



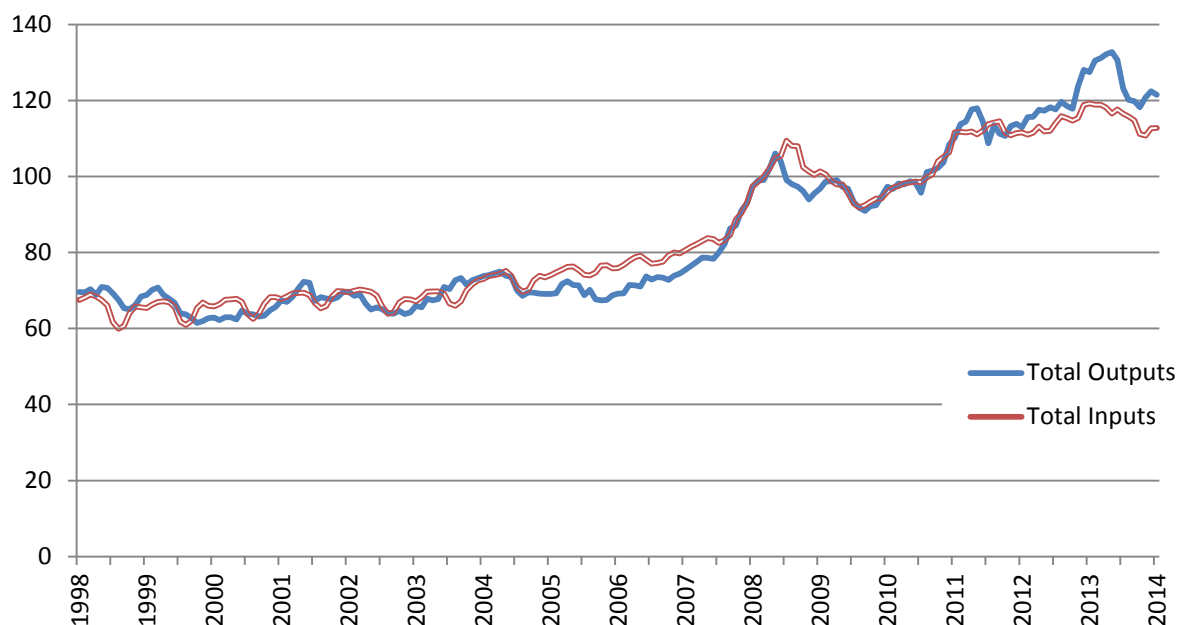
January Agricultural Price Index

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 0.8% in January and is now 4.7% lower than the same time last year. The price index for all inputs remained unchanged in January from December and is now 5.4% lower than this time last year.

Output

Following 6 months of price increase on the back of strong demand, milk prices remain high despite a price fall for the second month in a row. Prices are still 13% higher than the same time last year.

Sheep and lamb prices rose 5.2% in January and are 25% higher than the same time last year. Having experienced the usual price rise due to the Christmas and New Year disruptions, prices fell during the first two weeks of January, tightened supplies have caused prices to rebound to their highest levels since August last year.

Clean cattle prices fell by 5.2% in January largely due to increased supply and the traditional post holidays fall in demand.

Fresh fruit prices increased for the third month running with a 9.0% increase in January. However prices are still 21% lower than this time last year when prices were high due to short supplies following last year's poor harvest. The increase in fresh fruit was due to the increase in apple prices due to reduced supplies.

Inputs

Fertiliser prices rose by 4.4% in January although prices are still 10% 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

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)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	1 month change	12 month change
All Outputs	123.2	120.2	119.8	118.2	120.8	122.4	121.5	-0.8%	-4.7%
Crop products	119.1	115.7	115.9	110.5	115.8	119.7	118.2	-1.2%	-18.0%
Cereals	148.5	134.0	131.3	133.7	133.3	135.0	131.2	-2.8%	-25.7%
Wheat	148.2	133.9	131.5	133.3	133.7	136.8	134.3	-1.8%	-22.0%
Barley	146.9	132.5	129.1	132.9	133.5	132.1	124.5	-5.8%	-32.8%
Oats	175.9	149.8	157.1	157.2	117.9	115.2	115.4	0.1%	-44.1%
Potatoes	116.3	131.6	122.4	102.9	107.1	112.7	116.8	3.6%	-32.7%
Industrial Crops	122.6	113.7	117.3	110.6	111.0	110.8	109.7	-1.1%	-13.3%
Oilseed Rape	124.6	114.6	121.9	110.2	111.9	111.7	110.7	-0.9%	-20.0%
Sugar Beet	108.0	108.0	108.0	108.0	108.0	108.0	108.0	0.0%	0.0%
Forage plants	122.6	113.9	105.9	105.2	106.6	109.4	111.2	1.7%	-5.0%
Fresh Vegetables	110.3	104.5	105.9	97.0	96.7	108.2	107.9	-0.2%	-3.1%
Fresh Fruit	91.1	95.5	106.5	91.2	96.4	102.3	111.4	8.9%	-20.6%
Flowers and plants	108.9	108.6	110.6	108.1	109.9	110.3	109.4	-0.8%	0.4%
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	126.4	124.4	123.2	122.9	124.5	124.2	123.5	-0.5%	5.4%
Animals (for slaughter & export)	125.7	120.6	117.0	116.9	116.7	115.9	116.4	0.5%	2.6%
Cattle and calves	141.2	138.8	137.5	132.0	130.5	134.3	129.3	-3.7%	-3.9%
Pigs	118.8	118.5	120.1	121.2	120.9	120.8	118.2	-2.1%	5.5%
Sheep and lambs	113.1	102.9	93.4	95.6	95.7	98.0	103.1	5.2%	24.8%
All Poultry	116.5	110.8	103.8	108.9	111.1	105.5	107.1	1.5%	3.7%
Animal products	127.7	129.9	132.9	134.9	137.9	136.9	135.7	-0.9%	10.0%
Milk	127.2	130.1	133.7	136.3	140.0	138.8	137.2	-1.1%	12.6%
Eggs	129.0	129.0	129.0	128.7	128.7	128.7	128.9	0.2%	-3.7%

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

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	1 month change	12 month change
All Inputs	116.5	115.8	114.8	111.1	110.7	112.7	112.7	0.0%	-5.4%
All goods and services currently consumed in agriculture	119.2	118.1	116.9	112.7	112.3	114.7	114.8	0.1%	-6.5%
Seeds	98.7	98.1	98.1	104.6	104.6	104.6	104.6	0.0%	-11.2%
Energy and lubricants	122.1	124.6	125.1	121.5	119.6	125.2	126.5	1.1%	4.5%
Fertilisers and soil improvers	113.9	114.2	112.4	102.4	100.8	102.7	107.3	4.4%	-9.5%
Plant protection products	98.7	98.6	98.6	98.7	98.8	99.0	100.0	1.0%	1.6%
Veterinary services	105.7	105.8	105.8	105.8	105.8	105.9	106.5	0.6%	0.1%
Animal feedingstuffs	142.0	136.8	134.7	126.9	126.5	127.3	127.7	0.3%	-13.3%
Straight feedingstuffs	151.9	139.6	135.2	129.3	128.1	129.1	128.9	-0.1%	-19.9%
Compound feedingstuffs	134.8	134.8	134.3	125.3	125.4	126.2	127.0	0.6%	-8.1%
Maintenance of Materials	108.2	108.4	108.9	109.1	109.3	109.3	110.5	1.1%	3.0%
Maintenance of Buildings	110.1	110.2	109.8	109.7	110.1	110.5	110.6	0.1%	0.5%
Other goods and services	105.0	104.3	103.3	103.1	103.3	104.1	104.3	0.1%	0.9%
Goods and services contributing to investment	103.2	103.1	103.0	102.8	102.9	103.0	103.1	0.1%	0.6%
Materials	100.7	100.5	100.5	100.2	100.1	100.2	100.3	0.1%	0.1%
Buildings	107.7	107.8	107.5	107.5	107.8	108.0	108.1	0.1%	0.5%
Other (Engineering and soil improvement operations)	108.1	107.7	107.6	108.2	108.7	108.5	108.5	0.0%	3.2%