



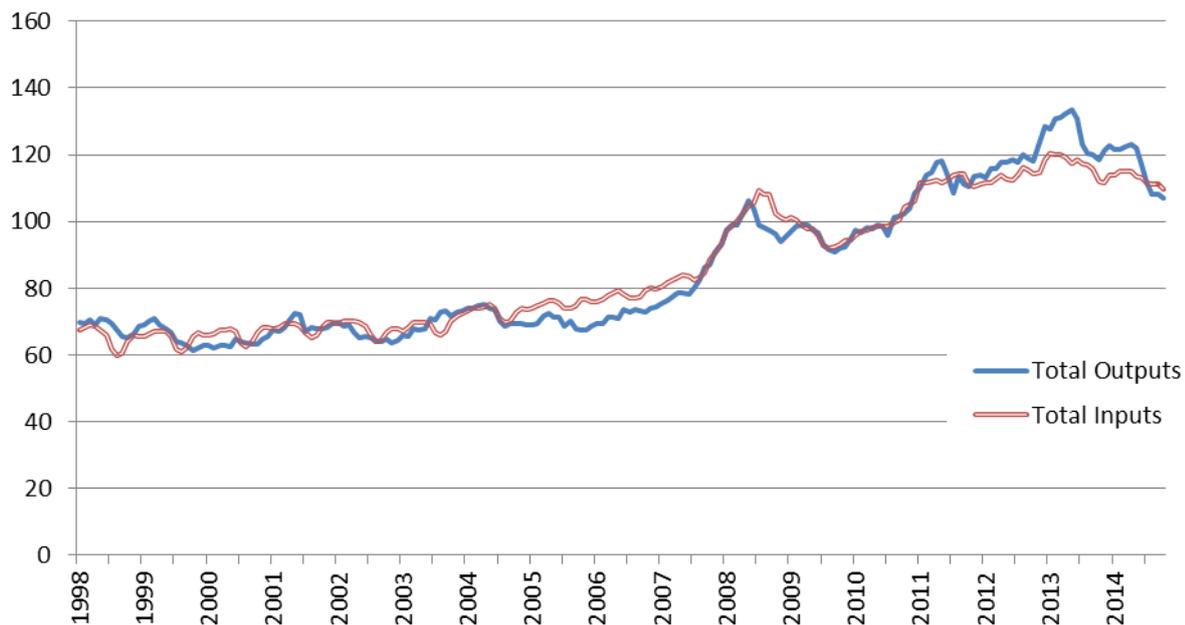
## October Agricultural Price Index

The Agricultural Price Index (API) measures the monthly 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

**Figure 1: Agricultural price indices (2010=100)**



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In October the monthly price index for all outputs fell by 1.27%. The price index for all inputs fell by 1.39%.

Overall the prices are lower than the same time last year with the price index for all outputs and inputs down 9.7% and 2.1% respectively.

### *Output*

Compared to last month the price index for all crop products fell by 2.7%.

The fresh fruit price index fell 1.36% in October.

Apple and pear prices continued to fall as supply outstripped demand. Cox's were down 13.5% and dessert pears dropped 17.5% as foreign imports increased pressure on the price.

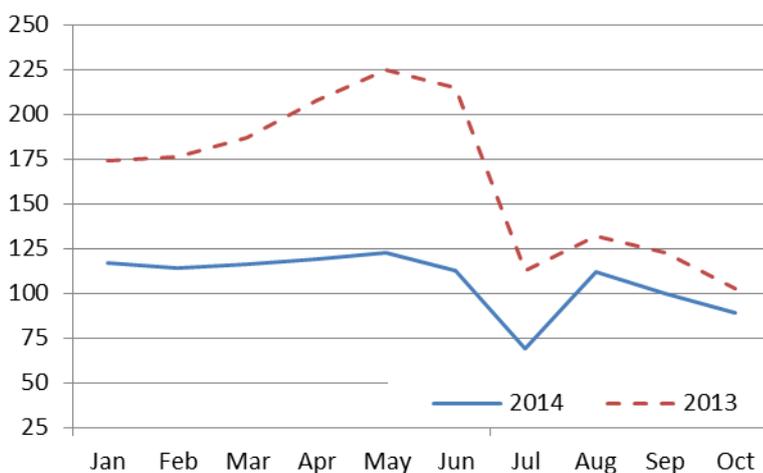
Demand for soft fruit was mixed. Raspberries rose by 24.5% over the month despite mixed availability.

The fresh vegetable price index fell 5.11% in October.

Cauliflower prices fell 36.5% as supply continued to outstrip demand. Cucumbers rose 22.1% due to short supply.

Main crop potatoes dropped by 11.2% in October as supply continued to outstrip demand. Overall potatoes were down 13.5% on this time last year as shown in figure 2.

**Figure 2: Potato price index**



The milk price continues to fall and is 3.32% down on September and 11.6% down on October 2013. Continued high levels of domestic milk production and low global dairy commodity prices have pushed the price down and is in contrast to the seasonal uplift usually seen in prices at this time of year.

Pig prices continue to fall and are 2.53% down on September and 11.6% down on October 2013. Demand continues to be weak whilst supplies have been high. Also, having previously had only a modest effect on prices, the Russian ban on imports of EU pork is now beginning to bite. With freezers and cold stores reported to be full of supplies which might previously have been sent to Russia, demand for slaughter pigs has fallen

## *Inputs*

Animal feed prices fell slightly in October.

Straight feed fell by 3.3% while compound feed prices fell by 0.1%. Straight feed prices fell due to the continuing weakness in cereal prices.

## **Data updates**

### *Output*

The Sugar Beet prices from October 2013 to September 2014 have been amended due to revised data being available.

The Animal and animal products figure has been amended back to May 2014 due to revised data being available.

## **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) use 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)**

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	1 month change	12 month change
<b>All Outputs</b>	121.9	117.0	111.5	108.0	108.2	106.8	-1.3%	-9.7%
<b>Crop products</b>	120.0	111.3	104.2	100.4	100.6	97.9	-2.7%	-11.9%
Cereals	138.6	132.8	126.8	106.9	103.9	101.0	-2.8%	-24.5%
Wheat	139.0	134.1	130.8	107.5	103.2	99.5	-3.6%	-25.4%
Barley	138.1	128.8	118.3	106.2	105.9	105.5	-0.4%	-20.6%
Oats	126.2	117.7	120.1	100.7	99.3	100.6	1.3%	-36.0%
Potatoes	122.4	112.7	68.7	112.1	99.9	89.0	-10.9%	-13.5%
Industrial Crops	116.0	112.1	98.2	88.3	97.9	98.0	0.0%	-11.4%
Oilseed Rape	119.0	113.9	97.1	85.9	88.2	88.7	0.6%	-19.6%
Sugar Beet	106.7	106.7	106.7	106.7	106.7	105.7	-1.0%	-1.0%
Forage plants	114.5	111.8	109.5	100.6	98.5	95.7	-2.9%	-9.0%
Fresh Vegetables	100.6	105.2	96.0	91.7	91.8	87.1	-5.1%	-10.3%
Fresh Fruit	90.6	73.5	100.1	103.3	99.9	98.5	-1.4%	9.6%
Flowers and plants	114.4	114.6	114.6	111.6	113.3	113.8	0.5%	0.1%
Other crop products	98.7	98.7	98.7	98.7	98.7	98.7	0.0%	0.0%
<b>Animals and animal products</b>	123.4	121.6	117.4	115.2	114.7	112.3	-2.0%	-8.5%
Animals (for slaughter & export)	118.3	116.6	111.5	108.1	108.6	108.2	-0.3%	-7.4%
Cattle and calves	119.3	118.1	118.3	122.3	124.4	120.8	-2.9%	-8.5%
Pigs	115.5	115.3	113.6	111.4	109.9	107.1	-2.5%	-11.6%
Sheep and lambs	129.0	129.1	104.6	96.0	88.6	90.1	1.7%	-5.7%
All Poultry	113.8	109.1	105.5	96.3	100.5	104.4	3.8%	-4.2%
Animal products	129.7	128.0	127.1	125.3	124.1	120.5	-2.9%	-10.4%
Milk	130.7	128.4	127.9	126.0	124.6	120.4	-3.3%	-11.6%
Eggs	124.2	124.2	119.5	119.5	119.5	119.5	0.0%	-7.1%

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

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	1 month change	12 month change
<b>All Inputs</b>	113.4	113.2	111.7	111.3	111.1	109.5	-1.4%	-2.1%
<b>All goods and services currently consumed in agriculture</b>	114.4	114.2	112.1	111.6	111.3	109.4	-1.7%	-3.6%
Seeds	104.6	104.6	97.9	97.9	97.9	98.0	0.1%	-6.2%
Energy and lubricants	120.2	118.7	119.1	117.7	117.9	116.0	-1.6%	-4.5%
Fertilisers and soil improvers	104.8	101.1	106.0	105.8	107.7	106.4	-1.2%	3.9%
Plant protection products	102.9	100.5	99.5	123.6	104.8	96.9	-7.5%	2.6%
Veterinary services	106.9	107.0	106.9	107.0	107.4	107.4	0.0%	1.5%
Animal feedingstuffs	127.9	126.1	118.8	115.4	115.0	113.1	-1.7%	-10.9%
Straight feedingstuffs	130.5	126.4	116.8	109.1	107.2	103.6	-3.3%	-19.9%
Compound feedingstuffs	126.0	125.9	120.3	120.1	119.7	119.6	-0.1%	-4.6%
Maintenance of Materials	110.1	110.3	110.3	110.7	110.5	110.6	0.1%	1.3%
Maintenance of Buildings	110.9	111.5	111.1	111.1	110.9	110.9	0.0%	1.1%
Other goods and services	110.7	110.6	110.1	109.0	108.9	109.1	0.2%	0.4%
<b>Goods and services contributing to investment</b>	108.2	108.3	109.8	109.9	110.0	110.1	0.1%	7.0%
Materials	107.7	107.7	110.2	110.3	110.6	110.7	0.2%	10.6%
Buildings	108.3	108.8	108.5	108.5	108.4	108.4	0.0%	0.4%
Other (Engineering and soil improvement operations)	110.4	111.0	110.5	110.2	110.1	110.1	0.0%	1.8%