



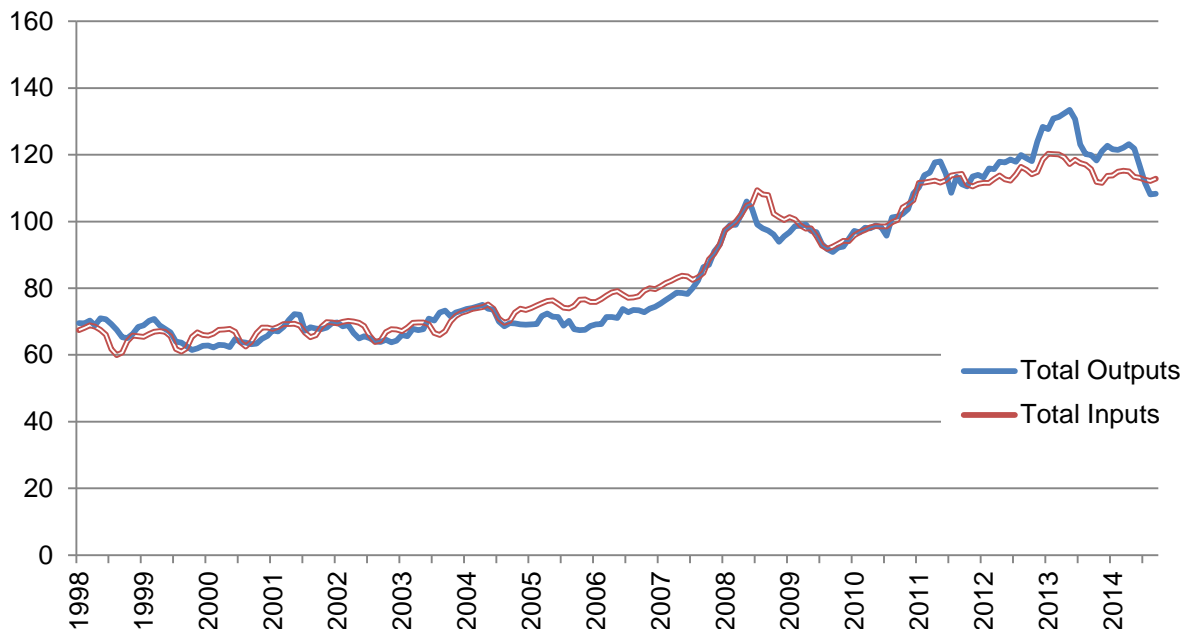
## September Agricultural Price Index

The Agricultural Price Index (API) measures the monthly 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

**Figure 1: Agricultural price indices (2010=100)**



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In September the monthly price index for all outputs rose by 0.2%. There was also little movement in the price index for all inputs which fell by 0.1 %.

Overall the prices are lower than the same time last year with the price index for all outputs and inputs 9.6% and 3.2% respectively.

### *Output*

Compared to last month the price index for all crop products rose by 0.2%.

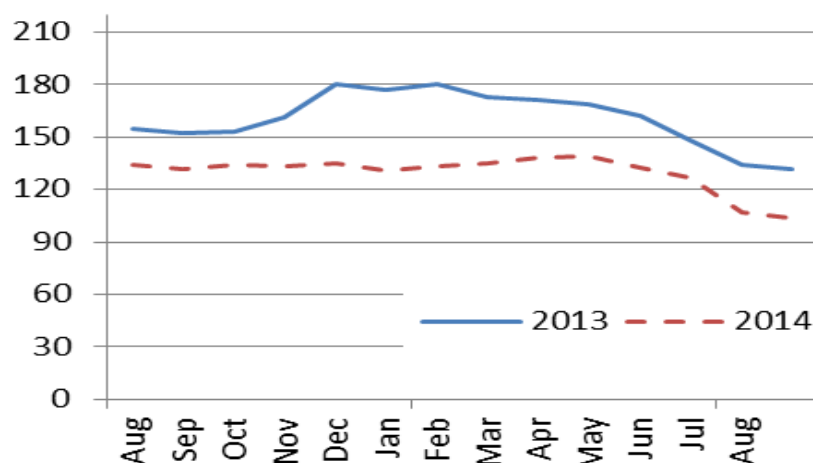
Oilseed rape prices recovered to 2.7% up on August but remain weak and are 28% down on last year. Record production in Europe combined with forecasts for a large US soyabean harvest continue to hold the price down.

The fresh fruit price index fell 3.3% in September mainly due to a 30.4% decrease in dessert pears as supply outstripped demand and foreign imports increased pressure on the price. Demand for soft fruit was mixed. Raspberries fell by 20% as supplies outstripped demand but Strawberries increased by 7.8% as demand held firm and supplies dwindled.

Main crop potatoes dropped by 11.1% in September as supply outstripped demand. Overall potatoes were down 18.4% on this time last year.

Cereal prices steadied to be 2.8% lower than August. With the European harvest well underway and continued predictions for a bumper worldwide crop, cereal prices continue to remain low and are 21% lower than this time last year as shown in figure 2.

**Figure 2 Cereals price index**



### *Inputs*

Animal feed prices steadied in September but are now 12% lower than the same time last year. Straight feed fell by 1.7% in September while compound feed prices fell by 0.3%. Straight feed prices fell due to the continuing weakness in cereal prices.

## **Data updates**

### *Output*

The Milk prices for January to August (excepting April) 2014 have been amended due to revised data being available.

The Animal and animal products figure has been amended back to January 2014 due to revised data being available.

### *Inputs*

The Motor fuels figure for August has been updated due to revised data being available.

The Other fertilisers and soil improvers figure has been updated for July and August due to revised data being available.

The Veterinary services figure for August has been amended back due to revised data being available.

The Other straights (feedingstuffs) figures for February and August have been amended due to revised data being available.

The (Other) Engineering and soil improvement operations figure has been amended back to May 2014 due to revised data being available.

## **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) use 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)**

|                                    | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | 1 month change | 12 month change |
|------------------------------------|--------|--------|--------|--------|--------|--------|----------------|-----------------|
| <b>All Outputs</b>                 | 123.2  | 121.9  | 117.0  | 111.7  | 108.1  | 108.4  | 0.2%           | -9.6%           |
| <b>Crop products</b>               | 121.0  | 120.0  | 111.3  | 104.2  | 100.4  | 100.5  | 0.2%           | -13.6%          |
| Cereals                            | 138.6  | 138.6  | 132.8  | 126.8  | 106.9  | 103.9  | -2.8%          | -20.9%          |
| Wheat                              | 139.4  | 139.0  | 134.1  | 130.8  | 107.5  | 103.2  | -4.0%          | -21.6%          |
| Barley                             | 137.9  | 138.1  | 128.8  | 118.3  | 106.2  | 105.9  | -0.3%          | -18.0%          |
| Oats                               | 126.5  | 126.2  | 117.7  | 120.1  | 100.7  | 99.3   | -1.3%          | -36.8%          |
| Potatoes                           | 118.7  | 122.4  | 112.7  | 68.7   | 112.1  | 99.9   | -10.9%         | -18.4%          |
| Industrial Crops                   | 113.2  | 115.7  | 111.8  | 98.1   | 88.2   | 97.2   | 10.2%          | -16.6%          |
| Oilseed Rape                       | 118.2  | 119.0  | 113.9  | 97.1   | 85.9   | 88.2   | 2.7%           | -27.7%          |
| Sugar Beet                         | 105.3  | 105.3  | 105.3  | 105.3  | 105.3  | 105.3  | 0.0%           | 0.0%            |
| Forage plants                      | 118.5  | 114.5  | 111.8  | 109.5  | 100.6  | 98.5   | -2.1%          | -6.9%           |
| Fresh Vegetables                   | 103.8  | 100.6  | 105.2  | 96.0   | 91.7   | 91.8   | 0.1%           | -13.5%          |
| Fresh Fruit                        | 104.4  | 90.6   | 73.5   | 100.1  | 103.3  | 99.9   | -3.3%          | -5.5%           |
| Flowers and plants                 | 115.1  | 114.4  | 114.6  | 114.6  | 111.6  | 113.3  | 1.5%           | -1.9%           |
| Other crop products                | 98.7   | 98.7   | 98.7   | 98.7   | 98.7   | 98.7   | 0.0%           | 0.0%            |
| <b>Animals and animal products</b> | 124.5  | 123.4  | 121.6  | 117.6  | 115.5  | 115.0  | -0.4%          | -6.4%           |
| Animals (for slaughter & export)   | 119.3  | 118.3  | 116.6  | 111.5  | 108.1  | 108.6  | 0.5%           | -7.1%           |
| Cattle and calves                  | 123.8  | 119.3  | 118.1  | 118.3  | 122.3  | 124.4  | 1.7%           | -9.6%           |
| Pigs                               | 115.2  | 115.5  | 115.3  | 113.6  | 111.4  | 109.9  | -1.3%          | -8.5%           |
| Sheep and lambs                    | 124.8  | 129.0  | 129.1  | 104.6  | 96.0   | 88.6   | -7.7%          | -5.2%           |
| All Poultry                        | 113.1  | 113.8  | 109.1  | 105.5  | 96.3   | 100.5  | 4.4%           | -3.2%           |
| Animal products                    | 133.0  | 129.7  | 128.0  | 127.8  | 126.0  | 125.0  | -0.8%          | -5.4%           |
| Milk                               | 134.9  | 130.7  | 128.4  | 127.9  | 126.0  | 124.9  | -0.9%          | -6.6%           |
| Eggs                               | 124.2  | 124.2  | 124.2  | 124.1  | 124.1  | 124.1  | 0.0%           | -3.8%           |

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

|   | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | 1 month change | 12 month change |
|---|--------|--------|--------|--------|--------|--------|----------------|-----------------|
| <b>All Inputs</b>   | 115.0  | 113.4  | 113.2  | 112.6  | 112.1  | 112.0  | -0.1%          | -3.2%           |
| <b>All goods and services currently consumed in agriculture</b> | 116.3  | 114.4  | 114.2  | 113.1  | 112.5  | 112.3  | -0.2%          | -4.8%           |
| Seeds   | 104.6  | 104.6  | 104.6  | 97.9   | 97.9   | 97.9   | 0.0%           | -0.2%           |
| Energy and lubricants   | 120.5  | 120.2  | 118.7  | 119.1  | 117.7  | 117.9  | 0.2%           | -5.7%           |
| Fertilisers and soil improvers                                  | 108.1  | 104.8  | 101.1  | 106.0  | 105.8  | 107.7  | 1.8%           | -4.2%           |
| Plant protection products                                       | 105.2  | 102.9  | 100.5  | 99.5   | 123.6  | 104.8  | -15.2%         | 7.2%            |
| Veterinary services   | 106.6  | 106.9  | 107.0  | 106.9  | 106.9  | 107.3  | 0.3%           | 1.4%            |
| Animal feedingstuffs  | 130.4  | 127.9  | 126.1  | 122.2  | 118.9  | 118.8  | 0.0%           | -11.8%          |
| Straight feedingstuffs  | 136.1  | 130.5  | 126.4  | 116.8  | 109.2  | 107.4  | -1.7%          | -20.6%          |
| Compound feedingstuffs  | 126.7  | 126.0  | 125.9  | 126.2  | 126.0  | 125.6  | -0.3%          | -6.5%           |
| Maintenance of Materials  | 109.9  | 110.1  | 110.3  | 110.3  | 110.7  | 110.5  | -0.2%          | 1.5%            |
| Maintenance of Buildings  | 111.5  | 110.9  | 111.5  | 111.1  | 111.1  | 110.9  | -0.2%          | 1.0%            |
| Other goods and services  | 111.1  | 110.7  | 110.6  | 110.1  | 108.9  | 108.8  | -0.1%          | -0.1%           |
| <b>Goods and services contributing to investment</b>            | 108.2  | 108.2  | 108.3  | 109.8  | 109.9  | 110.1  | 0.1%           | 6.9%            |
| Materials   | 107.5  | 107.7  | 107.7  | 110.1  | 110.3  | 110.6  | 0.2%           | 10.1%           |
| Buildings   | 108.7  | 108.3  | 108.8  | 108.5  | 108.5  | 108.4  | -0.1%          | 0.8%            |
| Other (Engineering and soil improvement operations)             | 110.8  | 110.4  | 111.0  | 110.5  | 110.4  | 110.4  | 0.0%           | 2.6%            |