



December 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).

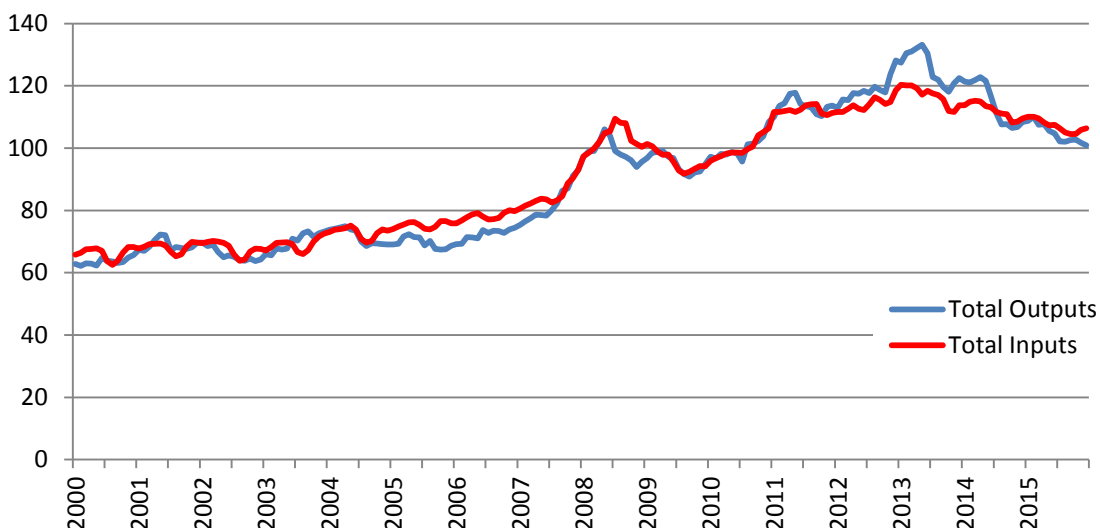
The input series reflects the price farmers pay for goods and services. This is split into two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example 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 December 2015, the monthly price index for all outputs was 6.9% lower than December 2014 and the price index for all inputs was 2.9% lower.

Figure 1: Agricultural price indices

(2010=100)



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Outputs

Overall the price index for all crop products was 3.5% lower in December 2015 compared to December 2014.

The price index for all crop products fell 0.2% between November and December 2015 compared to a 3.1% rise 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 9.6% lower in December 2015 compared to December 2014. Cereal price indices fell by 2% between November and December 2015 compared to a 3.7% rise between November and December 2014.

The overall potato price index was 29% higher in December 2015 compared to December 2014. This was partly due to the reduction in planted area to a record low in 2015 and a delay in lifting in September due to wet weather. Lifting was mostly completed in November.

The potato index rose 5.1% between November and December 2015 compared to a 1.8% rise between November and December the previous year.

Overall the price index for all animals and animal products was 8.9% lower in December 2015 compared to December 2014.

The pig price index has declined again and remains low compared to 2014. In December 2015 it was 14% lower than December 2014. Pig supplies have continued to outstrip demand and the ongoing weakness of the EU pig market, combined with some further strengthening of the pound against the euro, has kept pressure on domestic prices.

The sheep and lamb price index rose 5.3% in December 2015 compared to November 2015. Demand increased in the run up to Christmas and pushed the index price up. Despite this increase, the sheep and lamb price index was 13% lower than December 2014 and has remained consistently lower across the year.

The price index for animal products was 12% lower in December 2015 compared to the same time last year. The price index for animal products fell 2.1% between November and December 2015 compared to a 3.6% fall between the same two months a year earlier.

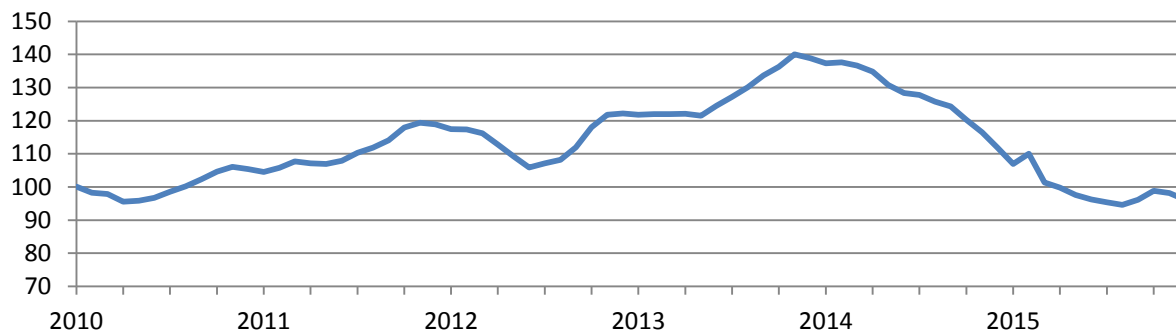
Following the usual seasonal pattern, milk production rose slightly in December. The price index for milk fell 2.1% between November and December 2015. The price index in December 2015 was 14% lower when compared to December 2014.

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 13% lower in December 2015 compared to December 2014.

This reflects the continued low cereal prices due to plentiful supplies.

A similar pattern is being forecast to continue as yields from the 2015 harvest are high across the EU.

The price index for energy and lubricants was 5.7% lower in December 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	
	Nov-14	Dec-14	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	December 2014 to December 2015	November - December 2015	November - December 2014
All Outputs	106.8	108.5	102.1	102.1	102.6	102.8	101.8	100.9	-6.9%	-0.8%	1.6%
Crop products	98.5	101.6	98.7	101.1	99.6	99.2	98.3	98.1	-3.5%	-0.2%	3.1%
Cereals	103.3	107.1	102.3	97.2	93.7	95.6	98.8	96.8	-9.6%	-2.0%	3.7%
Wheat	102.5	106.5	101.6	96.6	92.2	94.0	97.8	95.2	-10.7%	-2.7%	3.9%
Barley	107.3	109.7	103.1	97.4	96.1	99.5	101.9	100.8	-8.1%	-1.1%	2.2%
Oats	98.0	100.8	113.3	106.0	106.1	106.7	108.6	103.6	2.7%	-4.7%	2.9%
Potatoes	85.8	87.4	102.2	132.3	116.5	106.3	106.8	112.3	28.5%	5.1%	1.8%
Industrial Crops	98.7	100.0	96.3	95.9	100.6	95.4	96.0	96.6	-3.4%	0.7%	1.3%
Oilseed Rape	90.5	92.7	93.8	93.4	94.3	94.7	95.6	96.7	4.2%	1.1%	2.4%
Sugar Beet	115.6	115.6	115.6	115.6	115.6	96.1	96.1	96.1	-16.9%	0.0%	0.0%
Forage plants	97.0	99.0	94.9	89.6	88.8	88.2	88.4	88.4	-10.7%	0.0%	2.0%
Fresh Vegetables	84.8	84.4	97.9	98.2	96.6	95.9	84.7	82.4	-2.3%	-2.7%	-0.4%
Fresh Fruit	96.4	97.6	88.7	105.7	106.9	109.4	111.7	96.1	-1.6%	-14.0%	1.2%
Flowers and plants	109.1	110.5	109.9	108.3	107.4	108.9	108.3	109.0	-1.3%	0.6%	1.3%
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	112.7	112.7	104.9	103.0	105.2	105.0	104.3	102.7	-8.9%	-1.5%	0.0%
Animals (for slaughter & export)	110.2	112.6	107.8	105.8	108.3	106.5	105.8	104.8	-6.9%	-0.9%	2.2%
Cattle and calves	122.8	127.8	127.8	126.6	126.2	123.7	121.0	123.6	-3.3%	2.2%	4.0%
Pigs	103.0	101.1	93.1	92.7	91.6	89.6	88.4	87.3	-13.6%	-1.2%	-1.8%
Sheep and lambs	100.0	107.9	90.8	87.5	88.8	83.6	89.2	93.9	-13.0%	5.3%	7.9%
All Poultry	105.0	106.0	99.7	100.2	107.8	108.5	107.4	100.9	-4.8%	-6.1%	0.9%
Animal products	117.1	112.9	100.0	99.0	100.3	102.2	101.7	99.5	-11.9%	-2.1%	-3.6%
Milk	116.6	111.9	95.4	94.6	96.1	98.8	98.2	96.1	-14.1%	-2.1%	-4.0%
Eggs	119.0	119.0	118.3	118.3	118.3	117.2	117.2	117.2	-1.5%	0.0%	0.0%

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

									Yearly	Monthly	
	Nov-14	Dec-14	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	December 2014 to December 2015	November - December 2015	November - December 2014
All Inputs	108.5	109.5	106.3	105.0	104.6	104.5	105.8	106.4	-2.9%	0.5%	1.0%
All goods and services currently consumed in agriculture	108.1	109.4	105.6	104.1	103.7	103.5	105.1	105.8	-3.4%	0.7%	1.2%
Seeds	91.9	92.7	89.8	90.5	90.1	92.2	92.2	92.2	-0.6%	0.0%	0.9%
Energy and lubricants	116.3	117.4	100.0	94.6	95.0	96.2	104.8	110.7	-5.7%	5.6%	0.9%
Fertilisers and soil improvers	105.8	107.0	98.6	97.2	97.4	95.7	95.5	93.6	-12.5%	-2.0%	1.1%
Plant protection products	96.2	96.0	99.1	126.3	105.2	96.3	96.5	95.7	-0.3%	-0.9%	-0.3%
Veterinary services	107.5	107.6	107.7	107.7	107.6	107.6	107.7	107.7	0.1%	0.0%	0.1%
Animal feedingstuffs	110.7	111.8	108.5	106.2	106.3	106.3	106.6	106.5	-4.7%	-0.1%	1.0%
Straight feedingstuffs	108.5	110.4	102.9	97.4	95.2	96.4	96.4	95.5	-13.4%	-0.9%	1.8%
Compound feedingstuffs	112.1	112.7	112.5	112.8	113.0	113.1	113.2	113.7	0.8%	0.4%	0.6%
Maintenance of Materials	110.1	110.2	110.7	110.7	110.6	110.7	110.8	111.0	0.8%	0.2%	0.0%
Maintenance of Buildings	110.6	110.5	109.5	108.7	107.9	107.9	107.4	106.6	-3.5%	-0.7%	-0.1%
Other goods and services	109.2	109.4	110.0	109.6	109.5	109.6	109.6	109.7	0.2%	0.1%	0.2%
Goods and services contributing to investment	110.3	110.1	110.0	109.7	109.6	109.7	109.7	109.6	-0.5%	-0.1%	-0.2%
Materials	110.7	110.4	110.2	110.1	110.2	110.3	110.3	110.4	0.0%	0.1%	-0.3%
Buildings	108.2	108.1	107.6	107.0	106.5	106.6	106.3	105.8	-2.2%	-0.5%	0.0%
Other (Engineering and soil improvement operations)	112.3	112.5	113.5	113.0	113.1	113.2	113.5	113.2	0.7%	-0.2%	0.2%