%
Plant protection products	96.5	95.7	97.8	127.0	105.0	97.4	97.3	95.4	-0.3%	-2.0%	-0.9%
Veterinary services	107.7	107.7	108.1	108.0	108.4	108.5	108.5	108.5	0.8%	0.0%	0.0%
Animal feedingstuffs	101.7	101.9	106.3	104.6	104.3	105.3	106.4	107.8	5.7%	1.3%	0.2%
Straight feedingstuffs	96.4	95.6	107.4	103.6	103.2	106.0	108.3	111.2	16.4%	2.7%	-0.8%
Compound feedingstuffs	105.2	106.1	105.4	105.3	104.9	104.9	105.2	105.5	-0.5%	0.3%	0.8%
Maintenance of Materials	110.8	111.0	112.2	112.3	112.5	112.8	113.2	113.4	2.2%	0.2%	0.1%
Maintenance of Buildings	107.4	106.6	108.5	108.7	109.1	110.3	109.8	110.7	3.8%	0.8%	-0.7%
Other goods and services	109.1	109.2	111.3	111.5	111.5	111.5	112.0	112.2	2.7%	0.2%	0.1%
Goods and services contributing to investment	109.6	109.6	110.8	110.9	110.9	111.4	111.3	111.4	1.7%	0.1%	0.0%
Materials	110.3	110.4	111.3	111.4	111.4	111.7	111.6	111.6	1.2%	0.0%	0.1%
Buildings	106.3	105.8	107.2	107.4	107.7	108.6	108.2	108.8	2.9%	0.6%	-0.5%
Other (Engineering and soil improvement operations)	113.1	113.5	116.0	115.7	115.3	115.6	115.7	115.7	2.0%	0.0%	0.3%