



## February Agricultural Price Index

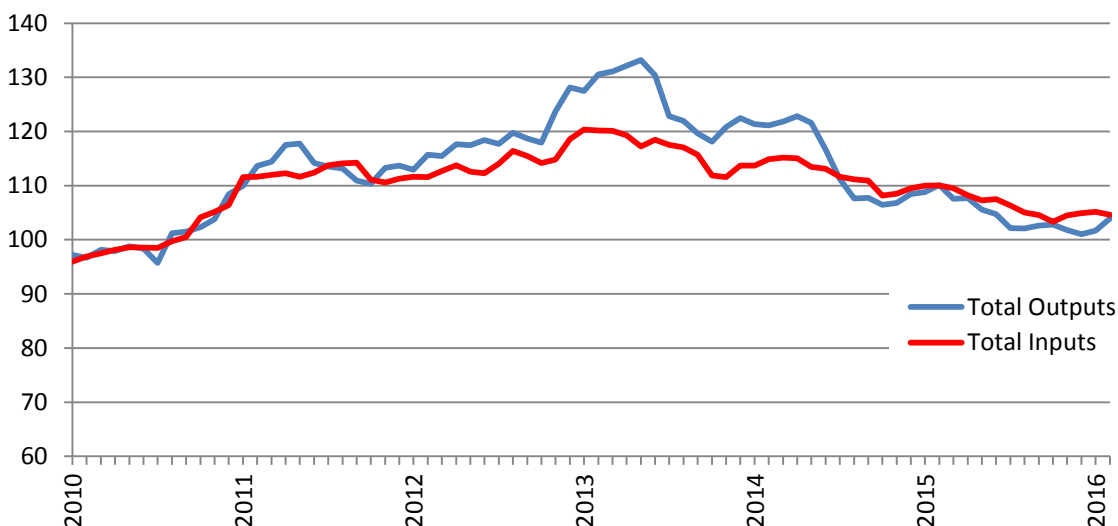
The Agricultural Price Index (API) measures price changes in agricultural outputs and inputs for the UK. The output series reflects the price farmers receive for their products, also referred to as farm gate price. Information is collected for all major crops (for example wheat and potatoes) and on livestock 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 February 2016, the monthly price index for all outputs was 5.6% lower than February 2015 and the price index for all inputs was 4.9% lower. Figure 1 shows the monthly price indices for agricultural inputs and outputs from January 2010 to February 2016.

**Figure 1: Agricultural price indices**



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## Outputs

Overall the price index for all crop products was 3% lower in February 2016 compared to February 2015.

The price index for all crop products rose by 0.7% between January and February 2016 compared to a 1.5% 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 but the cereal price index recovered slightly with a 0.7% rise between January and February, compared to a 3.5% rise in the same period a year previous. This compares to a 14% fall in the cereal price index between February 2015 and February 2016.

The overall potato price index was 30% higher in February 2016 compared to February 2015. This was partly due to the reduction in planted area to a record low in 2015.

The potato index rose by 1.6% between January and February as stocks fell. This compares to a 4.4% rise between January and February the previous year.

Overall the price index for all animals and animal products was 7.3% lower in February 2016 compared to February 2015.

The pig price index has declined again and remains low compared to 2015. In February 2016 it was 16% lower than February 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, has kept downward pressure on domestic prices.

The sheep and lamb price index rose by 7.5% in February compared to January. Demand remained strong at the start of the year, and combined with less stock being brought to market and the recent weakening of sterling against the euro, prices rose. Despite this increase the sheep and lamb price index was 9% lower than January 2015.

The price index for animal products was 5.3% lower in February 2016 compared to the same time last year but rose by 9% between January and February. This compares to a 2.4% rise between the same two months a year earlier.

## Inputs

The price index for straight animal feedstuffs was 15% lower in February 2016 compared to February 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 18% lower in February 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)**

									<b>Yearly</b>	<b>Monthly</b>	
	Jan-15	Feb-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	February 2015 to February 2016	January 2016 - February 2016	January 2015 - February 2015
<b>All Outputs</b>	108.8	110.1	102.6	102.8	101.8	101.0	101.7	103.9	-5.6%	2.2%	1.2%
<b>Crop products</b>	103.3	104.8	99.6	99.2	98.3	98.1	101.0	101.7	-3.0%	0.7%	1.5%
Cereals	108.6	112.4	93.7	95.6	98.8	96.8	96.4	97.0	-13.7%	0.7%	3.5%
Wheat	107.1	110.4	92.2	94.0	97.8	95.2	95.0	94.9	-14.0%	-0.1%	3.0%
Barley	112.6	117.7	96.1	99.5	101.9	100.8	99.1	101.5	-13.8%	2.4%	4.6%
Oats	107.7	111.0	106.1	106.7	108.6	103.6	105.0	105.1	-5.4%	0.0%	3.1%
Potatoes	87.7	91.6	116.5	106.3	106.8	112.3	116.6	118.6	29.5%	1.6%	4.4%
Industrial Crops	102.5	102.8	100.6	95.4	96.0	96.6	96.6	96.7	-5.9%	0.2%	0.3%
Oilseed Rape	95.4	95.8	94.3	94.7	95.6	96.7	96.5	96.8	1.0%	0.3%	0.5%
Sugar Beet	115.6	115.6	115.6	96.1	96.1	96.1	96.1	96.1	-16.9%	0.0%	0.0%
Forage plants	100.0	100.6	88.8	88.2	88.4	88.4	89.9	91.2	-9.3%	1.4%	0.5%
Fresh Vegetables	96.1	90.6	96.6	95.9	84.7	82.4	101.6	96.9	7.0%	-4.6%	-5.7%
Fresh Fruit	102.2	103.8	106.9	109.4	111.7	96.1	97.4	102.1	-1.7%	4.9%	1.6%
Flowers and plants	109.8	110.0	107.4	108.9	108.3	109.0	112.8	115.9	5.4%	2.8%	0.2%
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>	112.2	113.7	105.2	105.1	104.3	102.8	102.2	105.4	-7.3%	3.2%	1.4%
Animals (for slaughter & export)	114.0	115.0	108.3	106.5	105.8	104.8	105.0	105.2	-8.5%	0.2%	0.9%
Cattle and calves	129.8	130.3	126.2	123.7	121.0	123.6	121.1	119.7	-8.2%	-1.2%	0.4%
Pigs	98.5	94.5	91.6	89.6	88.4	87.3	82.2	79.0	-16.4%	-3.9%	-4.1%
Sheep and lambs	111.6	112.6	88.8	83.6	89.2	93.9	99.9	107.4	-4.6%	7.5%	1.0%
All Poultry	105.6	107.6	107.8	108.5	107.4	100.9	101.7	100.7	-6.4%	-0.9%	1.9%
Animal products	109.0	111.6	100.3	102.3	101.7	99.7	97.2	105.7	-5.3%	8.7%	2.4%
Milk	106.9	110.0	96.1	98.9	98.2	96.4	93.6	103.7	-5.8%	10.7%	2.9%
Eggs	120.8	120.8	118.3	117.2	117.2	117.2	117.3	117.3	-2.9%	0.0%	0.0%

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

									Yearly	Monthly	
	Jan-15	Feb-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	February 2015 to February 2016	January 2016 - February 2016	January 2015 - February 2015
<b>All Inputs</b>	110.0	110.0	104.6	103.3	104.5	104.9	105.1	104.6	-4.9%	-0.5%	0.0%
<b>All goods and services currently consumed in agriculture</b>	110.0	110.0	103.7	102.1	103.5	103.9	104.2	103.6	-5.8%	-0.5%	0.0%
Seeds	93.1	93.5	90.1	92.1	91.9	91.9	91.9	91.9	-1.8%	0.0%	0.4%
Energy and lubricants	116.7	113.2	95.0	96.2	104.6	109.6	110.5	105.5	-6.7%	-4.4%	-3.0%
Fertilisers and soil improvers	107.8	109.8	97.4	95.7	95.5	93.6	92.0	89.9	-18.2%	-2.3%	1.8%
Plant protection products	104.4	106.1	105.2	96.3	96.5	95.7	104.4	106.3	0.2%	1.8%	1.6%
Veterinary services	107.5	107.4	107.6	107.6	107.7	107.7	107.8	107.7	0.2%	-0.1%	0.0%
Animal feedingstuffs	113.3	113.5	106.3	101.5	101.7	101.9	102.9	102.2	-10.0%	-0.6%	0.2%
Straight feedingstuffs	112.2	112.5	95.2	96.4	96.4	95.6	97.1	95.3	-15.3%	-1.9%	0.3%
Compound feedingstuffs	114.1	114.2	113.0	105.1	105.2	106.1	106.8	107.1	-6.3%	0.3%	0.1%
Maintenance of Materials	110.7	110.9	110.6	110.7	110.8	111.0	111.2	111.3	0.4%	0.1%	0.2%
Maintenance of Buildings	110.2	110.0	107.9	107.9	107.4	106.6	106.9	106.2	-3.5%	-0.7%	-0.2%
Other goods and services	109.1	109.1	109.4	109.4	109.5	109.7	109.9	110.1	0.9%	0.2%	0.0%
<b>Goods and services contributing to investment</b>	110.2	110.3	109.6	109.7	109.6	109.6	109.7	109.6	-0.6%	-0.1%	0.0%
Materials	110.7	110.7	110.2	110.3	110.3	110.4	110.5	110.5	-0.3%	0.0%	0.1%
Buildings	107.9	107.9	106.5	106.6	106.3	105.8	106.0	105.5	-2.2%	-0.4%	-0.1%
Other (Engineering and soil improvement operations)	112.7	112.7	113.1	113.2	113.1	113.1	113.4	113.8	0.9%	0.3%	0.0%