



October Agricultural Price Index

The Agricultural Price Index (API) measures 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).

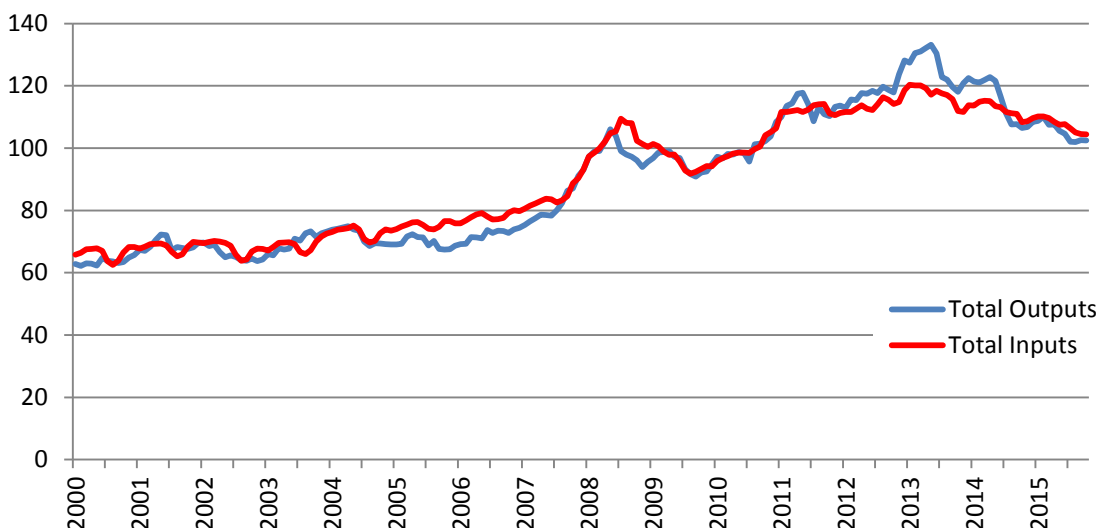
The input series reflects the price farmers pay for goods and services. This is split into two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example 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 October 2015, the monthly price index for all outputs was 3.7% lower than October 2014 and the price index for all inputs was 3.6% lower.

Figure 1: Agricultural price indices

(2010=100)



Enquiries on this publication to: Graham Brown, Rm 201 Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 7PX Tel: 020802 66247/66398 email: prices@defra.gsi.gov.uk

A National Statistics publication. National Statistics are produced to high professional standards. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. For general enquiries about National Statistics, contact the National Statistics Public Enquiry Service: tel. 0845 601 3034 email info@statistics.gov.uk. You can find National Statistics on the internet at www.statistics.gov.uk.

Outputs

Overall the price index for all crop products was 2.2% higher in October 2015 compared to October 2014.

The price index for all crop products fell 0.4% between September and October 2015 compared to a 2.6% fall between the same two months a year earlier.

The large UK harvest in 2015 has resulted in low cereal prices as supplies are plentiful. The downward pressure on prices has continued through 2015 due to high stocks from the bumper 2014 harvest because of the low prices on offer.

The cereal price index was 5.3% lower in October 2015 compared to October 2014.

Cereal price indices rose 2.0% between September and October 2015 compared to a 2.8% fall between September and October 2014.

The sugar beet price index fell 17% between October 2014 and October 2015.

We receive a single monthly average price in October each year for the previous 12 months and a provisional price for the following 12 months. In 2014 the price was particularly high as the industry had a successful year and the provisional price for 2015/16 has returned to a more usual level.

The overall potato price index was 19% higher in October 2015 compared to October 2014. This is partly due to the reduction in planted area in 2015 compared to 2014 and a delay in lifting in September due to wet weather.

The potato index fell 8.8% between September and October 2015 compared to an 11% fall between September and October the previous year.

The price index for fresh vegetables was 10% higher in October 2015 compared to October 2014. This rise was mainly due to sharp increases in the index price for cauliflowers, iceberg lettuce and carrots when comparing the two years. Lower supplies of cauliflower, higher demand for carrots and varying quality of iceberg lettuce pushed prices up in October 2015 compared to October 2014.

Overall the price index for all animals and animal products was 6.8% lower in October 2015 compared to October 2014.

The pig price index has firmed over the last six months after a period of steady decline over the preceding six months. Despite the firming in prices, the pig price index remains low compared to 2014 and in October 2015 was 16% lower than October 2014.

The sheep and lamb price index has fallen 5.9% in October 2015 compared to September 2015. The sheep and lamb price index was 7.3% lower than October 2014.

Demand dipped after the spike in September and supplies have been mixed in October. The recent strengthening of the euro against the pound has helped the export situation.

The price index for animal products was 16% lower in October 2015 compared to the same time last year. The price index for animal products rose 0.8% between September and October 2015 compared to a 2.9% fall between the same two months a year earlier.

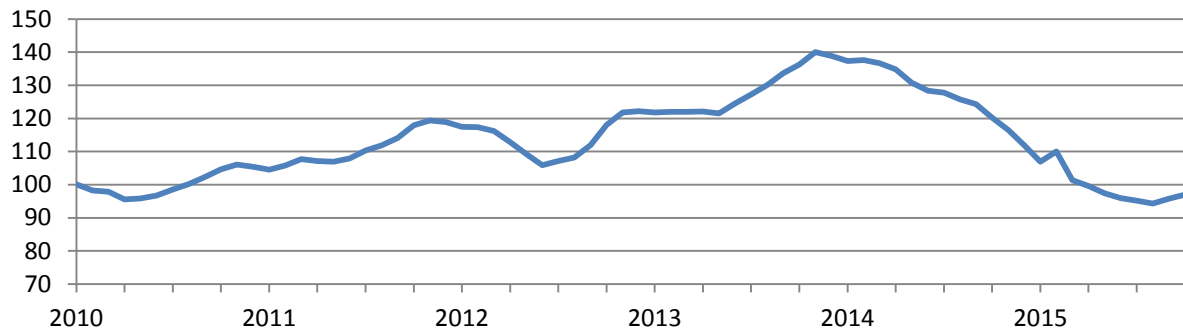
Following the usual seasonal pattern, milk production rose slightly in October. Bonus and seasonality payments helped to boost the price. The price index for milk rose 1.4% between September and October 2015. The price index in October 2015 was 19% lower when compared to October 2014.

The continued high domestic production combined with the ban on dairy exports to Russia and falling returns from global commodity markets has had a large impact on the industry. 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

The price index for straight animal feedstuffs was 7% lower in October 2015 compared to October 2014.

The price index for straight animal feedstuffs rose 1.2% between September and October 2015 compared to a 3.4% fall between the same two months a year earlier.

This reflects the continued low cereal prices following the large 2014 harvest and retention of grain stocks by farmers. A similar pattern is being forecast as yields from the 2015 harvest are high across the EU.

The price index for energy and lubricants was 18% lower in October 2015 compared to the same month last year.

World oil prices have remained relatively low and this has kept prices down.

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) uses 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)

										Yearly	Monthly	
	Sep-14	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	October 2014 to October 2015	September - October 2015	September - October 2014	
All Outputs	107.7	106.4	105.5	104.7	102.1	102.0	102.5	102.5	-3.7%	0.0%	-1.2%	
Crop products	99.6	97.0	104.4	102.4	98.7	101.1	99.6	99.2	2.2%	-0.4%	-2.6%	
Cereals	103.9	101.0	105.2	101.4	102.3	97.2	93.7	95.6	-5.3%	2.0%	-2.8%	
Wheat	103.2	99.5	103.2	99.6	101.6	96.6	92.2	94.0	-5.5%	2.0%	-3.6%	
Barley	105.9	105.5	113.0	109.2	103.1	97.4	96.1	99.5	-5.7%	3.5%	-0.4%	
Oats	99.3	100.6	112.7	109.0	113.3	106.0	106.1	106.7	6.0%	0.5%	1.3%	
Potatoes	99.9	89.0	105.6	115.4	102.2	132.3	116.5	106.3	19.4%	-8.8%	-10.9%	
Industrial Crops	94.6	97.4	100.5	102.6	96.3	95.9	100.6	95.4	-2.1%	-5.2%	3.0%	
Oilseed Rape	88.2	88.7	96.2	99.0	93.8	93.4	94.3	94.7	6.8%	0.4%	0.6%	
Sugar Beet	106.7	115.6	115.6	115.6	115.6	115.6	115.6	96.1	-16.9%	-16.9%	8.4%	
Forage plants	98.5	95.7	98.1	96.6	94.9	89.7	88.9	88.2	-7.8%	-0.7%	-2.9%	
Fresh Vegetables	91.7	86.9	103.9	104.0	97.9	98.2	96.6	96.0	10.4%	-0.6%	-5.2%	
Fresh Fruit	99.9	98.5	107.0	88.9	88.7	105.7	106.9	109.4	11.1%	2.4%	-1.4%	
Flowers and plants	107.4	107.9	109.8	109.9	109.9	108.3	107.4	108.9	0.9%	1.3%	0.5%	
Other crop products	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	0.0%	0.0%	0.0%	
Animals and animal products	114.6	112.3	106.4	106.5	104.8	102.9	105.0	104.6	-6.8%	-0.4%	-2.1%	
Animals (for slaughter & export)	108.6	108.3	111.3	111.6	107.8	105.8	108.3	106.5	-1.6%	-1.7%	-0.3%	
Cattle and calves	124.4	120.8	123.2	127.1	127.8	126.6	126.2	123.7	2.4%	-2.0%	-2.9%	
Pigs	109.9	107.1	92.0	92.6	93.1	92.7	91.6	89.6	-16.3%	-2.2%	-2.5%	
Sheep and lambs	88.6	90.1	110.1	106.3	90.8	87.5	88.8	83.6	-7.3%	-5.9%	1.7%	
All Poultry	100.7	104.6	106.4	103.7	99.7	100.2	107.8	108.5	3.7%	0.6%	3.8%	
Animal products	123.9	120.2	100.2	99.9	99.8	98.8	100.0	100.8	-16.1%	0.8%	-2.9%	
Milk	124.4	120.2	97.4	96.0	95.2	94.3	95.7	97.0	-19.3%	1.4%	-3.3%	
Eggs	119.5	119.0	118.2	118.2	118.3	118.3	118.3	118.3	-0.6%	0.0%	-0.5%	

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

									Yearly	Monthly	
	Sep-14	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	October 2014 to October 2015	September - October 2015	September - October 2014
All Inputs	111.0	108.3	107.5	107.7	106.4	105.1	104.5	104.4	-3.6%	-0.1%	-2.4%
All goods and services currently consumed in agriculture	111.2	108.0	107.0	107.2	105.7	104.2	103.6	103.4	-4.2%	-0.2%	-2.9%
Seeds	90.5	91.6	92.6	92.1	89.8	90.5	90.1	92.1	0.6%	2.3%	1.2%
Energy and lubricants	117.9	116.0	102.2	102.2	100.0	94.6	95.0	95.4	-17.8%	0.4%	-1.6%
Fertilisers and soil improvers	107.5	105.9	105.7	106.6	98.6	97.2	97.4	95.7	-9.6%	-1.8%	-1.5%
Plant protection products	104.8	96.9	101.8	99.1	99.1	126.3	105.2	96.3	-0.6%	-8.5%	-7.5%
Veterinary services	107.4	107.5	107.7	107.7	107.7	107.7	107.6	107.6	0.1%	0.0%	0.1%
Animal feedingstuffs	115.0	108.6	109.5	109.1	108.2	105.7	105.3	105.2	-3.1%	-0.1%	-5.6%
Straight feedingstuffs	107.2	103.6	106.6	105.3	102.9	97.4	95.2	96.4	-7.0%	1.2%	-3.4%
Compound feedingstuffs	119.7	112.0	111.8	111.6	112.0	111.8	111.3	111.2	-0.7%	-0.1%	-6.4%
Maintenance of Materials	110.5	110.2	110.6	110.8	110.7	110.7	110.6	110.7	0.5%	0.1%	-0.2%
Maintenance of Buildings	110.8	110.8	109.9	109.5	108.8	108.5	108.3	107.9	-2.6%	-0.4%	0.0%
Other goods and services	109.7	109.9	111.1	110.9	111.0	110.6	110.6	111.1	1.0%	0.4%	0.2%
Goods and services contributing to investment	110.0	110.1	110.4	110.2	109.8	109.7	109.6	109.7	-0.3%	0.1%	0.1%
Materials	110.6	110.6	110.7	110.4	110.2	110.1	110.2	110.3	-0.3%	0.1%	0.0%
Buildings	108.3	108.3	107.9	107.6	107.1	106.9	106.8	106.6	-1.6%	-0.2%	0.0%
Other (Engineering and soil improvement operations)	110.3	111.0	114.0	114.2	113.5	112.9	112.9	113.3	2.1%	0.3%	0.6%