



May 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).

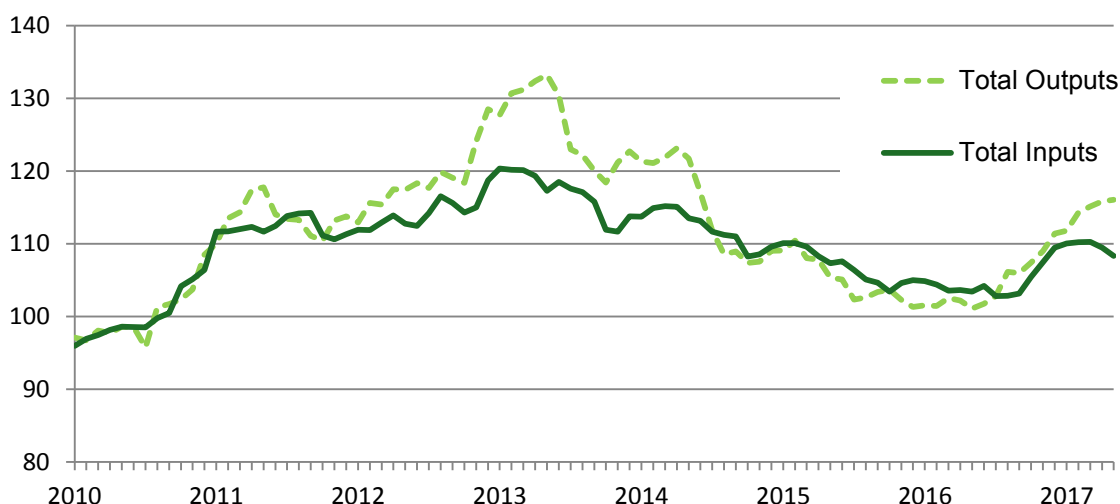
The input series reflects the price farmers pay for goods and services. The series is in two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example fertiliser 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 May 2017, the monthly price index for all outputs was 15% higher than May 2016 and the price index for all inputs was 4.8% higher.

Figure 1 shows the monthly price indices for total agricultural inputs and outputs from January 2010 to May 2017.

Figure 1: Monthly indices for total Outputs and total Inputs



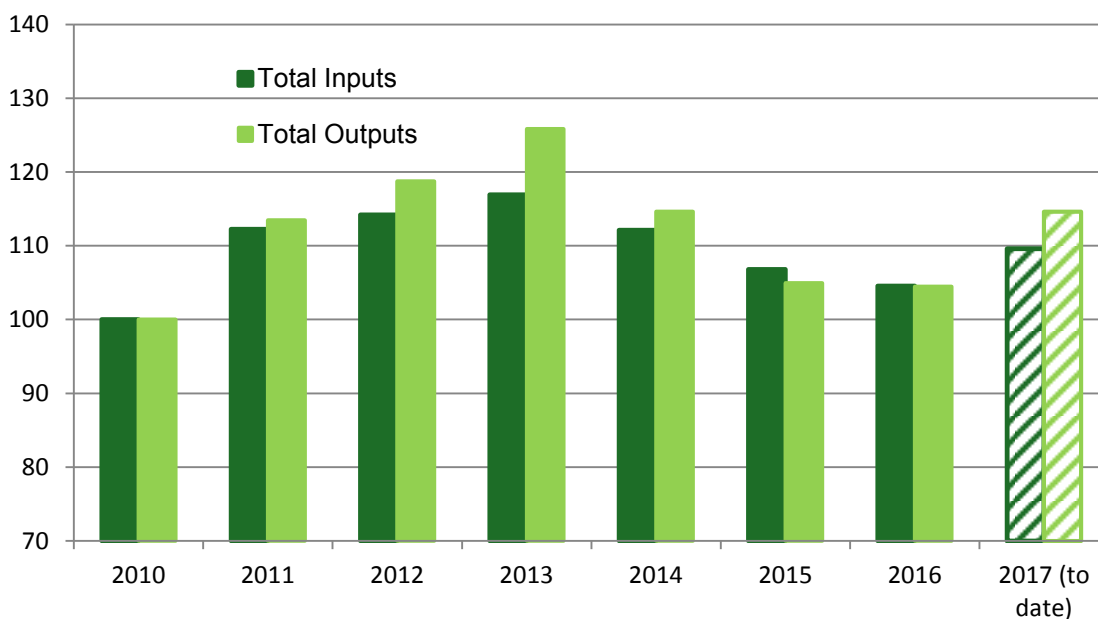
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Figure 2 shows a comparison of the average annual price indices for total agricultural inputs and outputs from January 2010 to May 2017.

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 May 2017 compared to May 2016.

For all crop products the price index fell 1.3% between April and May 2017 compared to a 1.1% fall between the same two months a year earlier.

Cereal price levels in 2017 levelled off and overall the cereal price index was 26% higher in May 2017 compared to May 2016. The cereal price index fell 0.6% between April and May 2017. Barley and oats both saw price increases between April and May 2017, with oats seeing the largest increase of 2.2% and wheat a price decrease of 0.6%. In comparison there was a 0.8% increase in the cereal price index between the same two months last year.

The potato price index was 6.1% lower in May 2017 compared to May 2016. The potato price index saw a fall of 4.4% between April 2017 and May 2017 caused by weakened demand and growers looking to clear stocks. In comparison, the potato price index rose by 9.8% between April 2016 and May 2016.

In May 2017 the oilseed rape index was 26% higher than May 2016. Low yields and a lower than usual planted area has led to higher prices compared to the previous year.

For animals and animal products the price index was 18% higher in May 2017 compared to May 2016.

May 2017 saw the pig price index 38% higher than a year earlier. The pig price rose 2.2% between April and May 2017 and is now at its highest level since July 2014. Tight supplies

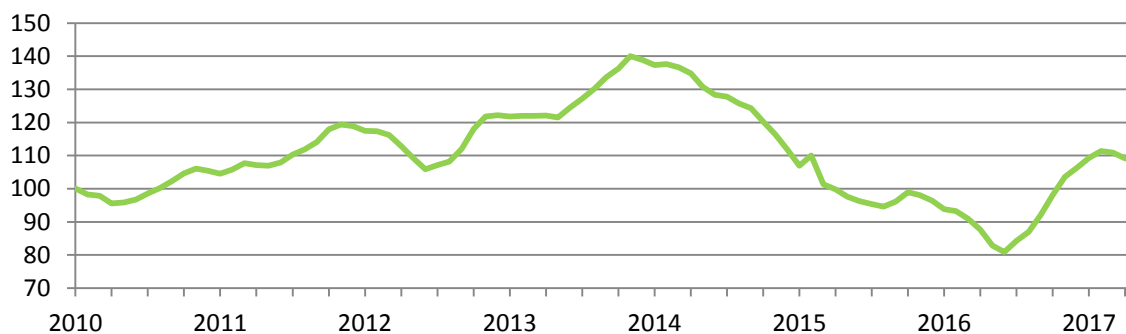
and good demand have contributed to the increase. In comparison, the price rose 2.4% between April and May 2016.

Milk production increased in May 2017, almost matching the same period last year. The price index for milk fell by 0.5% between April and May 2017 compared to a 5.5% decrease in the same two months last year.

Figure 3 shows the price index for milk between January 2010 and May 2017. 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 energy and lubricants price index was 13% higher in May 2017 compared to May 2016. This reflects the price increase of petroleum products and electricity over previous months.

The price index for straight feedingstuffs was 11% higher in May 2017 compared to May 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)

| | | | | | | | | | Yearly | Monthly | |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------------------|-----------------------|-----------------------|
| | Apr-16 | May-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | May 2016 to May 2017 | April 2017 - May 2017 | April 2016 - May 2016 |
| All Outputs (1) | 102.2 | 101.1 | 111.4 | 111.8 | 114.3 | 115.1 | 115.8 | 116.0 | 14.8% | 0.2% | 1.1% |
| Crop products (1) | 107.3 | 106.1 | 114.5 | 115.5 | 117.8 | 120.0 | 119.3 | 117.8 | 11.0% | -1.3% | -1.1% |
| Cereals | 95.2 | 95.9 | 114.3 | 113.6 | 117.3 | 121.2 | 121.6 | 120.9 | 26.0% | -0.6% | 0.8% |
| Wheat | 93.1 | 93.1 | 113.1 | 112.7 | 116.0 | 119.5 | 121.0 | 120.3 | 29.2% | -0.6% | 0.0% |
| Barley | 101.3 | 106.2 | 117.3 | 115.3 | 120.0 | 124.6 | 121.2 | 121.6 | 14.5% | 0.3% | 4.9% |
| Oats | 104.8 | 113.2 | 120.3 | 120.8 | 123.8 | 124.7 | 136.6 | 139.6 | 23.3% | 2.2% | 8.0% |
| Potatoes | 151.6 | 166.5 | 150.6 | 152.6 | 160.2 | 165.4 | 163.6 | 156.4 | -6.1% | -4.4% | 9.8% |
| Industrial Crops | 96.9 | 99.3 | 112.8 | 114.5 | 114.8 | 115.9 | 114.2 | 118.3 | 19.1% | 3.6% | 2.4% |
| Oilseed Rape | 98.5 | 100.8 | 127.6 | 130.8 | 131.3 | 132.5 | 129.6 | 127.3 | 26.2% | -1.8% | 2.3% |
| Sugar Beet | 93.4 | 93.4 | 87.7 | 87.7 | 87.7 | 87.7 | 87.7 | 87.7 | -6.0% | 0.0% | 0.0% |
| Forage plants | 93.8 | 94.0 | 98.1 | 99.2 | 100.5 | 101.1 | 102.0 | 103.2 | 9.8% | 1.1% | 0.1% |
| Fresh Vegetables (1) | 120.8 | 115.4 | 113.4 | 120.3 | 119.6 | 118.5 | 118.6 | 113.1 | -2.0% | -4.7% | -4.5% |
| Fresh Fruit | 105.2 | 86.9 | 108.0 | 109.9 | 113.3 | 125.9 | 110.6 | 109.9 | 26.4% | -0.6% | -17.4% |
| Flowers and plants | 106.4 | 106.1 | 107.5 | 106.6 | 106.6 | 106.3 | 105.5 | 105.4 | -0.7% | 0.0% | -0.3% |
| 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 | 99.3 | 97.2 | 109.5 | 109.5 | 111.9 | 112.1 | 113.8 | 114.7 | 17.9% | 0.8% | -2.1% |
| Animals (for slaughter & export) | 105.2 | 106.9 | 112.1 | 110.5 | 113.4 | 114.0 | 117.3 | 120.4 | 12.6% | 2.6% | 1.6% |
| Cattle and calves | 116.1 | 118.8 | 130.3 | 126.9 | 128.5 | 127.8 | 130.5 | 133.6 | 12.5% | 2.4% | 2.3% |
| Pigs | 79.4 | 81.4 | 106.7 | 106.0 | 105.3 | 106.7 | 110.0 | 112.4 | 38.1% | 2.2% | 2.4% |
| Sheep and lambs | 109.7 | 110.7 | 100.1 | 98.1 | 98.9 | 104.1 | 107.5 | 121.5 | 9.8% | 13.0% | 0.9% |
| All Poultry | 103.6 | 103.2 | 103.4 | 99.4 | 104.7 | 104.3 | 108.3 | 106.4 | 3.1% | -1.7% | -0.3% |
| Animal products | 89.5 | 85.2 | 105.3 | 107.9 | 109.7 | 109.5 | 107.9 | 107.5 | 26.2% | -0.4% | -4.8% |
| Milk | 87.7 | 82.8 | 106.3 | 109.2 | 111.4 | 110.9 | 109.2 | 108.6 | 31.1% | -0.5% | -5.5% |
| Eggs | 100.2 | 100.2 | 100.2 | 100.7 | 100.7 | 100.7 | 100.7 | 100.7 | 0.4% | 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)

| | | | | | | | | | Yearly | Monthly | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------|--------------------------|--------------------------|
| | Apr-16 | May-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | May 2016 to May 2017 | April 2017 - May 2017 | April 2016 - May 2016 |
| All Inputs | 103.6 | 103.4 | 109.5 | 110.1 | 110.2 | 110.2 | 109.4 | 108.3 | 4.8% | -1.0% | -0.2% |
| All goods and services currently consumed in agriculture | 102.4 | 102.1 | 109.1 | 109.7 | 109.9 | 109.9 | 109.1 | 107.8 | 5.5% | -1.2% | -0.3% |
| Seeds | 99.5 | 99.3 | 101.3 | 99.1 | 99.7 | 100.2 | 100.1 | 99.7 | 0.4% | -0.3% | -0.3% |
| Energy and lubricants | 88.6 | 87.9 | 113.2 | 117.2 | 115.6 | 108.6 | 103.3 | 98.9 | 12.5% | -4.3% | -0.8% |
| Fertilisers and soil improvers | 83.8 | 82.4 | 95.8 | 93.9 | 93.8 | 94.1 | 92.8 | 92.8 | 12.7% | 0.0% | -1.7% |
| Plant protection products | 103.9 | 101.9 | 95.4 | 107.2 | 109.1 | 107.5 | 106.3 | 103.3 | 1.3% | -2.9% | -1.9% |
| Veterinary services | 108.0 | 108.0 | 108.4 | 108.5 | 108.5 | 108.3 | 108.3 | 108.2 | 0.2% | -0.1% | 0.0% |
| Animal feedingstuffs | 103.0 | 103.6 | 110.7 | 112.7 | 113.1 | 113.8 | 113.3 | 111.8 | 7.9% | -1.3% | 0.7% |
| Straight feedingstuffs | 96.8 | 101.2 | 111.3 | 112.4 | 113.0 | 115.0 | 114.5 | 112.0 | 10.7% | -2.2% | 4.5% |
| Compound feedingstuffs | 106.9 | 105.5 | 110.3 | 113.0 | 113.2 | 113.2 | 112.6 | 111.7 | 5.9% | -0.8% | -1.4% |
| Maintenance of Materials | 111.8 | 112.2 | 113.4 | 113.0 | 112.8 | 113.3 | 114.0 | 114.4 | 2.0% | 0.4% | 0.4% |
| Maintenance of Buildings | 107.0 | 108.0 | 110.5 | 111.7 | 112.5 | 113.1 | 113.6 | 113.5 | 5.1% | -0.1% | 0.9% |
| Other goods and services | 111.0 | 111.0 | 112.0 | 112.5 | 112.9 | 113.3 | 114.0 | 114.5 | 3.2% | 0.5% | 0.0% |
| Goods and services contributing to investment | 110.1 | 110.2 | 111.3 | 111.9 | 111.8 | 112.2 | 111.2 | 111.4 | 1.1% | 0.2% | 0.1% |
| Materials | 110.6 | 110.5 | 111.3 | 111.8 | 111.6 | 111.9 | 110.2 | 110.5 | 0.0% | 0.3% | -0.1% |
| Buildings | 106.1 | 106.8 | 108.7 | 109.6 | 110.2 | 110.6 | 110.9 | 110.9 | 3.8% | -0.1% | 0.7% |
| Other (Engineering and soil improvement operations) | 114.2 | 115.8 | 116.4 | 116.8 | 116.3 | 117.6 | 117.7 | 117.5 | 1.5% | -0.2% | 0.3% |