



May 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).

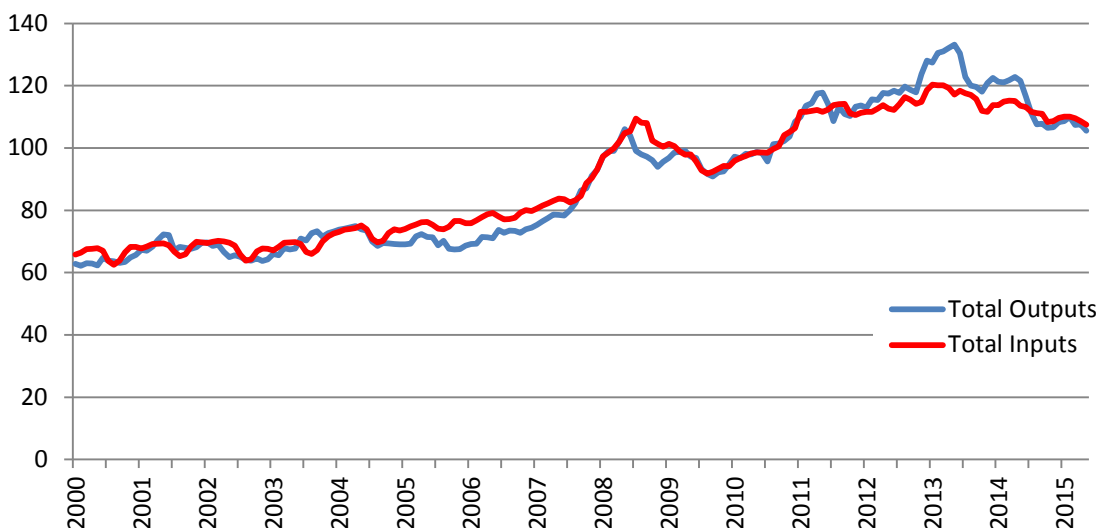
The input series reflects the price farmers pay for goods and services. This is split into two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example 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 May 2015, the monthly price index for all outputs was 13% lower than May 2014 and the price index for all inputs was 5.3% lower.

Figure 1: Agricultural price indices

(2010=100)



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Outputs

Overall the price index for all crop products was 13% lower in May 2015 compared to May 2014.

The price index for all crop products fell 1.9% between April and May 2015 compared to a 0.6% fall between the same two months a year earlier.

The cereal price index was 24% lower in May 2015 compared to May 2014.

Cereal prices indices fell 6.5% between April and May 2015 compared to no change between April and May 2014.

The bumper UK and worldwide harvest in 2014 resulted in very low prices as supplies were plentiful. Farmers have also retained high stocks but prices have remained low. Wheat was down 7.3% between April and May 2015 compared to a 0.2% fall between April and May the previous year. The price index for wheat was 26% lower in May 2015 compared to May 2014.

Barley was also down. It fell by 3.6% in May compared to a 0.2% rise between April and May 2014. The price index for barley was 18% lower in May 2015 compared to May 2014.

The oilseed rape index was 19% lower in May 2015 when compared to May 2014.

In 2014 the oilseed rape price index peaked in May. The large oilseed harvest in Europe and large soya harvest in the US put downward pressure on the UK price and it has remained low.

The price index for all fresh fruit was 18% higher in May 2015 compared to May 2014.

The price index for fresh fruit rose 9.2% between April and May 2015 compared to a 13% fall between the same two months the previous year.

Supplies of fruit were lower in May 2015 compared to May 2014. These shorter supplies coupled with increased demand pushed prices up in May 2015.

Overall the price index for all animals and animal products was 14% lower in May 2015 compared to May 2014.

The price index for all animals and animal products fell 1.7% between April and May 2015 compared to a 0.9% fall between April and May the previous year.

The pig price index has continued to fall when compared to last year. In May 2015 the pig price index was 20% lower than May 2014.

Ample supplies, reduced demand and pressure on prices in the EU have all contributed to the decline in prices.

The price index for animal products was 22% lower in May 2015 compared to the same time last year.

The price index for animal products fell by 1.9% between April and May 2015 compared to a 2.5% fall between the same two months a year earlier.

The milk price index was 25% lower in May 2015 compared to May 2014 and was at its lowest since July 2010.

The milk price index fell 2.1% between April and May 2015 compared to a 3.1% fall between April and May 2014.

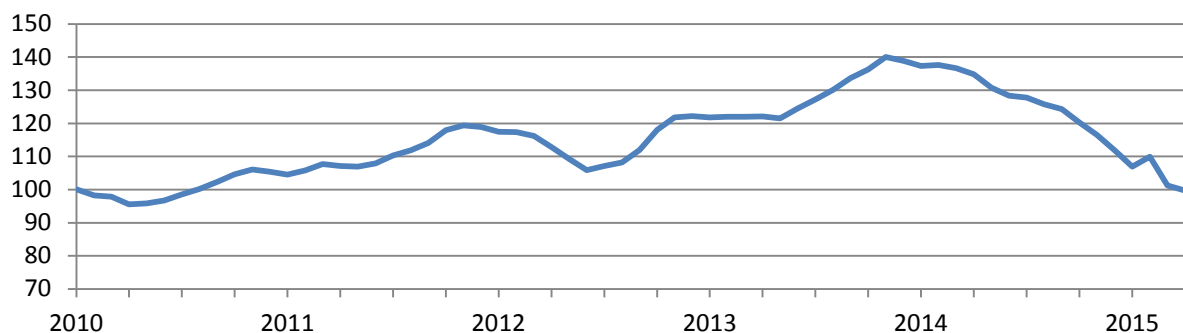
High domestic production across the year combined with the ban on dairy imports to Russia and falling returns from global commodity markets has had a large impact on the industry. In consequence, the majority of UK milk processors reduced the payments to farmers for raw liquid milk.

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 animal feedstuffs was 14% lower in May 2015 compared to May 2014. The price index for animal feedstuffs fell 2.1% between April and May 2015 compared to a 1.9% fall between the same two months a year earlier.

This reflects the low cereal prices following the large 2014 harvest and retention of grain stocks by farmers.

The price index for energy and lubricants remains 15% lower in May 2015 compared to the same month last year.

World oil prices have remained relatively low and this has kept prices down despite fuel prices rising recently.

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	
	Apr-14	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	May 2014 to May 2015	Apr - May 2015	Apr - May 2014
All Outputs	122.8	121.6	108.4	108.7	109.9	107.4	107.6	105.5	-13.2%	-1.9%	-1.0%
Crop products	119.9	119.2	101.5	103.0	104.6	104.0	106.3	104.2	-12.6%	-1.9%	-0.6%
Cereals	138.6	138.6	107.1	108.6	112.4	112.8	112.5	105.2	-24.1%	-6.5%	0.0%
Wheat	139.4	139.0	106.5	107.1	110.4	111.2	111.4	103.2	-25.8%	-7.3%	-0.2%
Barley	137.9	138.1	109.7	112.6	117.7	117.4	117.2	113.0	-18.2%	-3.6%	0.2%
Oats	126.5	126.2	100.8	107.7	111.0	106.7	110.8	112.7	-10.7%	1.6%	-0.2%
Potatoes	118.7	122.4	87.4	87.7	91.6	93.9	98.0	105.6	-13.7%	7.8%	3.1%
Industrial Crops	113.6	116.0	98.8	99.6	99.9	99.4	99.1	98.3	-15.2%	-0.8%	2.0%
Oilseed Rape	118.2	119.0	92.7	95.4	95.8	95.6	95.3	96.2	-19.2%	1.0%	0.6%
Sugar Beet	106.7	106.7	105.7	105.7	105.7	105.7	105.7	105.7	-1.0%	0.0%	0.0%
Forage plants	118.5	114.5	99.0	100.1	100.6	100.1	99.7	98.1	-14.3%	-1.7%	-3.4%
Fresh Vegetables	103.5	100.4	84.4	96.1	90.6	95.6	107.5	104.4	4.0%	-2.9%	-3.0%
Fresh Fruit	104.4	90.6	97.6	102.2	103.8	104.5	97.9	107.0	18.1%	9.2%	-13.3%
Flowers and plants	108.4	108.9	110.5	109.8	110.0	109.6	109.0	109.8	0.8%	0.8%	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	124.5	123.4	112.7	112.1	113.6	109.5	108.4	106.5	-13.6%	-1.7%	-0.9%
Animals (for slaughter & export)	119.3	118.3	112.5	113.9	115.0	113.5	111.9	111.3	-5.9%	-0.5%	-0.8%
Cattle and calves	123.8	119.3	127.8	129.8	130.3	128.7	125.0	123.2	3.3%	-1.4%	-3.7%
Pigs	115.2	115.5	101.1	98.5	94.5	93.0	92.7	92.0	-20.4%	-0.8%	0.3%
Sheep and lambs	124.8	129.0	107.9	111.6	112.6	117.8	115.5	110.1	-14.7%	-4.7%	3.3%
All Poultry	113.1	113.8	105.8	105.4	107.4	102.5	103.5	106.2	-6.7%	2.6%	0.7%
Animal products	133.0	129.7	112.9	109.0	111.5	103.9	102.5	100.6	-22.4%	-1.9%	-2.5%
Milk	134.9	130.7	111.9	106.9	110.0	101.2	99.6	97.5	-25.4%	-2.1%	-3.1%
Eggs	124.2	124.2	119.0	120.8	120.8	120.8	120.8	120.8	-2.8%	0.0%	0.0%

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

									Yearly	Monthly	
	Apr-14	May-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	May 2014 to May 2015	Apr - May 2015	Apr - May 2014
All Inputs	115.1	113.5	109.7	110.2	110.2	109.6	108.7	107.7	-5.1%	-1.0%	-1.4%
All goods and services currently consumed in agriculture	116.4	114.5	109.6	110.2	110.2	109.5	108.4	107.2	-6.4%	-1.1%	-1.6%
Seeds	104.6	104.4	92.7	93.1	93.5	93.3	93.9	93.4	-10.6%	-0.5%	-0.2%
Energy and lubricants	120.5	120.2	117.4	117.1	113.5	105.5	102.2	102.2	-14.9%	0.0%	-0.3%
Fertilisers and soil improvers	107.6	104.7	107.0	107.8	109.8	108.1	105.9	105.7	1.0%	-0.1%	-2.7%
Plant protection products	105.2	102.9	96.0	104.4	106.1	106.1	104.5	101.7	-1.1%	-2.7%	-2.2%
Veterinary services	106.6	106.9	107.6	107.5	107.5	107.8	107.7	107.7	0.7%	0.0%	0.3%
Animal feedingstuffs	130.4	127.9	111.8	113.3	113.5	113.5	112.5	110.1	-13.9%	-2.1%	-1.9%
Straight feedingstuffs	136.1	130.5	110.4	112.2	112.5	112.4	110.7	106.6	-18.3%	-3.7%	-4.1%
Compound feedingstuffs	126.7	126.0	112.7	114.1	114.2	114.2	113.7	112.8	-10.4%	-0.7%	-0.6%
Maintenance of Materials	109.9	110.1	110.2	110.7	110.9	111.0	110.9	111.2	1.0%	0.2%	0.2%
Maintenance of Buildings	111.0	111.3	110.5	109.7	110.0	109.8	110.4	109.7	-1.4%	-0.6%	0.3%
Other goods and services	111.8	111.4	110.1	110.0	110.0	110.6	111.1	111.1	-0.2%	0.0%	-0.3%
Goods and services contributing to investment	108.1	108.2	110.1	110.2	110.3	110.4	110.6	110.4	2.0%	-0.1%	0.1%
Materials	107.5	107.7	110.4	110.7	110.8	110.7	110.8	110.7	2.8%	-0.1%	0.2%
Buildings	108.4	108.6	108.1	107.6	107.9	107.8	108.2	107.7	-0.8%	-0.4%	0.2%
Other (Engineering and soil improvement operations)	110.8	110.4	112.5	112.8	112.9	113.9	114.7	114.7	3.9%	0.0%	-0.4%