



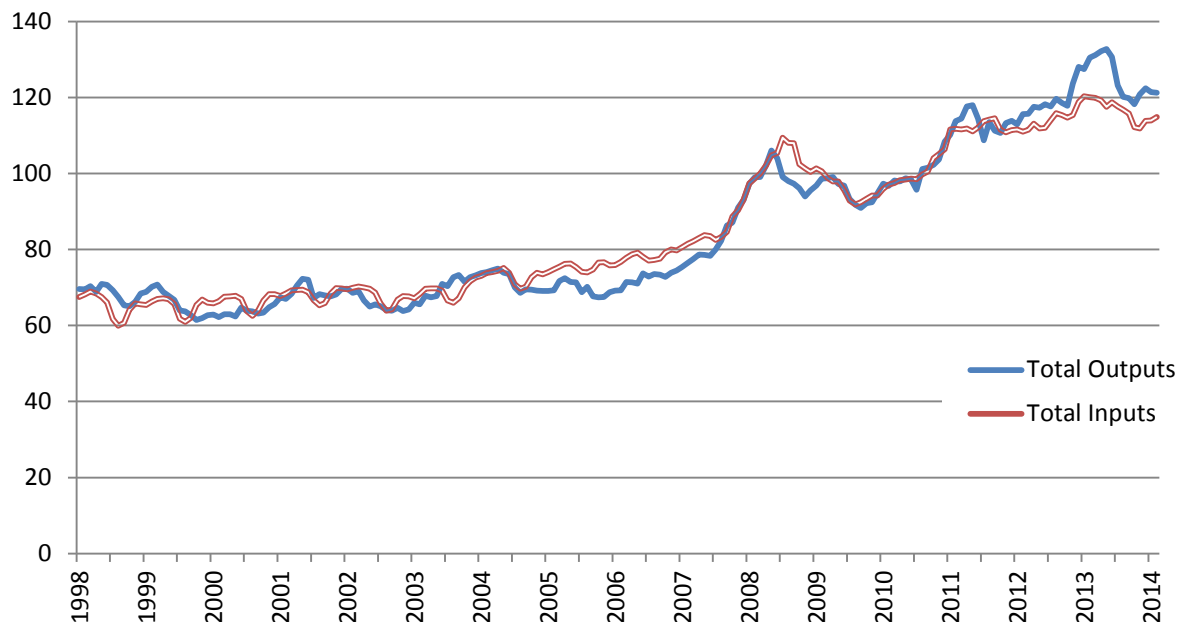
February Agricultural Price Index

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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The price index for all outputs fell by 0.1% in February and is now 7.1% lower than the same time last year. The price index for all inputs rose by 0.8% in February and is now 4.3% lower than this time last year.

Output

Sheep and lamb prices rose 5.0% in February and are 20% higher than the same time last year. Price increases are being attributed to better demand at home and abroad and the weaker pound making exports more competitive on the continent.

Fresh fruit prices fell by 2.2% in February and are 27% lower than the same time last year when prices were high due to short supplies following last year's poor harvest.

Fresh vegetable prices fell by 5.3% and are 8% lower than the same time last year; with cabbages; lettuce and carrots all showing a significant fall in price compared to this time last year. Cauliflowers were the exception with a 32% increase in price during February. This was due to limited supplies at the start of the month which saw prices significantly increase although prices fell away as supply increased towards the end of the month.

Inputs

Fertiliser prices rose by 2.4% in February although prices are still 7% lower than the same time last year. Both straight phosphate and potash prices are recovering after the low prices seen at the end of 2013. There is also an increase in straight nitrogen prices on the back of strong urea prices.

There was a 7.3% increase in materials due to the price index for machinery and other equipment rising by 17%. The increase follows a price review of the Producer Price Index.

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)

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	1 month change	12 month change
All Outputs	120.2	119.8	118.2	120.8	122.4	121.4	121.2	-0.1%	-7.1%
Crop products	115.7	115.9	110.5	115.8	119.7	118.2	118.4	0.2%	-19.5%
Cereals	134.0	131.3	133.7	133.3	135.0	131.2	133.1	1.4%	-26.2%
Wheat	133.9	131.5	133.3	133.7	136.8	134.3	134.3	0.0%	-24.3%
Barley	132.5	129.1	132.9	133.5	132.1	124.5	131.4	5.6%	-28.7%
Oats	149.8	157.1	157.2	117.9	115.2	115.4	120.3	4.2%	-42.9%
Potatoes	131.6	122.4	102.9	107.1	112.7	116.8	114.4	-2.1%	-35.2%
Industrial Crops	113.7	117.3	110.6	111.0	110.8	109.7	109.0	-0.6%	-15.2%
Oilseed Rape	114.6	121.9	110.2	111.9	111.7	110.7	109.6	-1.0%	-22.7%
Sugar Beet	108.0	108.0	108.0	108.0	108.0	108.0	108.0	0.0%	0.0%
Forage plants	113.9	105.9	105.2	106.6	109.4	111.2	114.4	2.9%	-3.1%
Fresh Vegetables	104.5	105.9	97.0	96.7	108.2	107.9	102.2	-5.3%	-7.9%
Fresh Fruit	95.5	106.5	91.2	96.4	102.3	111.4	109.0	-2.2%	-26.8%
Flowers and plants	108.6	110.6	108.1	109.9	110.3	109.4	109.4	0.0%	0.1%
Other crop products	98.7	98.7	98.7	98.7	98.7	98.7	98.7	0.0%	0.0%
Animals and animal products	124.4	123.2	122.9	124.5	124.2	123.4	123.2	-0.2%	3.4%
Animals (for slaughter & export)	120.6	117.0	116.9	116.7	115.9	116.4	115.2	-1.1%	-1.0%
Cattle and calves	138.8	137.5	132.0	130.5	134.3	129.3	126.1	-2.5%	-7.5%
Pigs	118.5	120.1	121.2	120.9	120.8	118.2	115.6	-2.3%	5.0%
Sheep and lambs	102.9	93.4	95.6	95.7	98.0	103.1	108.3	5.0%	19.5%
All Poultry	110.8	103.8	108.9	111.1	105.5	107.1	104.0	-2.9%	-0.2%
Animal products	129.9	132.9	134.9	137.9	136.9	135.4	135.6	0.1%	9.7%
Milk	130.1	133.7	136.3	140.0	138.8	136.8	137.2	0.3%	12.5%
Eggs	129.0	129.0	128.7	128.7	128.7	128.9	128.9	0.0%	-3.7%

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

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	1 month change	12 month change
All Inputs	116.8	115.7	112.2	111.8	113.8	113.9	114.9	0.8%	-4.3%
All goods and services currently consumed in agriculture	119.4	118.0	113.9	113.7	116.1	116.2	116.3	0.1%	-6.0%
Seeds	98.1	98.1	104.6	104.6	104.6	104.6	104.6	0.0%	-11.2%
Energy and lubricants	124.6	125.1	121.5	119.6	125.2	126.5	125.3	-0.9%	0.9%
Fertilisers and soil improvers	114.2	112.4	102.4	100.8	102.7	107.3	109.9	2.5%	-7.0%
Plant protection products	98.6	98.6	98.7	98.8	99.0	100.0	99.2	-0.7%	0.4%
Veterinary services	105.8	105.8	105.8	105.8	105.9	106.5	106.5	0.0%	0.2%
Animal feedingstuffs	136.8	134.7	126.9	126.5	127.3	127.7	128.6	0.7%	-13.1%
Straight feedingstuffs	139.6	135.2	129.3	128.1	129.1	128.9	130.5	1.3%	-19.4%
Compound feedingstuffs	134.8	134.3	125.3	125.4	126.2	127.0	127.2	0.2%	-8.0%
Maintenance of Materials	108.4	108.9	109.1	109.3	109.3	110.5	110.5	0.0%	3.1%
Maintenance of Buildings	110.2	109.8	109.7	110.1	110.5	110.6	111.2	0.5%	0.9%
Other goods and services	109.9	108.9	108.7	108.9	109.7	109.8	110.4	0.5%	1.1%
Goods and services contributing to investment	103.1	103.0	102.8	102.9	103.0	103.4	108.3	4.7%	5.5%
Materials	100.5	100.5	100.2	100.1	100.2	100.6	107.9	7.3%	7.7%
Buildings	107.8	107.5	107.5	107.8	108.0	108.1	108.5	0.4%	0.7%
Other (Engineering and soil improvement operations)	107.7	107.6	108.2	108.7	108.4	109.9	110.2	0.2%	4.1%