



March 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.

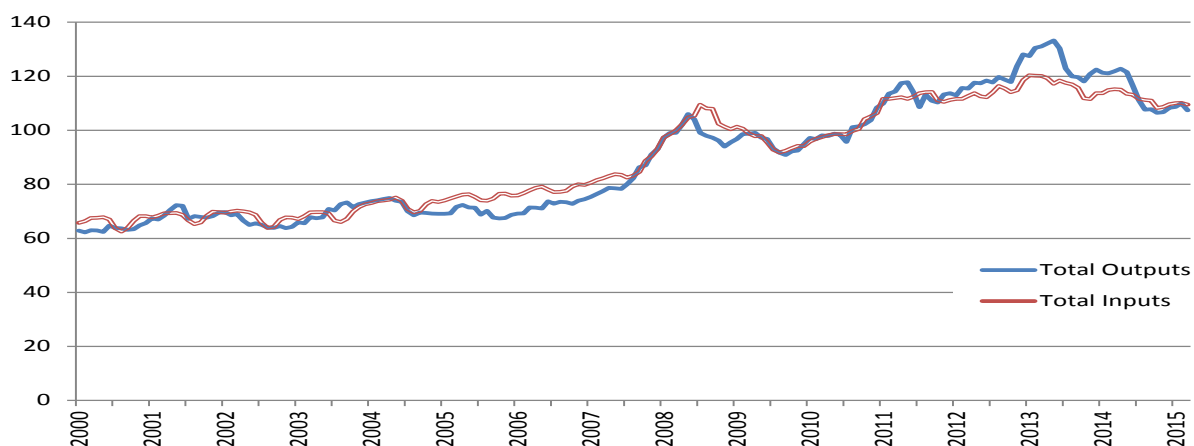
Key points

In March 2015, compared to the previous month, the monthly price index for all outputs fell by 2.4% and the price index for all inputs fell by 0.6%.

In general, prices are lower than the same time last year with the price index for all outputs and inputs down 11.9% and 4.9% respectively.

Figure 1: Agricultural price indices

(2010=100)



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Outputs

In March 2015, compared to last month, the price index for all crop products fell by 0.6%.

The fresh vegetable price index rose 5.4%. Most prices held firm or increased slightly with the sharpest rise being turnips which rose 35% as supplies dwindled. In comparison, cauliflower prices fell by 22% with high volume of imports from France and low demand keeping prices down. The price for cucumbers fell 38% as seasonal supplies increased. Onions and mushroom prices fell slightly as supplies increased.

The downward pressure on pig prices continues however this month's sow and boar price index rose by 10% compared to February 2015. This is the first increase since August 2014. The overall pig price is currently 18.9% lower than the same month last year. Ample supplies, reduced demand and pressure on prices in the EU have all contributed to the recent lower prices.

The March milk price index fell by 8.1%. When compared to the same month last year the milk price is down 26% and is at its lowest since August 2010.

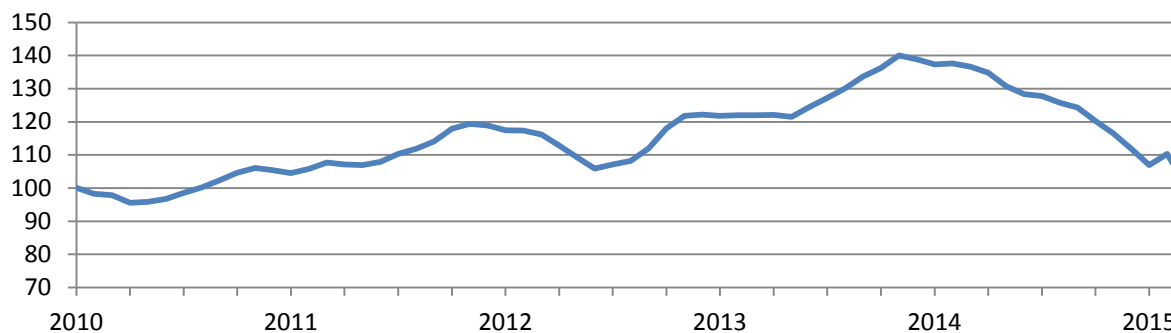
It should be noted that the increase in the average prices paid in February was affected by the inclusion of retrospective payments to some producers.

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 2: Milk price index

(2010=100)



Inputs

In March 2015, compared to last month, motor fuels rose by 4.1%. This is the first increase since July 2014 and is reflects the steady increase in world oil prices from the beginning of the year. Prices are 20% lower than the same time last year.

Data revisions

Inputs: Veterinary services have been revised in January and February 2015 due to updated figures being received from the Office for National Statistics.

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)

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	1 month change	12 month change
All Outputs	106.4	106.7	108.4	108.7	110.0	107.4	-2.4%	-11.8%
Crop products	97.1	98.4	101.5	103.0	104.6	104.0	-0.6%	-11.3%
Cereals	101.0	103.3	107.1	108.6	112.4	112.8	0.4%	-16.2%
Wheat	99.5	102.5	106.5	107.1	110.4	111.2	0.7%	-17.6%
Barley	105.5	107.3	109.7	112.6	117.7	117.4	-0.3%	-12.9%
Oats	100.6	98.0	100.8	107.7	111.0	106.7	-3.8%	-15.3%
Potatoes	89.0	85.8	87.4	87.7	91.6	93.9	2.5%	-19.2%
Industrial Crops	98.0	97.5	98.8	99.6	99.9	99.4	-0.6%	-9.6%
Oilseed Rape	88.7	90.5	92.7	95.4	95.8	95.6	-0.2%	-14.8%
Sugar Beet	105.7	105.7	105.7	105.7	105.7	105.7	0.0%	-1.0%
Forage plants	95.7	97.0	99.0	100.1	100.6	100.1	-0.5%	-14.4%
Fresh Vegetables	86.9	84.8	84.4	96.1	90.6	95.5	5.4%	-7.1%
Fresh Fruit	98.5	96.4	97.6	102.2	103.8	104.5	0.7%	-11.9%
Flowers and plants	107.9	109.1	110.5	109.8	110.0	109.6	-0.4%	1.3%
Other crop products	98.7	98.7	98.7	98.7	98.7	98.7	0.0%	0.0%
Animals and animal products	112.2	112.7	112.7	112.1	113.7	109.5	-3.7%	-12.2%
Animals (for slaughter & export)	108.2	110.1	112.5	113.9	115.0	113.5	-1.3%	-3.3%
Cattle and calves	120.8	122.8	127.8	129.8	130.3	128.7	-1.3%	1.2%
Pigs	107.1	103.0	101.1	98.5	94.5	93.0	-1.6%	-18.9%
Sheep and lambs	90.1	100.0	107.9	111.6	112.6	117.8	4.6%	-0.5%
All Poultry	104.4	104.9	105.8	105.4	107.4	102.5	-4.5%	-2.6%
Animal products	120.2	117.1	112.9	109.0	111.8	103.9	-7.0%	-23.0%
Milk	120.2	116.6	111.9	106.9	110.3	101.3	-8.1%	-25.9%
Eggs	119.0	119.0	119.0	120.8	120.8	120.8	0.0%	-4.4%

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

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	1 month change	12 month change
All Inputs	108.3	108.6	109.7	110.1	110.1	109.5	-0.6%	-4.9%
All goods and services currently consumed in agriculture	108.0	108.3	109.6	110.0	110.1	109.3	-0.7%	-6.1%
Seeds	91.6	91.9	92.7	93.1	93.5	93.3	-0.2%	-10.2%
Energy and lubricants	116.0	116.3	117.4	117.1	113.5	105.5	-7.1%	-13.6%
Fertilisers and soil improvers	105.9	105.8	107.0	107.8	109.8	108.1	-1.5%	-1.8%
Plant protection products	96.9	96.2	96.0	104.4	106.1	106.1	0.0%	0.5%
Veterinary services	107.5	107.5	107.6	107.5	107.4	108.6	1.0%	1.9%
Animal feedingstuffs	108.6	110.7	111.8	112.9	113.2	113.1	0.0%	-12.0%
Straight feedingstuffs	103.6	108.5	110.4	112.2	112.5	112.4	-0.1%	-15.5%
Compound feedingstuffs	112.0	112.1	112.7	113.4	113.6	113.5	0.0%	-9.9%
Maintenance of Materials	110.2	110.1	110.2	110.7	110.9	111.0	0.1%	0.5%
Maintenance of Buildings	110.8	110.6	110.5	109.7	110.0	109.8	-0.2%	-1.5%
Other goods and services	110.0	109.9	110.1	110.0	110.0	110.3	0.3%	-0.5%
Goods and services contributing to investment	110.1	110.3	110.1	110.2	110.3	110.4	0.1%	1.8%
Materials	110.6	110.7	110.4	110.7	110.8	110.8	0.0%	2.5%
Buildings	108.3	108.2	108.1	107.6	107.9	107.8	-0.1%	-0.9%
Other (Engineering and soil improvement operations)	111.0	112.3	112.5	112.8	112.9	113.8	0.8%	3.2%