



14 March 2019

## Agricultural Price Index – January 2019

The Agricultural Price Index (API) is an index of the price of agricultural outputs and inputs for the UK used to show change over time. More details on the index including how it is produced are in the Background section at the end of this document.

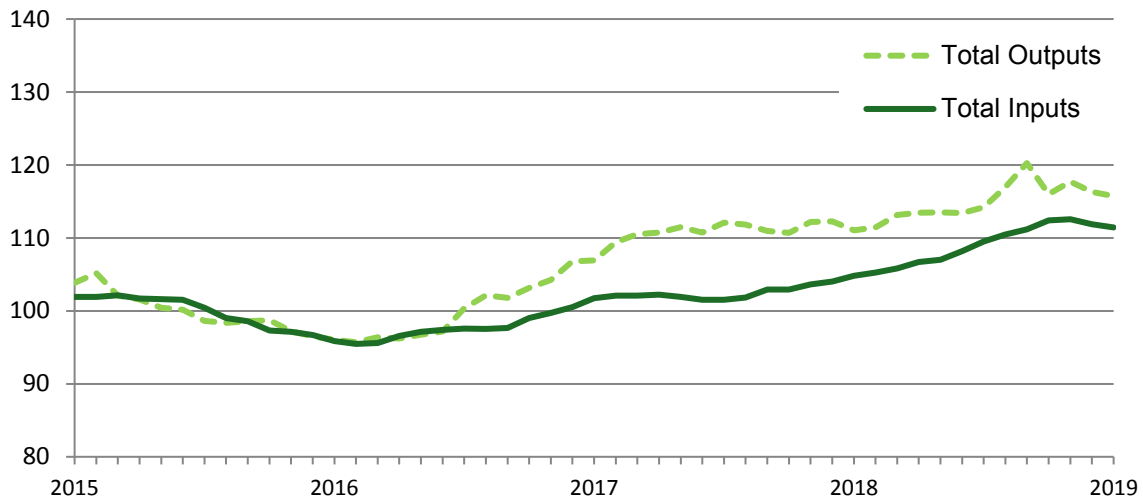
### Key points at January 2019

- Outputs show a slight decline on the previous month (-0.6 points), driven by declines in cereal and milk prices, although increases in oat and sheep prices go against this general trend.
- Outputs show an overall annual increase over January 2018 (4.7 points), with significant increases in cereal and potato prices largely responsible for this. This increase was slightly offset by falling prices for forage crops and fresh fruit.
- Inputs also show a slight decline on the previous month (-0.4 points), largely as a result of falling energy prices.
- In contrast, inputs show a substantial rise in comparison to January 2018 (6.6 points), with this annual increase driven by price rises across the majority of inputs. The most significant of these were large increases in energy, fertilisers, and feeding stuff prices.

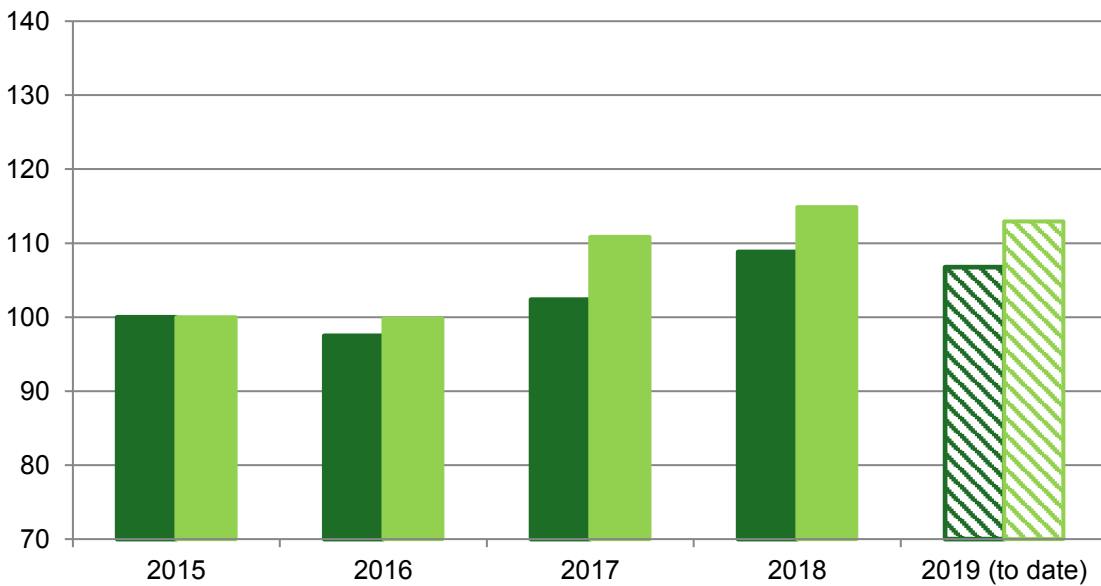
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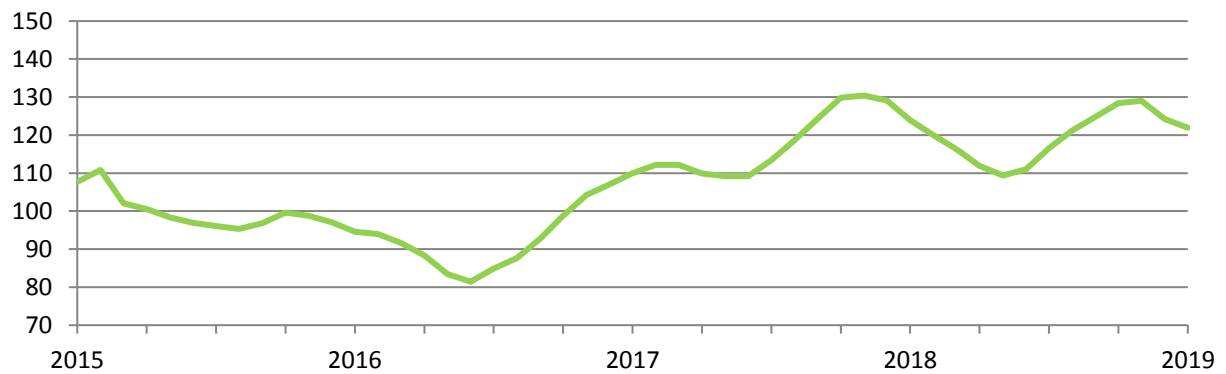
**Figure 1: Monthly indices for total Outputs and total Inputs to January 2019 (2015=100)**



**Figure 2: Annual average indices for total Inputs and total Outputs to January 2019 (2015=100)**

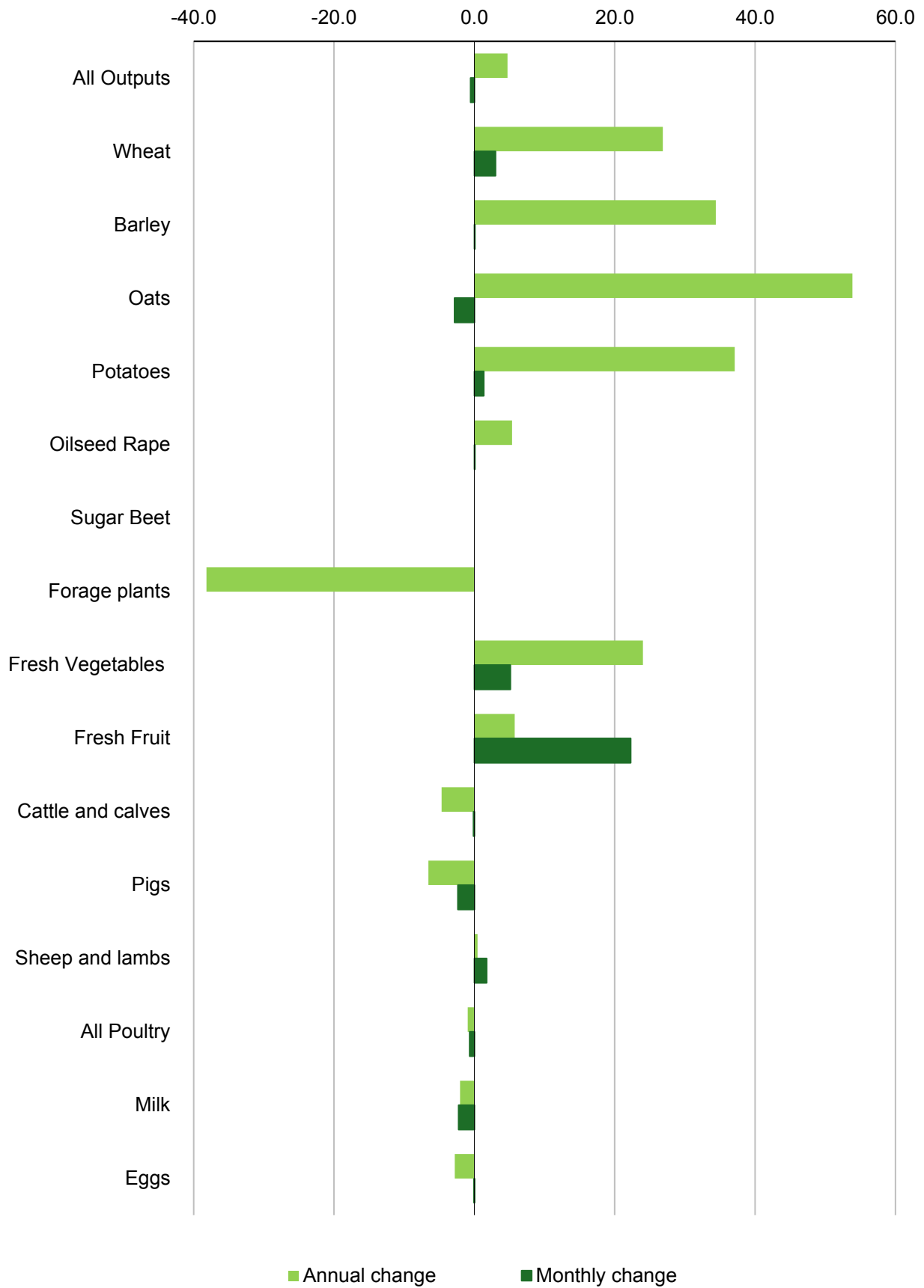


**Figure 3: Milk price index to January 2019<sup>1</sup> (2015=100)**



<sup>1</sup> For more detail visit <https://www.gov.uk/government/collections/milk-prices-and-composition>

**Figure 4: Monthly and annual index changes for selected outputs (2015=100)**



**Figure 5: Monthly and annual index changes for selected inputs (2015=100)**



**Table 1 Index of Prices of Agricultural Outputs and Inputs UK (2015=100)**

|  | Jan-18 | Dec-18 | Jan-19 | Yearly<br>January 2018<br>to January<br>2019 | Monthly<br>December<br>2018 to<br>January<br>2019 |
|--|--------|--------|--------|--|---|
| <b>All Outputs</b>                                   | 111.0  | 116.3  | 115.7  | 4.7  | -0.6  |
| <b>Crop products</b>                                 | 112.4  | 130.1  | 132.2  | 19.8   | 2.1   |
| Cereals  | 119.6  | 146.7  | 148.9  | 29.3   | 2.2   |
| Wheat  | 118.4  | 142.3  | 145.2  | 26.8   | 3.0   |
| Barley   | 125.3  | 159.7  | 159.7  | 34.4   | 0.1   |
| Oats   | 114.5  | 171.2  | 168.3  | 53.9   | -2.8  |
| Potatoes   | 101.1  | 136.9  | 138.2  | 37.1   | 1.3   |
| Industrial Crops                                     | 109.7  | 119.0  | 119.7  | 10.0   | 0.7   |
| Oilseed Rape   | 122.5  | 127.8  | 127.9  | 5.4  | 0.1   |
| Forage plants  | 154.5  | 116.3  | 116.3  | -38.2  | 0.0   |
| Fresh Vegetables                                     | 102.1  | 121.0  | 126.1  | 24.0   | 5.1   |
| Fresh Fruit  | 127.5  | 110.9  | 133.2  | 5.7  | 22.3  |
| <b>Animals and animal products</b>                   | 110.3  | 108.6  | 107.4  | -2.9   | -1.2  |
| Animals  | 105.9  | 102.9  | 102.6  | -3.3   | -0.2  |
| Cattle and calves                                    | 105.0  | 100.4  | 100.3  | -4.7   | -0.1  |
| Pigs   | 112.2  | 108.0  | 105.6  | -6.6   | -2.4  |
| Sheep and lambs                                      | 107.4  | 106.1  | 107.8  | 0.4  | 1.7   |
| All Poultry  | 103.0  | 102.7  | 102.0  | -0.9   | -0.7  |
| Animal products                                      | 118.3  | 117.7  | 116.1  | -2.2   | -1.6  |
| Milk   | 123.9  | 124.2  | 121.9  | -2.0   | -2.3  |
| Eggs   | 84.0   | 81.2   | 81.2   | -2.8   | 0.0   |
| <b>All Inputs</b>                                    | 104.8  | 111.9  | 111.5  | 6.6  | -0.4  |
| <b>All goods and services currently consumed</b>     | 105.1  | 112.7  | 112.2  | 7.1  | -0.5  |
| Seeds  | 104.8  | 104.4  | 104.4  | -0.5   | 0.0   |
| Energy and lubricants                                | 112.5  | 121.7  | 118.0  | 5.6  | -3.7  |
| Fertilisers and soil improvers                       | 95.9   | 110.1  | 107.7  | 11.8   | -2.4  |
| Plant protection products                            | 106.4  | 103.6  | 104.4  | -2.0   | 0.8   |
| Veterinary services                                  | 101.3  | 115.0  | 115.1  | 13.9   | 0.1   |
| Animal feedingstuffs                                 | 105.6  | 119.0  | 119.0  | 13.4   | 0.0   |
| Straight feedingstuffs                               | 109.2  | 128.0  | 128.1  | 18.9   | 0.1   |
| Compound feedingstuffs                               | 103.9  | 114.8  | 114.8  | 10.9   | 0.0   |
| Vehicle maintenance                                  | 105.2  | 107.9  | 108.0  | 2.7  | 0.1   |
| Building maintenance                                 | 107.0  | 110.9  | 110.9  | 3.9  | 0.1   |
| Other goods and services                             | 105.5  | 106.1  | 106.1  | 0.6  | 0.0   |
| <b>Goods and services contributing to investment</b> | 103.7  | 108.1  | 108.1  | 4.4  | 0.1   |
| Materials  | 102.7  | 107.7  | 107.7  | 5.0  | 0.0   |
| Buildings  | 105.9  | 108.8  | 108.9  | 3.0  | 0.1   |

## Background

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.

## 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 estimates are made based on previous values 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 price point is assigned a weight which reflects its contribution to the overall index. The weights for each item represent their annual monetary value from the Agricultural Accounts. For example, if the annual value of animal feed purchased is three times more than fertilisers then the annual weight for animal feed will also be three times more than for fertiliser. Where monthly data is available, monthly and quarterly weights for outputs reflect the pattern of sales volumes across the year. For example, if the volume of sales for apples in October is double that in June, then the October weight for apples is double the weight for June. Monthly and quarterly weights for input items do not vary within the year. The weights are recalculated every five years to reflect more recent data. The April 2018 index was the first to be produced using weights based on 2015, replacing weights based on 2010.

## Revisions

Figures in this notice are provisional and subject to revision.