



## January 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).

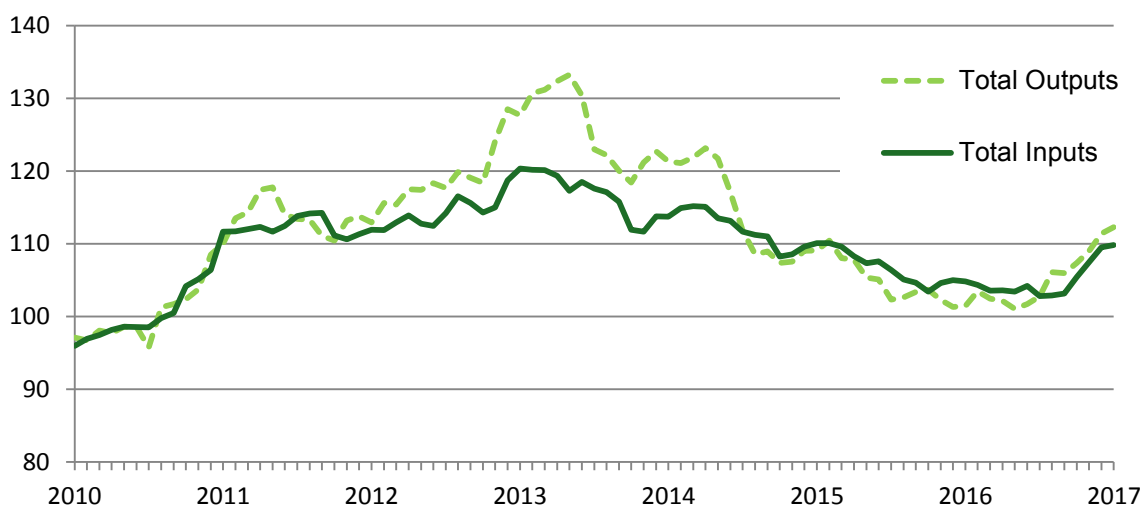
The input series reflects the price farmers pay for goods and services. The series is in two groups: goods and services currently consumed; and goods and services contributing to investment. Goods and services currently consumed refer to items that are used up in the production process, for example fertiliser 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 January 2017, the monthly price index for all outputs was 11% higher than January 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 January 2017.

**Figure 1: Monthly indices for total Outputs and total Inputs**



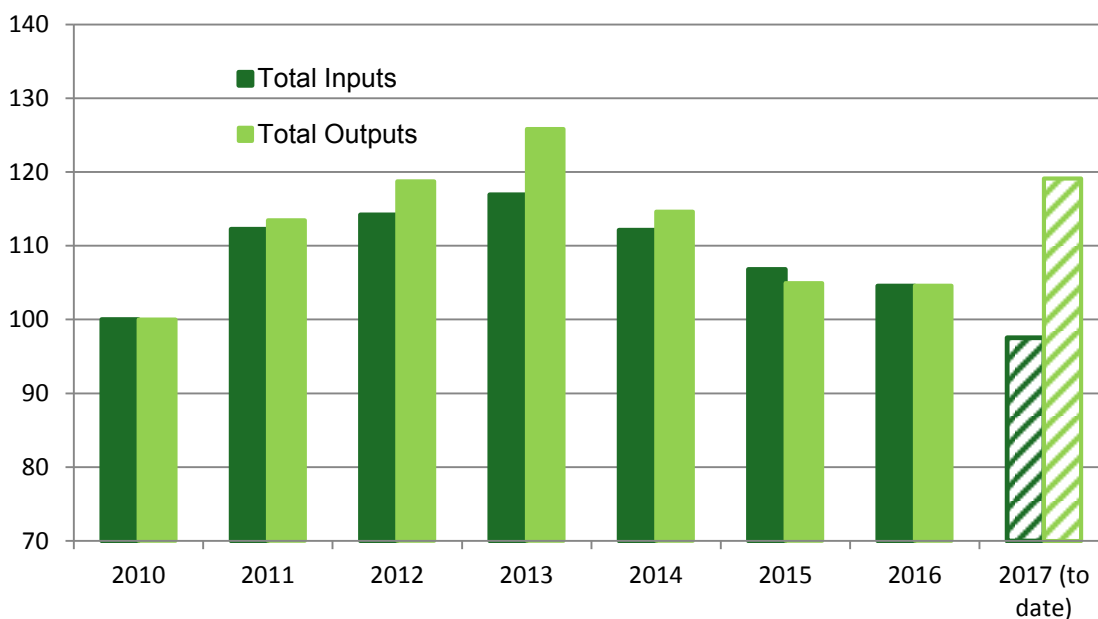
**Enquiries on this publication to:** Jayne Brigham, Rm 201 Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 7PX Tel: 020802 66280/66202 email: [prices@defra.gsi.gov.uk](mailto:prices@defra.gsi.gov.uk)

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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 January 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 15% higher in January 2017 compared to January 2016.

For all crop products the price index rose 1.4% between December 2016 and January 2017 compared to a 2.5% rise between the same two months a year earlier.

Cereal price levels in 2017 continued their upturn and overall the cereal price index was 18% higher in January 2017 compared to January 2016. The cereal price index fell 0.6% between December 2016 and January 2017. Strengthening sterling has slightly eroded wheat values, with wheat and barley both seeing price decreases whereas oats saw a slight increase of 0.4%. In comparison there was a 0.5% fall in the cereal price index between the same two months last year.

The potato price index was 37% higher in January 2017 compared to January 2016. Grower confidence continues to limit supply and with yields down on the previous year the potato index rose 6.4% between December 2016 and January 2017 compared to a 3.9% increase between December and January the previous year.

In January 2017 the oilseed rape index was 36% higher than January 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 8.2% higher in January 2017 compared to January 2016.

January 2017 saw the pig price index 29% higher than a year earlier. The pig price fell 0.7% between December 2016 and January 2017. This reflects the usual seasonal decline

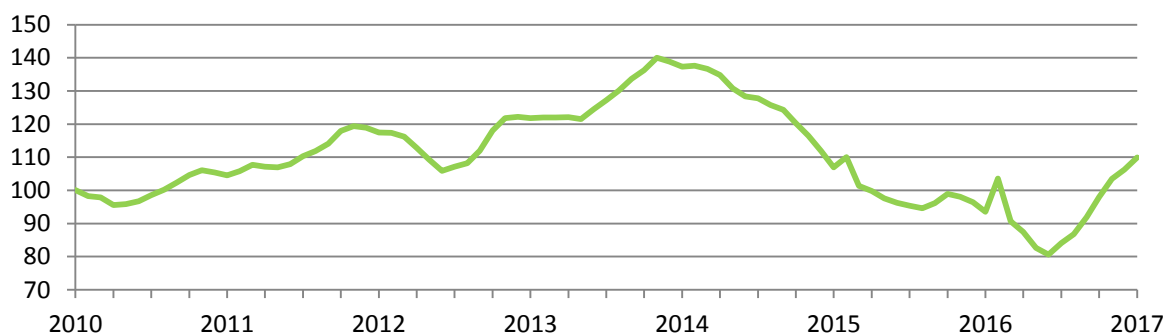
in demand after the festive period. In comparison, the price fell 5.9% between December 2015 and January 2016.

For the seventh consecutive month milk production increased in January. The price index for milk rose by 3.5% between December 2016 and January 2017 and milk prices and production are now around the same levels as those seen at the end of 2014 and the beginning of 2015.

Figure 3 shows the price index for milk between January 2010 and December 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

Compared to the previous year, in January 2017 the price index for all input items increased, with the exception of seeds and fertilisers and soil improvers index which both decreased slightly.

The price index for straight feedingstuffs was 16% higher in January 2017 compared to January 2016 and rose 1.0% between December 2016 and January 2017. 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	
	Dec-15	Jan-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	January 2016 to January 2017	December 2016 - January 2017	December 2015 - January 2016
<b>All Outputs (1)</b>	101.3	101.4	106.1	105.9	107.4	109.0	111.4	112.3	10.7%	0.8%	0.1%
<b>Crop products (1)</b>	98.8	101.3	110.0	107.0	107.8	110.8	114.5	116.2	14.7%	1.4%	2.5%
Cereals	96.8	96.4	100.7	102.8	105.7	107.9	114.3	113.6	17.9%	-0.6%	-0.5%
Wheat	95.2	95.0	99.9	100.9	104.3	106.4	113.1	112.7	18.7%	-0.3%	-0.2%
Barley	100.8	99.1	101.2	106.0	109.0	112.7	117.3	115.3	16.3%	-1.8%	-1.7%
Oats	103.6	105.0	109.6	114.6	118.9	118.1	120.3	120.8	15.0%	0.4%	1.4%
Potatoes	112.6	117.0	133.7	125.6	117.5	141.4	150.6	160.2	37.0%	6.4%	3.9%
Industrial Crops	95.7	95.6	103.3	104.0	105.5	110.2	112.8	114.5	19.8%	1.5%	0.0%
Oilseed Rape	96.7	96.5	104.5	111.5	116.9	123.3	127.6	130.8	35.5%	2.5%	-0.2%
Sugar Beet	93.4	93.4	93.4	93.4	87.7	87.7	87.7	87.7	-6.0%	0.0%	0.0%
Forage plants	88.4	90.0	96.7	95.4	95.7	98.0	98.1	99.2	10.3%	1.1%	1.7%
Fresh Vegetables (1)	95.3	111.5	120.2	111.3	109.8	114.3	113.4	120.3	7.8%	6.0%	17.1%
Fresh Fruit	96.1	97.4	125.9	110.8	117.8	111.0	108.0	107.5	10.4%	-0.4%	1.4%
Flowers and plants	107.0	106.8	105.3	103.9	105.5	106.4	107.5	106.6	-0.2%	-0.8%	-0.2%
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%
<b>Animals and animal products</b>	102.9	101.5	102.4	105.0	107.1	107.6	109.5	109.9	8.2%	0.4%	-1.3%
Animals (for slaughter & export)	105.1	105.3	111.9	112.8	111.6	110.4	112.1	110.7	5.1%	-1.3%	0.2%
Cattle and calves	123.6	121.4	126.8	125.9	123.4	123.1	130.3	126.9	4.6%	-2.6%	-1.8%
Pigs	87.3	82.2	95.4	98.6	102.0	105.4	106.7	106.0	29.0%	-0.7%	-5.9%
Sheep and lambs	95.5	100.8	106.9	103.6	99.1	97.9	100.1	98.1	-2.7%	-2.0%	5.5%
All Poultry	100.9	101.7	106.3	110.6	110.2	106.1	103.4	100.1	-1.5%	-3.2%	0.8%
Animal products	99.4	95.1	88.8	93.1	98.3	102.9	105.3	108.4	14.1%	3.0%	-4.4%
Milk	96.4	93.5	86.8	91.9	98.0	103.5	106.3	110.0	17.6%	3.5%	-3.0%
Eggs	117.2	104.4	99.2	99.2	100.2	100.2	100.2	100.3	-3.9%	0.1%	-10.9%

(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	
	Dec-15	Jan-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	January 2016 to January 2017	December 2016 - January 2017	December 2015 - January 2016
<b>All Inputs</b>	105.0	104.8	102.9	103.2	105.4	107.4	109.5	109.8	4.8%	0.3%	-0.1%
<b>All goods and services currently consumed in agriculture</b>	104.0	103.8	101.4	101.8	104.3	106.6	109.1	109.4	5.4%	0.2%	-0.2%
Seeds	95.1	95.7	97.7	96.8	99.7	100.4	101.3	99.3	3.7%	-2.0%	0.6%
Energy and lubricants	109.6	110.5	93.3	98.1	100.8	109.5	113.2	117.2	6.1%	3.5%	0.8%
Fertilisers and soil improvers	93.6	92.0	78.3	78.8	79.9	84.4	95.8	93.9	2.1%	-1.9%	-1.7%
Plant protection products	95.7	104.4	127.0	105.0	97.4	97.3	95.4	107.2	2.7%	12.4%	9.1%
Veterinary services	107.7	107.7	108.0	108.4	108.5	108.5	108.5	108.5	0.7%	0.0%	0.0%
Animal feedingstuffs	101.9	101.6	104.6	104.3	108.0	109.1	110.7	111.6	9.8%	0.8%	-0.3%
Straight feedingstuffs	95.6	97.1	103.6	103.2	106.0	108.3	111.3	112.4	15.7%	1.0%	1.6%
Compound feedingstuffs	106.1	104.6	105.3	104.9	109.3	109.5	110.3	111.1	6.2%	0.7%	-1.4%
Maintenance of Materials	111.0	111.2	112.3	112.5	112.8	113.2	113.4	113.5	2.1%	0.1%	0.2%
Maintenance of Buildings	106.6	106.1	108.7	109.1	109.1	109.8	110.7	112.3	5.8%	1.4%	-0.5%
Other goods and services	109.2	109.4	111.5	111.5	111.5	112.1	112.1	112.5	2.8%	0.4%	0.1%
<b>Goods and services contributing to investment</b>	109.6	109.6	110.9	110.9	111.2	111.3	111.5	111.9	2.0%	0.4%	0.0%
Materials	110.4	110.5	111.4	111.4	111.7	111.6	111.7	111.8	1.2%	0.2%	0.1%
Buildings	105.8	105.4	107.4	107.7	107.7	108.2	108.8	110.0	4.3%	1.1%	-0.3%
Other (Engineering and soil improvement operations)	113.5	113.8	115.7	115.3	115.6	115.7	116.0	116.0	1.9%	0.0%	0.3%