



## 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).

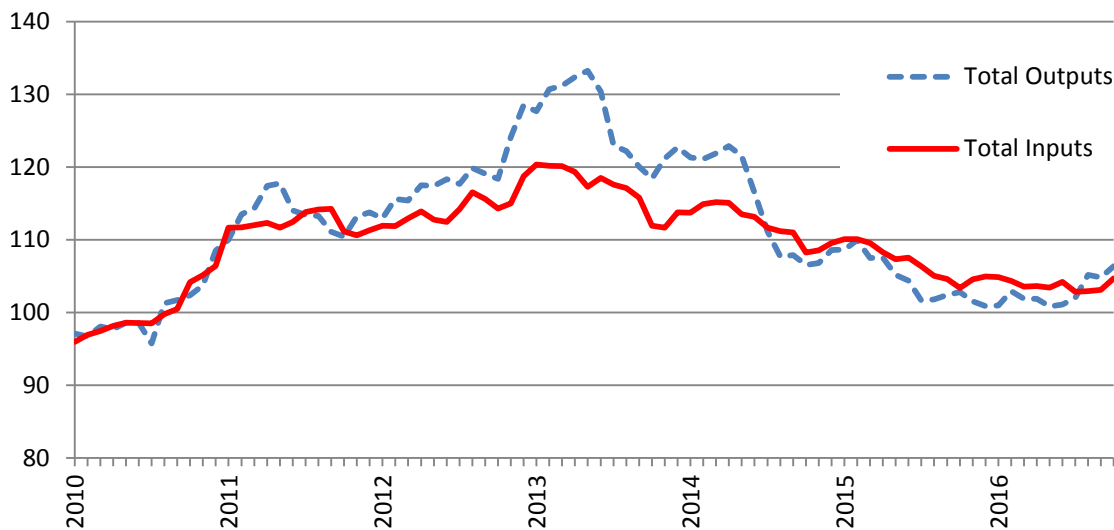
The input series reflects the price farmers pay for goods and services. The series is in two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example fertiliser 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 2016, the monthly price index for all outputs was 3.5% higher than October 2015 and the price index for all inputs was 1.2% higher.

Figure 1 shows the monthly price indices for total agricultural inputs and outputs from January 2010 to October 2016.

**Figure 1: Monthly indices for total Outputs and total Inputs**



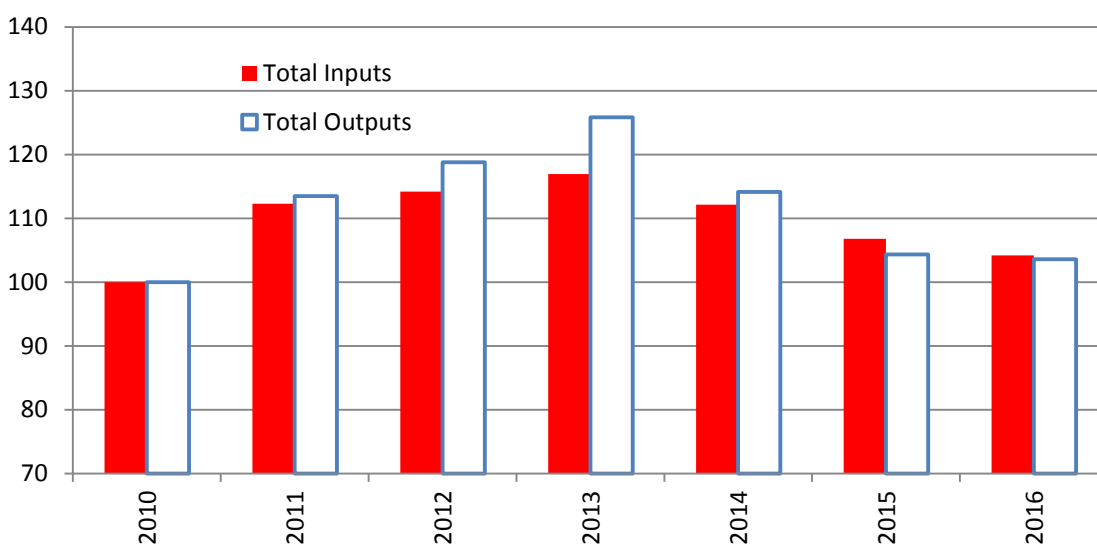
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Figure 2 shows a comparison of the average annual price indices for total agricultural inputs and outputs from January 2010 to October 2016.

**Figure 2: Comparison of annual average indices for total Inputs and total Outputs**

(2010=100)



## Outputs

Overall the price index for all crop products was 6.4% higher in October 2016 compared to October 2015.

The price index for all crop products rose 0.7% between September and October 2016 compared to a 0.6% fall between the same two months a year earlier.

The low cereal price levels of 2016 continued their upturn and overall the cereal price index was 10.4% higher in October 2016 compared to October 2015.

The cereal price index rose 2.7% between September and October 2016. Wheat, barley and oats all saw similar price index increases with oats 3.7% higher. A return to a more usual harvest level and the low value of sterling have bolstered cereal prices. In comparison there was a 0.5% rise between the same two months last year.

The oilseed rape index was 24% higher in October 2016 compared to October 2015. Low yields from a lower than usual planted area has led to higher prices compared to the previous year.

The price index for animals and animal products was 1.8% in October 2016 compared to October 2015.

The pig price index was 14% higher in October 2016 compared to October 2015.

A reduction in domestic supply, rising export demand and weak sterling have all helped support the UK price recently and the price index rose 3.5% between September and October 2016.

In October 2016 the sheep and lamb price index was 14% higher than in October 2015.

The number of lambs coming onto the markets fell but prices lowered as demand dropped resulting in the price index falling 4.3% between September and October 2016. This compared to a 3.6% fall between the same two months last year.

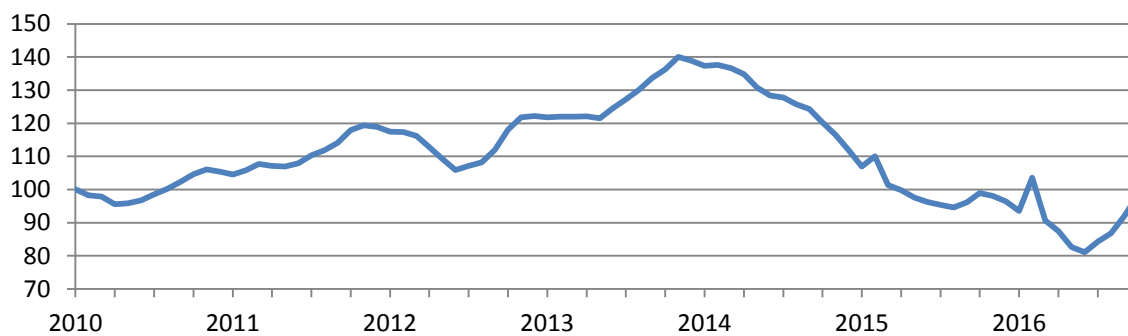
The price index for animal products was 3.0% lower in October 2016 compared to the same time last year and rose 5.4% between September and October 2016. This compares to a 2.2% rise between the same two months a year earlier.

The milk price index rose by 6.6% between September and October 2016 and was 1.0% lower when compared to October 2015. Milk production increased in October in line with the seasonal trend seen in previous years.

Figure 3 shows the price index for milk between January 2010 and October 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 3: Milk price index

(2010=100)



### Inputs

The price index for fertilisers and soil improvers was 17% lower in October 2016 compared to the same month last year. Over the year prices fell gradually as reduced demand put pressure on the industry however prices steadied in August with small increases being seen in both September and October aided by the weak value of sterling.

## **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-15	Oct-15	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	October 2015 to October 2016	September 2016 - October 2016	September 2015 - October 2015	
<b>All Outputs</b>	102.4	102.8	100.8	101.1	102.0	105.2	104.8	106.4	3.5%	1.5%	0.4%	
<b>Crop products</b>	99.4	98.8	105.6	105.4	102.4	108.1	104.4	105.2	6.4%	0.7%	-0.6%	
Cereals	93.7	95.6	95.9	95.7	97.3	100.7	102.8	105.6	10.4%	2.7%	2.0%	
Wheat	92.2	94.0	93.1	92.9	96.0	99.9	100.9	104.1	10.7%	3.1%	2.0%	
Barley	96.1	99.5	106.2	106.4	98.4	101.2	106.0	109.0	9.5%	2.8%	3.5%	
Oats	106.1	106.7	113.2	116.0	115.8	109.6	114.6	118.9	11.4%	3.7%	0.5%	
Potatoes	116.9	106.7	166.5	175.0	107.5	133.7	125.6	117.5	10.1%	-6.5%	-8.7%	
Industrial Crops	100.3	94.4	99.3	100.8	98.8	103.3	104.0	105.5	11.9%	1.5%	-6.0%	
Oilseed Rape	94.3	94.7	100.8	102.7	99.4	104.5	111.5	116.9	23.5%	4.8%	0.4%	
Sugar Beet	115.6	93.4	93.4	93.4	93.4	93.4	93.4	87.7	-6.0%	-6.0%	-19.2%	
Forage plants	88.9	88.2	94.0	94.1	94.9	96.7	95.4	95.7	8.5%	0.4%	-0.7%	
Fresh Vegetables	96.4	95.8	112.2	106.6	109.3	109.4	99.3	96.4	0.6%	-3.0%	-0.7%	
Fresh Fruit	106.9	109.4	86.9	85.4	103.0	125.9	110.8	117.8	7.7%	6.4%	2.4%	
Flowers and plants	105.4	106.9	106.1	107.3	107.3	105.3	103.9	105.5	-1.3%	1.6%	1.4%	
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%	
<b>Animals and animal products</b>	104.9	105.2	97.1	97.6	101.6	102.4	105.1	107.1	1.8%	1.9%	0.3%	
Animals (for slaughter & export)	108.7	107.2	106.9	108.3	110.7	111.9	112.8	111.6	4.1%	-1.1%	-1.4%	
Cattle and calves	126.2	123.7	118.8	121.2	123.8	126.8	125.9	123.4	-0.2%	-1.9%	-2.0%	
Pigs	91.6	89.6	81.4	84.8	90.1	95.4	98.6	102.0	13.8%	3.5%	-2.2%	
Sheep and lambs	90.6	87.4	110.7	109.0	108.1	106.9	103.6	99.1	13.5%	-4.3%	-3.6%	
All Poultry	107.8	108.5	103.2	103.6	106.6	106.3	110.6	110.2	1.6%	-0.3%	0.6%	
Animal products	99.2	101.4	85.0	83.8	86.6	88.9	93.2	98.3	-3.0%	5.4%	2.2%	
Milk	96.1	98.9	82.6	81.1	84.2	86.8	91.9	98.0	-1.0%	6.6%	2.9%	
Eggs	118.3	117.2	100.3	100.3	100.3	100.3	100.3	100.3	-14.5%	0.0%	-0.9%	

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

										<b>Yearly</b>	<b>Monthly</b>	
	Sep-15	Oct-15	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	October 2015 to October 2016	September 2016 - October 2016	September 2015 - October 2015	
<b>All Inputs</b>	104.6	103.4	103.4	104.2	102.8	102.9	103.1	104.7	1.2%	1.5%	-1.2%	
<b>All goods and services currently consumed in agriculture</b>	103.7	102.2	102.1	102.9	101.2	101.4	101.7	103.4	1.2%	1.7%	-1.5%	
Seeds	93.7	95.0	99.1	99.1	95.4	97.1	96.0	96.7	1.7%	0.7%	1.4%	
Energy and lubricants	95.0	96.2	87.9	91.1	93.3	93.3	98.1	100.8	4.8%	2.7%	1.3%	
Fertilisers and soil improvers	97.4	95.7	82.4	79.6	76.1	78.3	78.8	79.9	-16.6%	1.4%	-1.8%	
Plant protection products	105.2	96.3	101.9	99.0	97.8	127.0	105.0	97.4	1.2%	-7.2%	-8.5%	
Veterinary services	107.6	107.6	108.0	108.0	108.1	108.0	108.2	108.2	0.5%	0.0%	0.0%	
Animal feedingstuffs	106.3	101.5	103.6	105.0	106.3	104.6	104.3	105.3	3.7%	1.0%	-4.5%	
Straight feedingstuffs	95.2	96.4	101.2	105.0	107.4	103.6	103.2	106.0	10.0%	2.7%	1.2%	
Compound feedingstuffs	113.0	105.1	105.5	105.0	105.4	105.3	104.9	104.9	-0.1%	0.0%	-7.0%	
Maintenance of Materials	110.6	110.7	112.2	112.4	112.2	112.3	112.5	112.8	1.9%	0.2%	0.1%	
Maintenance of Buildings	107.9	107.9	108.3	109.0	109.3	110.1	109.3	110.3	2.2%	0.9%	0.0%	
Other goods and services	109.0	109.0	111.0	111.0	111.3	111.5	111.5	111.4	2.2%	-0.1%	0.0%	
<b>Goods and services contributing to investment</b>	109.6	109.7	110.2	110.4	111.0	111.1	110.9	111.1	1.3%	0.2%	0.1%	
Materials	110.2	110.3	110.5	110.6	111.3	111.4	111.3	111.4	1.0%	0.1%	0.1%	
Buildings	106.5	106.6	107.0	107.5	107.7	108.3	107.8	108.6	1.8%	0.7%	0.1%	
Other (Engineering and soil improvement operations)	113.1	113.2	115.4	115.6	116.0	115.7	115.3	115.3	1.8%	0.0%	0.2%	