



## July 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).

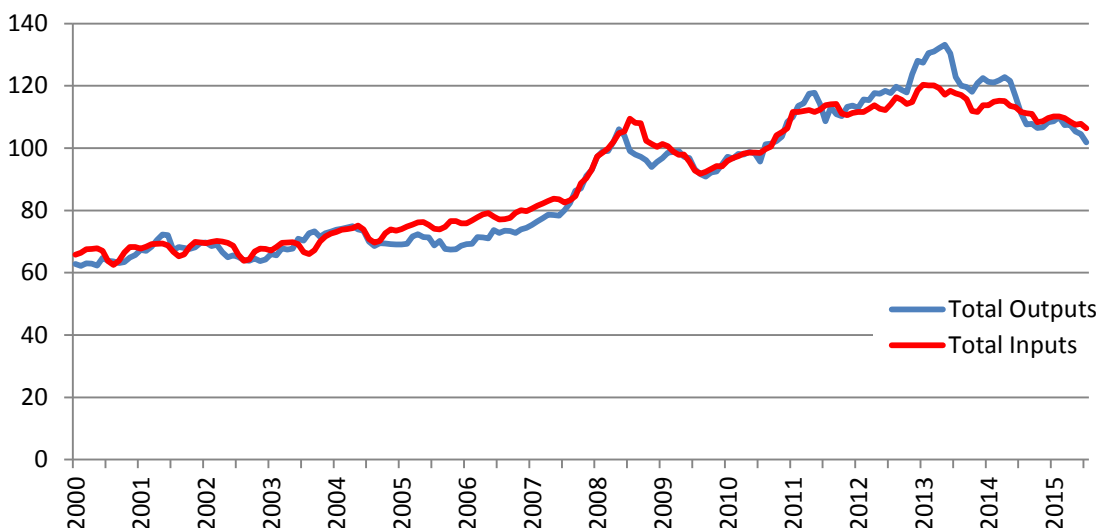
The input series reflects the price farmers pay for goods and services. This is split into two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example 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 July 2015, the monthly price index for all outputs was 8.4% lower than July 2014 and the price index for all inputs was 4.7% 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: 01904 455331/455355 email: [prices@defra.gsi.gov.uk](mailto:prices@defra.gsi.gov.uk)

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## Outputs

Overall the price index for all crop products was 4.8% lower in July 2015 compared to July 2014.

The price index for all crop products fell 3.6% between June and July 2015 compared to a 6.3% fall between the same two months a year earlier.

The cereal price index was 19% lower in July 2015 compared to July 2014. Cereal price indices rose 0.9% between June and July 2015 compared to a 4.5% fall between June and July 2014.

The bumper UK and worldwide harvest in 2014 resulted in very low prices as supplies were plentiful. Farmers have also retained high stocks and prices have remained low. The wheat index rose 2.0% between June and July 2015 compared to a 2.4% fall between June and July the previous year. The price index for wheat was 22% lower in July 2015 compared to July 2014.

The barley price index fell again. It fell by 5.6% between June and July 2015 compared to an 8.1% fall between June and July 2014. The price index for barley was 13% lower in July 2015 compared to July 2014.

The overall potato price index was 49% higher in July 2015 compared to July 2014. This difference is higher than usual and is due to the unusually low index price for early potatoes in July 2014 which was 73% lower than in July 2015.

Overall the price index for all animals and animal products was 11% lower in July 2015 compared to July 2014.

The pig price index has continued to fall when compared to last year. In July 2015 the pig price index was 18% lower than July 2014.

The sheep and lamb price index has also continued on a downward trend. In July 2015 the sheep and lamb price index was 13% lower than July 2014.

Continued high supplies, reduced demand for pork and lamb 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 July 2015 compared to the same time last year.

The price index for animal products fell by 0.6% between June and July 2015 compared to a 0.8% fall between the same two months a year earlier.

The milk price index was 26% lower in July 2015 compared to July 2014 and was at its lowest since August 2009.

The milk price index fell 1.5% between June and July 2015 compared to a 0.5% fall between June and July 2014.

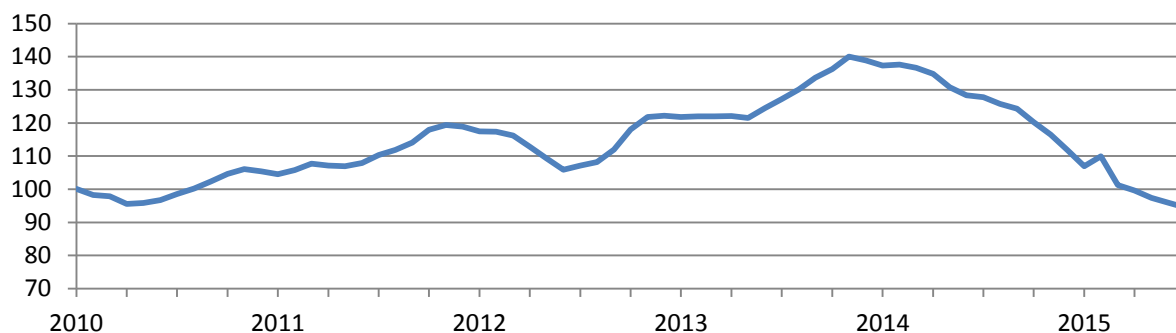
High domestic production across the year combined with the ban on dairy imports to Russia and falling returns from global commodity markets has had a large impact on the industry. In consequence, the majority of UK milk processors reduced the payments to farmers for raw liquid milk.

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 straight animal feedstuffs was 12% lower in July 2015 compared to July 2014.

The price index for straight animal feedstuffs fell 2.2% between June and July 2015 compared to a 7.6% 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.

The price index for energy and lubricants was 16% lower in July 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	
	Jun-14	Jul-14	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	July 2014 to July 2015	June-July 2015	June-July 2014
<b>All Outputs</b>	116.6	111.2	109.9	107.4	107.5	105.4	104.5	101.8	-8.4%	-2.6%	-4.7%
<b>Crop products</b>	110.5	103.5	104.5	104.0	106.3	104.2	102.2	98.5	-4.8%	-3.6%	-6.3%
Cereals	132.8	126.8	112.4	112.8	112.5	105.2	101.4	102.3	-19.3%	0.9%	-4.5%
Wheat	134.1	130.8	110.4	111.2	111.4	103.2	99.6	101.6	-22.4%	2.0%	-2.4%
Barley	128.8	118.3	117.7	117.4	117.2	113.0	109.2	103.1	-12.9%	-5.6%	-8.1%
Oats	117.7	120.1	111.0	106.7	110.8	112.7	109.0	111.3	-7.3%	2.1%	2.1%
Potatoes	112.7	68.7	91.6	93.9	98.0	105.6	115.4	102.2	48.8%	-11.4%	-39.0%
Industrial Crops	112.1	98.2	99.9	99.4	99.1	98.3	100.5	95.2	-3.1%	-5.3%	-12.3%
Oilseed Rape	113.9	97.1	95.8	95.6	95.3	96.2	99.0	93.8	-3.4%	-5.2%	-14.7%
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	111.8	109.5	100.6	100.1	99.7	98.1	96.6	94.9	-13.3%	-1.7%	-2.1%
Fresh Vegetables	105.0	95.9	90.6	95.6	107.5	103.9	104.0	97.9	2.1%	-5.9%	-8.7%
Fresh Fruit	73.5	100.1	103.8	104.5	97.9	107.0	88.9	88.7	-11.4%	-0.2%	36.2%
Flowers and plants	108.1	108.1	110.0	109.6	109.0	109.8	109.9	109.9	1.7%	0.0%	0.0%
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%
<b>Animals and animal products</b>	121.6	117.3	113.6	109.5	108.2	106.4	106.4	104.5	-10.9%	-1.8%	-3.5%
Animals (for slaughter & export)	116.6	111.5	115.0	113.5	111.9	111.3	111.5	107.7	-3.4%	-3.4%	-4.3%
Cattle and calves	118.1	118.3	130.3	128.7	125.0	123.2	127.1	127.8	8.0%	0.5%	0.1%
Pigs	115.3	113.6	94.5	93.0	92.7	92.0	92.6	93.1	-18.1%	0.6%	-1.5%
Sheep and lambs	129.1	104.6	112.6	117.8	115.5	110.1	106.3	90.8	-13.2%	-14.6%	-18.9%
All Poultry	109.1	105.5	107.4	102.5	103.5	106.2	103.6	99.6	-5.6%	-3.9%	-3.3%
Animal products	128.0	127.0	111.5	103.9	102.2	100.2	99.9	99.2	-21.9%	-0.6%	-0.8%
Milk	128.4	127.8	110.0	101.2	99.6	97.4	95.9	94.5	-26.1%	-1.5%	-0.5%
Eggs	124.2	119.5	120.8	120.8	118.2	118.2	118.2	118.2	-1.1%	0.0%	-3.8%

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

	Jun-14	Jul-14	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Yearly	Monthly	
									July 2014 to July 2015	June-July 2015	June-July 2014
<b>All Inputs</b>	113.2	111.7	110.2	109.6	108.6	107.5	107.8	106.4	-4.7%	-1.3%	-1.3%
<b>All goods and services currently consumed in agriculture</b>	114.2	112.0	110.2	109.5	108.2	107.0	107.3	105.7	-5.7%	-1.5%	-1.9%
Seeds	102.4	91.7	93.5	93.3	93.9	93.4	92.9	89.7	-2.2%	-3.4%	-10.4%
Energy and lubricants	118.7	119.1	113.5	105.5	102.2	102.2	102.2	100.2	-15.9%	-2.0%	0.3%
Fertilisers and soil improvers	101.1	106.0	109.8	108.1	105.9	105.7	106.6	98.6	-7.0%	-7.5%	4.9%
Plant protection products	100.5	99.5	106.1	106.1	104.5	101.8	99.1	99.1	-0.3%	0.0%	-1.0%
Veterinary services	107.0	106.9	107.5	107.8	107.7	107.7	107.7	107.6	0.6%	-0.2%	0.0%
Animal feedingstuffs	126.1	118.8	113.5	113.5	111.7	109.5	109.1	108.2	-8.9%	-0.9%	-5.8%
Straight feedingstuffs	126.4	116.8	112.5	112.4	110.7	106.6	105.3	102.9	-11.9%	-2.2%	-7.6%
Compound feedingstuffs	125.9	120.3	114.2	114.2	112.4	111.8	111.6	112.0	-6.8%	0.4%	-4.5%
Maintenance of Materials	110.3	110.3	110.9	111.0	110.9	110.6	110.8	110.5	0.1%	-0.3%	0.0%
Maintenance of Buildings	111.0	111.1	110.0	109.8	110.4	109.7	109.5	108.8	-2.1%	-0.6%	0.1%
Other goods and services	111.4	111.0	110.0	110.6	111.1	111.2	111.0	111.0	0.0%	0.0%	-0.3%
<b>Goods and services contributing to investment</b>	108.2	109.8	110.3	110.3	110.6	110.4	110.2	109.9	0.1%	-0.2%	1.5%
Materials	107.7	110.2	110.7	110.7	110.8	110.7	110.4	110.2	0.1%	-0.2%	2.3%
Buildings	108.4	108.5	107.9	107.8	108.2	107.7	107.6	107.1	-1.3%	-0.4%	0.1%
Other (Engineering and soil improvement operations)	111.0	110.5	112.9	113.9	114.6	114.1	114.2	114.2	3.4%	-0.1%	-0.5%