



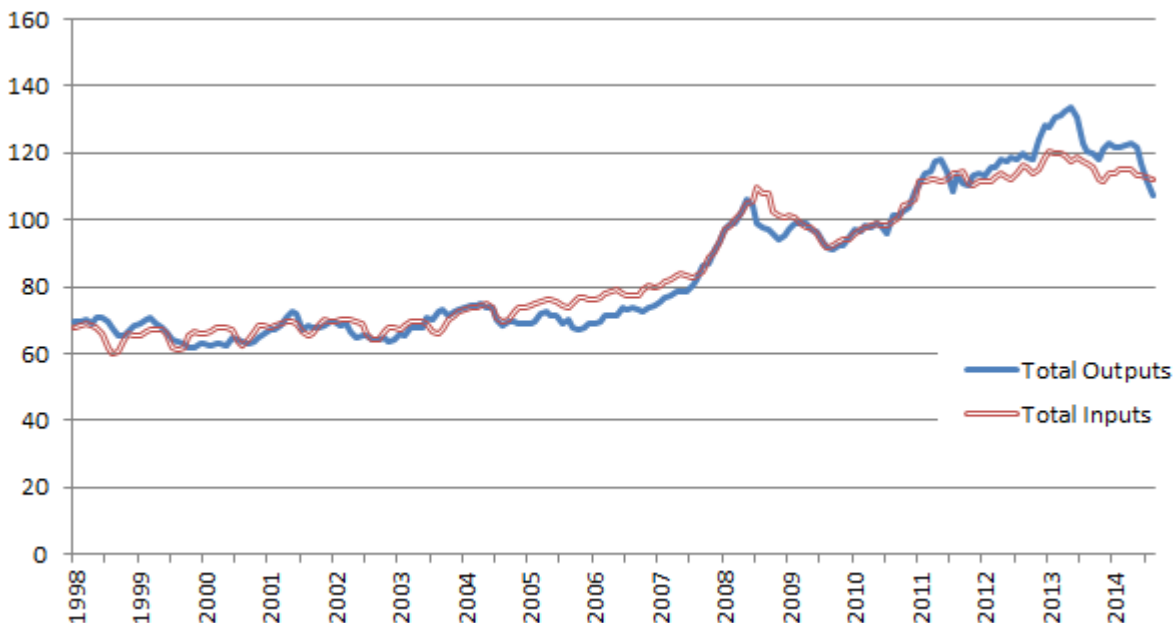
August Agricultural Price Index

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 August the monthly price index for all outputs fell by 4.2%. This fall was due to the overall monthly index for crops falling by 3.7% and the price index for animals and animal products also falling by 3.7%. There was little movement in the price index for all inputs which fell by 0.4%.

Overall the prices are lower than the same time last year with the price index for all outputs and inputs 11% and 4.2% lower.

Output

Compared to last month the price index for all crop products fell by 3.7% with all but fresh fruit showing a fall in August.

The fresh fruit price index rose by 3.2% in August mainly due to a 58% increase in dessert pears as the new season pears became available during the early part of the month. Demand for soft fruit, and raspberries in particular which rose by 29%, remained strong due to the good weather and supplies also struggled to keep up with demand.

Main crop potatoes dropped by 8.2% as supply outstripped demand. Overall potatoes were down 14.8% on this time last year.

Despite a strengthening of price towards the end of the month Oilseed rape prices are 12% lower than July and 25% down on last year. Record production in Europe continued to drag the price down.

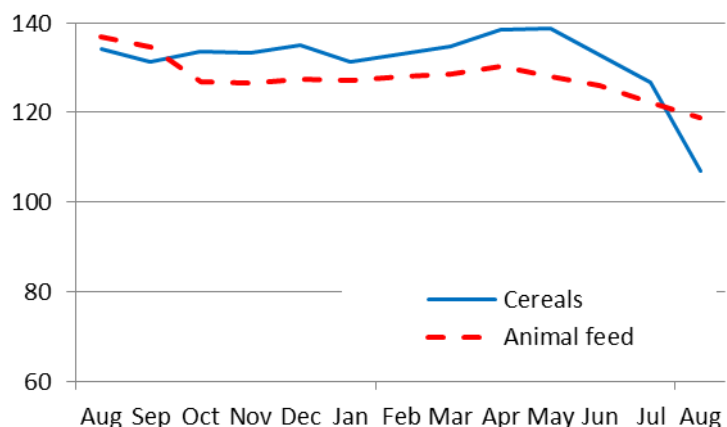
The fresh vegetable index fell by 4.5% in August. Large volumes and low demand drove prices down. Tomatoes dropped 20% due to strong competition from Dutch imports in the early part of the month.

Cereal prices are 16% lower than July. With the European harvest well underway and continued predictions for a bumper crop, cereal prices continue to remain low and are 20% lower than this time last year.

Inputs

Animal feed prices fell by 2.8% in August and are now 13% lower than the same time last year. As shown in figure 2 animal feed prices are affected by cereal prices. Straight feed fell by 6.5% in August while compound feed prices fell by 0.1%. Straight feed prices fell due to the continuing decrease in cereal prices.

Figure 2 Cereals and animal feed price index



Data updates

Output

The Milk prices for May, June and July 2014 have been amended due to revised data being available.

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

Inputs

The Veterinary services figure has been amended back to January 2014 due to revised data being available.

The Straight feedingstuffs figures have been amended back to March 2014 due to revised data being available.

The Other goods and services figure has been amended back to January 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)

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	1 month change	12 month change
All Outputs	122.7	121.7	121.5	122.2	123.0	121.9	117.1	111.7	107.0	-4.2%	-11.0%
Crop products	120.6	118.7	119.0	118.2	121.0	120.0	111.3	104.2	100.4	-3.7%	-13.6%
Cereals	135.0	131.2	133.1	134.6	138.6	138.6	132.8	126.8	106.9	-15.7%	-20.3%
Wheat	136.8	134.3	134.3	135.0	139.4	139.0	134.1	130.8	107.5	-17.9%	-19.7%
Barley	132.1	124.5	131.4	134.9	137.9	138.1	128.8	118.3	106.2	-10.2%	-19.8%
Oats	115.2	115.4	120.3	126.1	126.5	126.2	117.7	120.1	100.7	-16.2%	-32.8%
Potatoes	112.7	116.8	114.4	116.1	118.7	122.4	112.7	68.7	112.1	63.2%	-14.8%
Industrial Crops	110.0	108.8	108.1	109.5	113.2	115.7	111.8	98.1	88.2	-10.1%	-22.3%
Oilseed Rape	111.7	110.7	109.6	112.2	118.2	119.0	113.9	97.1	85.9	-11.6%	-25.1%
Sugar Beet	105.3	105.3	105.3	105.3	105.3	105.3	105.3	105.3	105.3	0.0%	0.0%
Forage plants	109.4	111.2	114.4	117.0	118.5	114.5	111.8	109.5	100.6	-8.1%	-11.7%
Fresh Vegetables	109.4	106.3	100.7	103.0	103.8	100.6	105.2	96.0	91.7	-4.5%	-12.7%
Fresh Fruit	104.0	114.4	110.1	118.7	104.4	90.6	73.5	100.1	103.3	3.2%	9.2%
Flowers and plants	115.8	114.3	114.0	113.9	115.1	114.4	114.6	114.6	111.6	-2.6%	-1.9%
Other crop products	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	0.0%	0.0%
Animals and animal products	124.1	123.5	123.2	124.7	124.1	123.4	121.9	117.7	113.4	-3.7%	-8.7%
Animals (for slaughter & export)	115.9	116.4	115.2	117.4	118.8	118.3	117.0	111.5	104.1	-6.7%	-13.7%
Cattle and calves	134.3	129.3	126.1	127.1	123.8	119.3	118.1	118.3	122.3	3.5%	-11.9%
Pigs	120.8	118.2	115.6	114.6	115.2	115.5	115.3	113.6	111.4	-1.9%	-6.0%
Sheep and lambs	98.0	103.1	108.3	118.4	124.8	129.0	129.1	104.6	96.0	-8.3%	-6.8%
All Poultry	105.5	107.1	104.0	105.3	111.3	113.8	110.6	105.5	82.1	-22.2%	-25.9%
Animal products	136.8	135.6	135.8	134.9	133.0	129.8	128.2	127.9	126.6	-1.1%	-2.0%
Milk	138.8	137.4	137.8	136.6	134.9	130.9	128.6	128.1	126.8	-1.0%	-2.5%
Eggs	128.7	126.5	126.5	126.5	124.2	124.2	124.2	124.1	124.1	0.0%	-3.8%

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

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	1 month change	12 month change
All Inputs	113.7	113.8	114.9	115.2	115.0	113.4	113.2	112.6	112.1	-0.4%	-4.2%
All goods and services currently consumed in agriculture	116.0	116.0	116.3	116.5	116.3	114.4	114.2	113.1	112.6	-0.5%	-5.9%
Seeds	104.6	104.6	104.6	104.6	104.6	104.6	104.6	97.9	97.9	0.0%	-0.2%
Energy and lubricants	125.2	126.5	125.3	122.1	120.5	120.2	118.7	119.1	117.8	-1.1%	-5.5%
Fertilisers and soil improvers	102.7	107.3	110.0	110.4	108.1	104.8	101.1	106.0	105.8	-0.2%	-7.4%
Plant protection products	94.5	101.1	104.7	105.6	105.2	102.9	100.5	99.5	123.6	24.2%	11.2%
Veterinary services	105.9	106.4	106.5	106.5	106.6	106.9	107.0	106.9	106.9	0.0%	1.0%
Animal feedingstuffs	127.3	127.1	127.9	128.5	130.4	127.9	126.1	122.2	118.9	-2.8%	-13.1%
Straight feedingstuffs	129.1	128.9	130.5	133.1	136.1	130.5	126.4	116.8	109.2	-6.5%	-21.7%
Compound feedingstuffs	126.2	126.0	126.1	126.0	126.7	126.0	125.9	126.2	126.0	-0.1%	-6.5%
Maintenance of Materials	109.3	110.5	110.5	110.5	109.9	110.1	110.3	110.3	110.7	0.3%	2.1%
Maintenance of Buildings	110.5	110.4	111.3	111.5	111.5	110.9	111.5	111.1	111.1	0.0%	0.8%
Other goods and services	109.7	109.8	110.4	110.8	111.1	110.7	110.6	110.1	108.9	-1.1%	-0.9%
Goods and services contributing to investment	103.0	103.3	108.3	108.5	108.2	108.2	108.3	109.8	109.8	0.0%	6.6%
Materials	100.2	100.6	107.9	108.1	107.5	107.7	107.7	110.1	110.3	0.2%	9.8%
Buildings	108.0	108.0	108.6	108.7	108.7	108.3	108.8	108.5	107.8	-0.7%	0.0%
Other (Engineering and soil improvement operations)	108.4	109.4	110.2	110.2	110.8	110.4	111.2	111.2	111.3	0.1%	3.3%