



April Agricultural Price Index

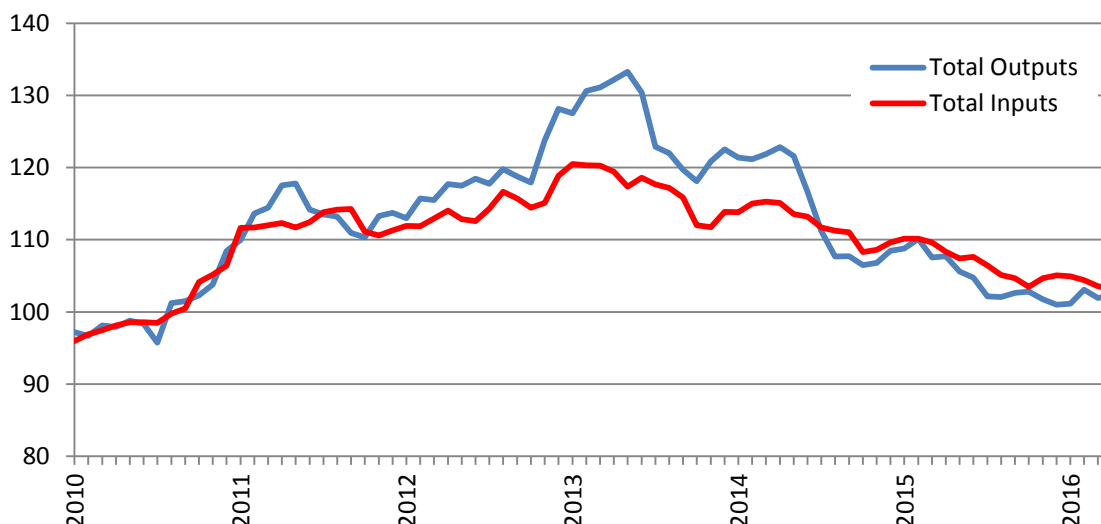
The Agricultural Price Index (API) measures price changes in agricultural outputs and inputs for the UK. The output series reflects the price farmers receive for their products, also referred to as farm gate price. Information is collected for all major crops (for example wheat and potatoes) and on livestock 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 April 2016, the monthly price index for all outputs was 5.0% lower than April 2015 and the price index for all inputs was 4.8% lower. Figure 1 shows the monthly price indices for agricultural inputs and outputs from January 2010 to April 2016.

Figure 1: Agricultural price indices



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

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Outputs

Overall the price index for all crop products was 0.4% higher in April 2016 compared to April 2015.

The price index for all crop products rose by 3.0% between March and April 2016 compared to a 2.2% rise between the same two months a year earlier.

The large UK harvest in 2015, on the back of the bumper 2014 harvest, resulted in plentiful supplies and high stock levels putting downward pressure on prices throughout 2015.

This price decline continued into 2016 and despite a brief recovery between February and March, the index fell again by 2.4% between March and April. This compared to a 0.3% fall in the same period a year previous. Overall the index was 15% lower in April 2016 compared to April 2015.

The overall potato price index was 54% higher in April 2016 compared to April 2015. This was partly due to the reduction in planted area to a record low in 2015.

The potato index rose by 16% between March and April as stocks fell. This compares to a 4.4% rise between March and April the previous year when stocks were higher.

Overall the price index for all animals and animal products was 8.1% lower in April 2016 compared to April 2015.

The pig price index remains low compared to 2015. In April 2016 it was 14% lower than April 2015. The index rose 0.9% between March and April 2016. This was the first rise since July 2015. Pig supplies have continued to outstrip demand with the pattern exacerbated by the mild winter. The ongoing weakness of the EU pig market, combined with fluctuations of the pound against the euro, kept downward pressure on domestic prices.

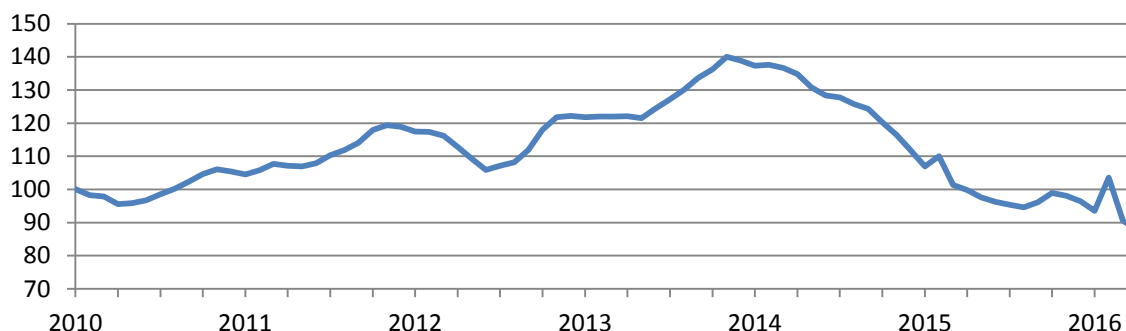
The price index for animal products was 12% lower in April 2016 compared to the same time last year and fell 2.9% between March and April. This compares to a 1.6% fall between the same two months a year earlier.

Milk production fell in April not following the usual seasonal pattern. The price index for milk fell by 3.4% between March and April 2016 and was 12% lower when compared to April 2015. 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.

Figure 2 overleaf shows the price index for milk between January 2010 and April 2016. 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 13% lower in April 2016 compared to April 2015. This reflects the continued low cereal prices due to plentiful supplies. A similar pattern is forecast to continue as yields and stocks from the 2015 harvest are high across the EU.

The price index for fertilisers and soil improvers was 21% lower in April 2016 compared to the same month last year. Prices fell steadily across 2015 and the downward trend looks set to continue.

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	
	Mar-15	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	April 2015 to April 2016	March 2016 - April 2016	March 2015 - April 2015
All Outputs	107.6	107.7	101.8	101.0	101.1	103.1	101.9	102.3	-5.0%	0.4%	0.1%
Crop products	104.3	106.6	98.4	98.1	100.4	100.5	103.9	107.1	0.4%	3.0%	2.2%
Cereals	112.8	112.5	98.8	96.8	96.4	97.0	97.5	95.2	-15.4%	-2.4%	-0.3%
Wheat	111.2	111.4	97.8	95.2	95.0	94.9	94.9	93.1	-16.4%	-2.0%	0.2%
Barley	117.4	117.2	101.9	100.8	99.1	101.5	102.4	101.3	-13.6%	-1.1%	-0.2%
Oats	106.7	110.8	108.6	103.6	105.0	105.1	105.2	104.8	-5.5%	-0.5%	3.8%
Potatoes	94.2	98.3	107.2	112.6	117.0	118.9	130.3	151.6	54.2%	16.4%	4.4%
Industrial Crops	102.8	102.5	96.0	96.6	96.6	96.7	96.8	97.8	-4.6%	1.1%	-0.2%
Oilseed Rape	95.6	95.3	95.6	96.7	96.5	96.8	96.8	98.5	3.4%	1.7%	-0.4%
Sugar Beet	115.6	115.6	96.1	96.1	96.1	96.1	96.1	96.1	-16.9%	0.0%	0.0%
Forage plants	100.1	99.7	88.4	88.4	90.0	91.2	91.7	93.8	-5.9%	2.3%	-0.4%
Fresh Vegetables	95.4	107.3	84.5	82.1	101.4	96.6	106.7	117.2	9.2%	9.8%	12.5%
Fresh Fruit	104.5	97.9	111.7	96.1	97.4	102.1	104.7	105.2	7.4%	0.5%	-6.3%
Flowers and plants	109.6	109.0	108.3	109.0	108.8	108.1	108.2	108.4	-0.5%	0.2%	-0.6%
Other crop products	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	0.0%	0.0%	0.0%
Animals and animal products	109.6	108.3	104.2	102.8	101.6	104.8	100.7	99.5	-8.1%	-1.1%	-1.1%
Animals (for slaughter & export)	113.5	111.9	105.8	104.8	105.2	105.6	106.4	105.4	-5.8%	-1.0%	-1.4%
Cattle and calves	128.7	125.0	121.0	123.6	121.4	120.2	118.6	116.1	-7.1%	-2.1%	-2.8%
Pigs	93.0	92.7	88.4	87.3	82.2	79.0	78.7	79.4	-14.3%	0.9%	-0.3%
Sheep and lambs	117.8	115.5	89.2	93.9	100.0	107.8	110.3	110.9	-4.0%	0.5%	-2.0%
All Poultry	102.7	103.7	107.4	100.9	101.7	100.7	104.6	103.6	-0.1%	-1.0%	0.9%
Animal products	103.9	102.3	101.6	99.7	95.4	103.7	92.5	89.8	-12.2%	-2.9%	-1.6%
Milk	101.3	99.8	98.1	96.4	93.5	103.6	90.6	87.5	-12.3%	-3.4%	-1.5%
Eggs	120.8	118.2	117.2	117.2	104.4	104.4	104.4	104.4	-11.7%	0.0%	-2.2%

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

									Yearly	Monthly	
	Mar-15	Apr-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	April 2015 to April 2016	March 2016 - April 2016	March 2015 - April 2015
All Inputs	109.6	108.4	104.7	105.0	104.9	104.4	103.6	103.1	-4.8%	-0.5%	-1.2%
All goods and services currently consumed in agriculture	109.5	108.0	103.6	104.1	103.9	103.3	102.4	101.8	-5.7%	-0.6%	-1.4%
Seeds	96.4	96.1	95.0	94.9	94.9	94.9	94.9	96.8	0.7%	2.0%	-0.2%
Energy and lubricants	105.3	102.1	104.6	109.6	110.5	105.5	90.7	88.6	-13.2%	-2.3%	-3.1%
Fertilisers and soil improvers	108.1	105.9	95.5	93.6	92.0	89.9	88.1	83.8	-20.9%	-4.9%	-2.1%
Plant protection products	106.1	104.5	96.5	95.7	104.4	106.3	104.9	103.9	-0.6%	-1.0%	-1.5%
Veterinary services	107.8	107.7	107.7	107.7	107.7	107.6	107.8	107.8	0.1%	0.0%	-0.1%
Animal feedingstuffs	113.5	111.7	101.7	101.9	101.6	100.9	101.5	101.2	-9.4%	-0.3%	-1.6%
Straight feedingstuffs	112.4	110.7	96.4	95.6	97.1	95.3	95.5	96.8	-12.5%	1.3%	-1.5%
Compound feedingstuffs	114.2	112.4	105.2	106.1	104.6	104.9	104.8	104.0	-7.5%	-0.8%	-1.5%
Maintenance of Materials	111.0	110.9	110.8	111.0	111.2	111.4	111.7	111.8	0.8%	0.1%	-0.1%
Maintenance of Buildings	110.3	109.7	107.4	106.6	106.9	106.2	107.0	107.9	-1.6%	0.8%	-0.5%
Other goods and services	109.8	109.8	109.5	109.7	109.9	110.0	110.5	111.0	1.1%	0.4%	0.0%
Goods and services contributing to investment	110.4	110.4	109.6	109.6	109.8	109.6	110.0	110.1	-0.3%	0.1%	0.0%
Materials	110.7	110.8	110.3	110.4	110.5	110.5	110.8	110.8	0.0%	0.0%	0.1%
Buildings	108.1	107.7	106.3	105.8	106.0	105.5	106.1	106.7	-0.9%	0.6%	-0.4%
Other (Engineering and soil improvement operations)	113.8	114.5	113.1	113.5	113.8	113.5	113.9	113.9	-0.5%	0.0%	0.6%