



November 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).

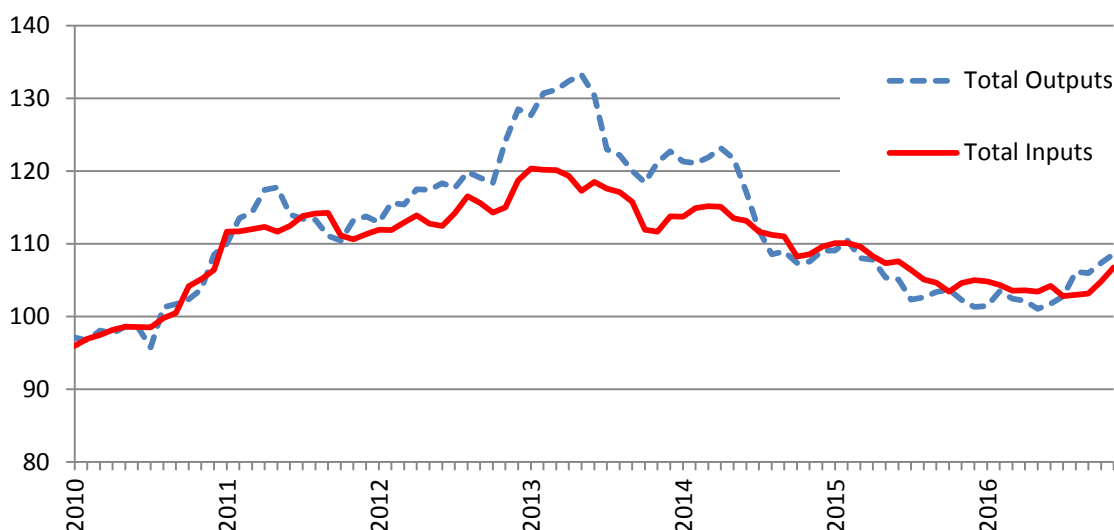
The input series reflects the price farmers pay for goods and services. The series is in two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example fertiliser 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 November 2016, the monthly price index for all outputs was 6.2% higher than November 2015 and the price index for all inputs was 2.1% higher.

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

Figure 1: Monthly indices for total Outputs and total Inputs



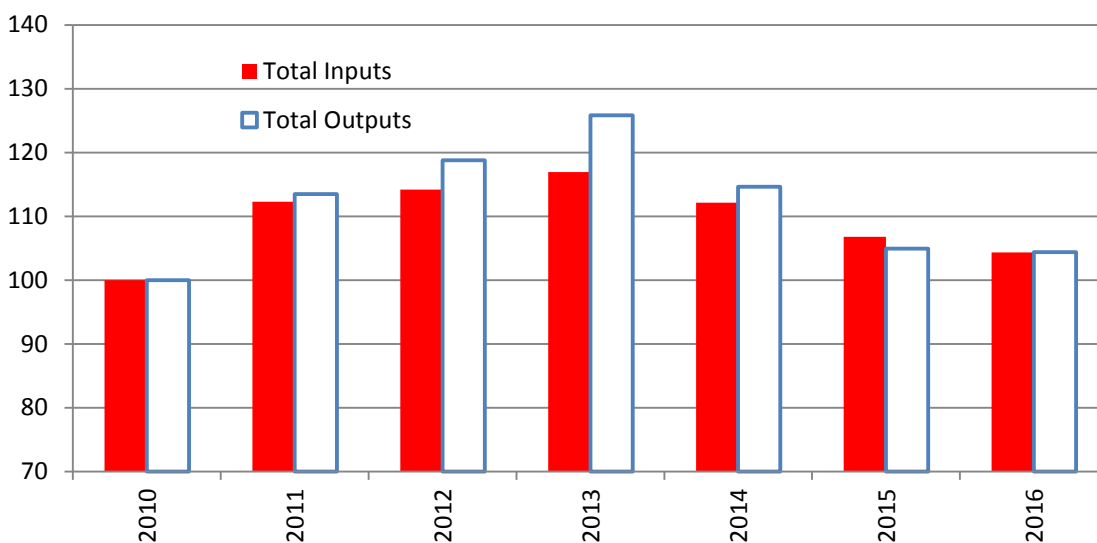
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Figure 2 shows a comparison of the average annual price indices for total agricultural inputs and outputs from January 2010 to November 2016.

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 11% higher in November 2016 compared to November 2015.

The price index for all crop products rose 2.8% between October and November 2016 compared to a 1.4% 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 9.1% higher in November 2016 compared to November 2015.

The cereal price index rose 2.0% between October and November 2016. Wheat and barley saw price index increases whereas oats saw a slight decrease of 0.6%. A return to a more typical harvest level and the low value of sterling have both bolstered cereal prices. In comparison there was a 3.4% rise between the same two months last year.

The potato price index was 32% higher in November 2016 compared to November 2015. Grower confidence continues to limit supply and with yields down on the previous year the potato index rose 20.4% between October and November 2016 compared to a 0.4% increase between October and November the previous year.

The oilseed rape index was 29% higher in November 2016 compared to November 2015. Low yields and a lower than usual planted area has led to higher prices compared to the previous year.

The fresh vegetable price index was 17% higher in November 2016 compared to November 2015. This rise was mainly due to a sharp increase in the price for cauliflowers, a result of very short supply and high demand. The fresh vegetable price index rose 4.0% between October and November 2016 compared to a 9.7% decrease between the same two months last year.

The price index for animals and animal products was 2.8% higher in November 2016 compared to November 2015.

The pig price index was 19% higher in November 2016 compared to November 2015. A reduction in domestic supply, rising export demand and weak sterling have all helped support the UK price this year with November seeing the eighth successive monthly price rise, which saw an increase of 3.3% compared to October.

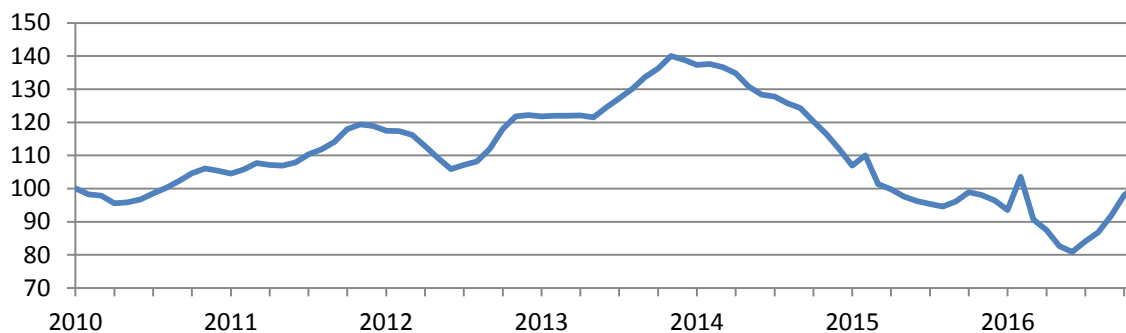
The price index for animal products was 0.2% higher in November 2016 compared to the same time last year and rose 2.8% between October and November 2016. This compares to a 0.6% fall between the same two months a year earlier.

For the fifth consecutive month milk production increased in November. The price index for milk rose by 3.2% between October and November 2016 and for the first time since July 2014 milk prices are higher than the same month of the previous year.

Figure 3 shows the price index for milk between January 2010 and November 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 12% lower in November 2016 compared to the same month last year. The price index rose 5.6% in November 2016 compared to October 2016 aided by the weak value of sterling. 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 following months partly as a result of a weak sterling.

The price index for straight feedingstuffs increased by 12% in November 2016 compared to November 2015 and rose 2.2% between October to November 2016. This reflects raw material cost increases over previous months and the low 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.

Revisions

Figures in this notice are provisional and subject to revision. In this edition there are slight revisions from 2014 to the fresh vegetable index as a correction was made to the unit price measure for 6 vegetable commodities.

Table 1 Index of Agricultural Outputs UK (2010=100)

	Oct-15	Nov-15	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Yearly	Monthly	
									November 2015 to November 2016	October 2016 - November 2016	October 2015 - November 2015
All Outputs (1)	103.7	102.3	101.7	102.8	106.1	106.0	107.4	108.6	6.2%	1.1%	-1.3%
Crop products (1)	101.2	99.8	106.9	104.2	110.0	107.0	107.8	110.8	11.0%	2.8%	-1.4%
Cereals	95.6	98.8	95.7	97.3	100.7	102.8	105.7	107.9	9.1%	2.0%	3.4%
Wheat	94.0	97.8	92.9	96.0	99.9	100.9	104.3	106.4	8.8%	2.0%	4.1%
Barley	99.5	101.9	106.4	98.4	101.2	106.0	109.0	112.7	10.6%	3.5%	2.4%
Oats	106.7	108.6	116.0	115.8	109.6	114.6	118.9	118.1	8.7%	-0.6%	1.8%
Potatoes	106.7	107.2	175.0	107.5	133.7	125.6	117.5	141.4	32.0%	20.4%	0.4%
Industrial Crops	94.4	95.0	100.8	98.8	103.3	104.0	105.5	110.2	16.0%	4.4%	0.7%
Oilseed Rape	94.7	95.6	102.7	99.4	104.5	111.5	116.9	123.3	29.0%	5.5%	1.0%
Sugar Beet	93.4	93.4	93.4	93.4	93.4	93.4	87.7	87.7	-6.0%	0.0%	0.0%
Forage plants	88.2	88.4	94.1	94.9	96.7	95.4	95.7	98.0	10.9%	2.4%	0.3%
Fresh Vegetables (1)	108.0	97.5	113.4	117.9	120.2	111.3	109.8	114.2	17.2%	4.0%	-9.7%
Fresh Fruit	109.4	111.7	85.4	103.0	125.9	110.8	117.8	111.0	-0.7%	-5.8%	2.1%
Flowers and plants	106.9	106.3	107.3	107.3	105.3	103.9	105.5	106.4	0.1%	0.9%	-0.5%
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%
Animals and animal products	105.2	104.1	97.6	101.6	102.4	105.1	107.1	107.0	2.8%	-0.1%	-1.1%
Animals (for slaughter & export)	107.2	106.0	108.3	110.7	111.9	112.8	111.6	110.5	4.2%	-1.0%	-1.1%
Cattle and calves	123.7	121.0	121.2	123.8	126.8	125.9	123.4	123.1	1.8%	-0.3%	-2.2%
Pigs	89.6	88.4	84.8	90.1	95.4	98.6	102.0	105.4	19.2%	3.3%	-1.4%
Sheep and lambs	87.4	90.3	109.0	108.1	106.9	103.6	99.1	97.9	8.4%	-1.3%	3.3%
All Poultry	108.5	107.4	103.6	106.6	106.3	110.6	110.2	106.3	-1.0%	-3.6%	-1.0%
Animal products	101.4	100.8	83.6	86.5	88.9	93.2	98.3	101.0	0.2%	2.8%	-0.6%
Milk	98.9	98.1	80.9	84.1	86.8	91.9	98.0	101.2	3.2%	3.3%	-0.9%
Eggs	117.2	117.2	100.3	100.3	100.3	100.3	100.3	100.3	-14.5%	0.0%	0.0%

(1) Figures have been revised as a result of a correction to historical data back to April 2014 for 6 vegetable commodities

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

	Oct-15	Nov-15	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Yearly	Monthly	
									November 2015 to November 2016	October 2016 - November 2016	October 2015 - November 2015
All Inputs	103.4	104.6	104.2	102.8	103.0	103.2	104.8	106.7	2.1%	1.8%	1.1%
All goods and services currently consumed in agriculture	102.2	103.6	102.9	101.2	101.4	101.8	103.6	105.8	2.2%	2.1%	1.3%
Seeds	95.6	95.3	99.4	95.9	97.7	96.8	99.7	100.4	5.3%	0.7%	-0.3%
Energy and lubricants	96.2	104.6	91.1	93.3	93.3	98.1	100.8	109.8	4.9%	8.9%	8.8%
Fertilisers and soil improvers	95.7	95.5	79.6	76.1	78.3	78.8	79.9	84.4	-11.7%	5.6%	-0.2%
Plant protection products	96.3	96.5	99.0	97.8	127.0	105.0	97.4	97.3	0.8%	-0.1%	0.2%
Veterinary services	107.6	107.7	108.0	108.1	108.0	108.4	108.5	108.5	0.8%	0.0%	0.0%
Animal feedingstuffs	101.5	101.7	105.0	106.3	104.6	104.3	105.3	106.4	4.6%	1.0%	0.2%
Straight feedingstuffs	96.4	96.4	105.0	107.4	103.6	103.2	106.0	108.3	12.4%	2.2%	0.0%
Compound feedingstuffs	105.1	105.2	105.0	105.4	105.3	104.9	104.9	105.2	0.0%	0.2%	0.1%
Maintenance of Materials	110.7	110.8	112.4	112.2	112.3	112.5	112.8	113.1	2.1%	0.3%	0.1%
Maintenance of Buildings	107.9	107.4	108.4	108.5	110.1	109.3	110.3	110.3	2.7%	0.0%	-0.5%
Other goods and services	109.0	109.1	111.0	111.3	111.5	111.5	111.5	112.0	2.7%	0.5%	0.1%
Goods and services contributing to investment	109.7	109.6	110.3	110.8	111.1	110.9	111.2	111.3	1.5%	0.1%	-0.1%
Materials	110.3	110.3	110.6	111.3	111.4	111.3	111.4	111.5	1.1%	0.1%	0.0%
Buildings	106.6	106.3	107.1	107.2	108.3	107.8	108.6	108.6	2.2%	0.0%	-0.3%
Other (Engineering and soil improvement operations)	113.2	113.1	115.6	116.0	115.7	115.3	115.7	115.7	2.2%	0.0%	-0.1%