



13 February 2013

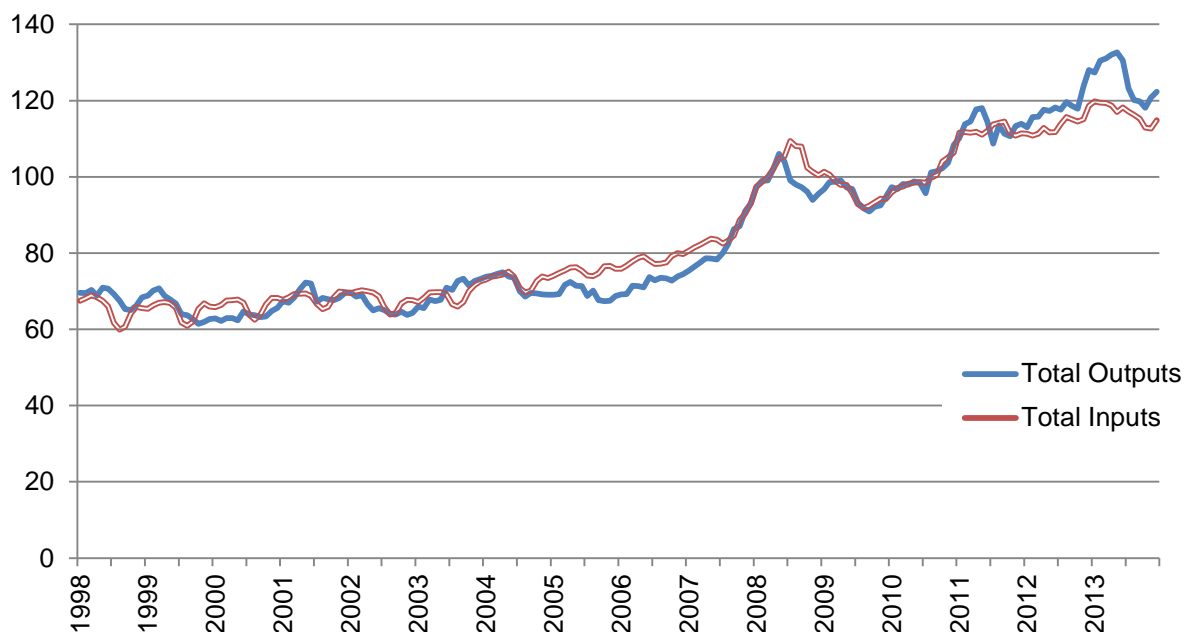
## December Agricultural Price Index

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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The price index for all outputs rose by 1.3% in December and is now 4.5% lower than the same time last year. The price index for all inputs rose by 1.9% in December and is now 3.1% lower than this time last year.

The annual price index represents the average price for the whole year. The annual index for outputs rose by 5.7% when compared to 2012 while the annual index for inputs rose by 2.9% compared to 2012.

### Output

Milk prices fell for the first time in 6 months but are still 14% higher than the same time last year. Fresh vegetable prices rose by 12% during December, mainly due to increased cauliflower prices where supplies were short. Fresh fruit prices rose by 6.1% during December. The rise in fresh fruit is largely due to a price increase in cooking apples due to reduced supplies and strong demand.

The annual index for outputs has risen 5.7% compared to 2012. The annual potato price index was 28% higher than in 2012. This was due to the weather affected harvest in 2012 which led to high prices as supplies were low. Following a better harvest in 2013 prices returned to normal. A similar picture was seen for many of the crops with higher prices at the start of the year when supplies were low. The annual animal product index was 12% higher than in 2012 due to the increased prices for milk, eggs and wool clip.

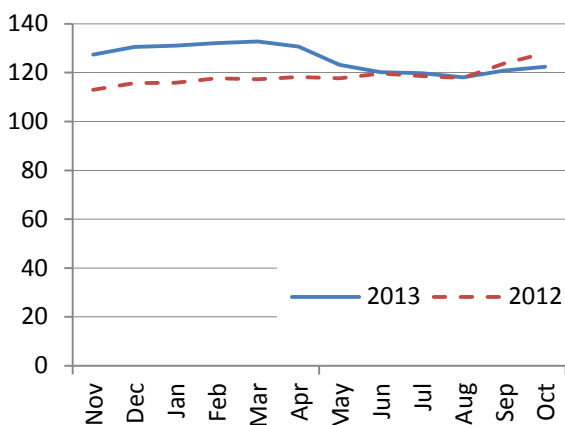
### Inputs

Input prices rose by 1.9% in December. Energy and lubricants increased by 4.6% during December and are currently 4.3% higher than last year. Fertiliser prices rose for the first time in four months, where increases were seen in both straight and compound fertilisers due to higher urea values.

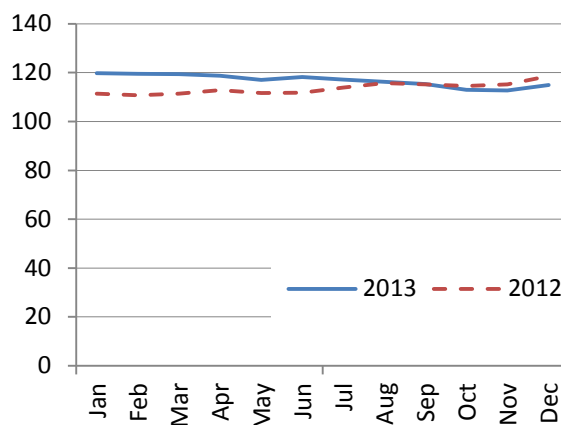
The annual index for inputs rose by 2.9% compared to 2012. Animal feedingstuffs and fertilisers had the biggest impact on the annual input index. Animal feedingstuffs increased by 10% in 2013. This was due to high prices seen at the start of 2013 when supplies were short due to the poor harvest in 2012. This increase was offset by a similar 10% decrease in the overall fertiliser price in 2013.

Figures 2 to 7 compare price indices for key commodities between 2013 and 2012.

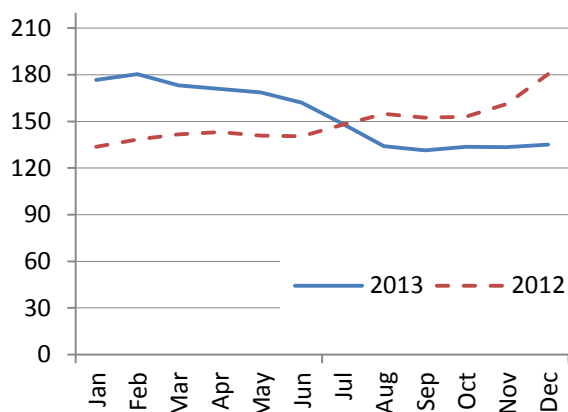
**Figure 2 Output price index**



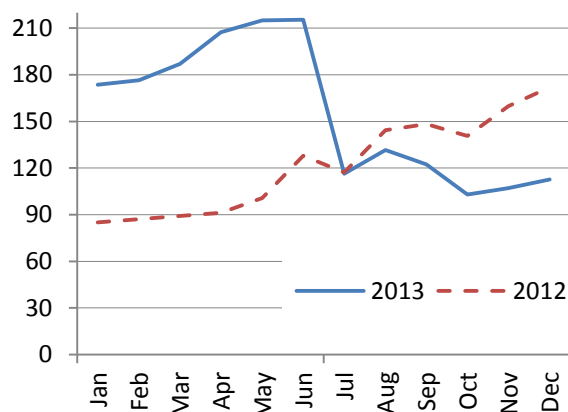
**Figure 3 Input price index**



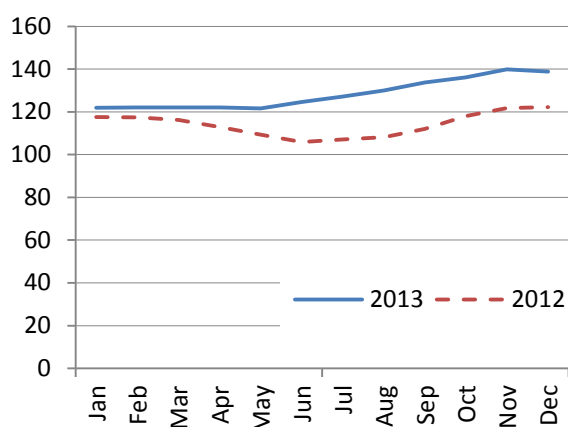
**Figure 4 Cereals price index**



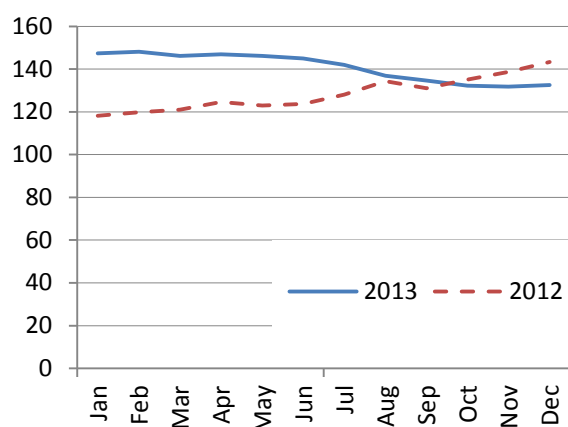
**Figure 5 Potatoes price index**



**Figure 6 Milk price index**



**Figure 7 Animal feedingstuff price index**



## 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)**

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	1 month change	12 month change
<b>All Outputs</b>	130.6	123.1	120.1	119.8	118.1	120.8	122.3	1.3%	-4.5%
<b>Crop products</b>	136.0	119.0	115.6	115.8	110.4	115.7	119.5	3.3%	-18.7%
Cereals	162.0	148.5	134.0	131.3	133.7	133.3	135.0	1.2%	-25.2%
Wheat	160.2	148.2	133.9	131.5	133.3	133.7	136.8	2.3%	-22.9%
Barley	166.8	146.9	132.5	129.1	132.9	133.5	132.1	-1.0%	-29.0%
Oats	187.5	175.9	149.8	157.1	157.2	117.9	115.2	-2.2%	-43.7%
Potatoes	215.3	116.3	131.6	122.4	102.9	107.1	112.7	5.3%	-34.4%
Industrial Crops	134.7	122.6	113.7	117.3	110.6	111.0	110.8	-0.1%	-12.7%
Oilseed Rape	143.1	124.6	114.6	121.9	110.2	111.9	111.7	-0.2%	-19.1%
Sugar Beet	108.0	108.0	108.0	108.0	108.0	108.0	108.0	0.0%	0.0%
Forage plants	119.6	120.8	112.1	104.1	103.4	104.8	107.6	2.7%	-3.8%
Fresh Vegetables	119.5	110.1	104.3	105.7	96.7	96.3	107.4	11.5%	-3.5%
Fresh Fruit	104.5	91.1	95.5	106.5	91.2	96.4	102.3	6.1%	-28.6%
Flowers and plants	108.9	108.9	108.6	110.6	108.1	109.9	110.3	0.4%	-0.2%
Other crop products	114.2	114.2	114.2	114.2	114.2	114.2	114.2	0.0%	0.0%
<b>Animals and animal products</b>	126.2	126.4	124.4	123.2	122.9	124.5	124.1	-0.3%	6.9%
Animals (for slaughter & export)	126.6	125.7	120.6	117.0	116.9	116.7	115.8	-0.8%	3.5%
Cattle and calves	143.0	141.2	138.8	137.5	132.0	130.5	134.3	2.9%	0.1%
Pigs	117.5	118.8	118.5	120.1	121.2	120.9	120.8	-0.1%	6.4%
Sheep and lambs	119.4	113.1	102.9	93.4	95.6	95.7	98.0	2.4%	14.7%
All Poultry	113.1	116.5	110.8	103.8	108.9	111.1	105.1	-5.4%	3.1%
Animal products	125.7	127.7	129.9	132.9	134.9	137.9	137.0	-0.6%	11.7%
Milk	124.5	127.2	130.1	133.7	136.2	139.9	138.9	-0.7%	13.7%
Eggs	131.9	129.0	129.0	129.0	128.7	128.7	128.7	0.0%	-0.4%

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

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	1 month change	12 month change
<b>All Inputs</b>	118.2	117.1	116.3	115.3	112.9	112.7	114.9	1.9%	-3.1%
<b>All goods and services currently consumed in agriculture</b>	121.3	119.9	118.8	117.5	114.8	114.7	117.3	2.3%	-3.9%
Seeds	109.0	87.6	87.0	87.0	95.8	95.8	95.8	0.0%	3.1%
Energy and lubricants	122.2	122.1	124.6	125.1	121.5	119.6	125.2	4.6%	4.3%
Fertilisers and soil improvers	114.6	113.9	114.2	112.4	102.4	100.8	102.7	1.9%	-15.7%
Plant protection products	98.6	98.7	98.6	98.6	98.7	98.8	99.0	0.2%	0.3%
Veterinary services	105.8	105.7	105.8	105.8	105.8	105.8	105.8	0.0%	0.8%
Animal feedingstuffs	144.9	142.0	136.8	134.7	132.2	131.8	132.5	0.5%	-7.6%
Straight feedingstuffs	157.0	151.9	139.6	135.2	129.3	128.1	129.1	0.8%	-20.0%
Compound feedingstuffs	137.2	134.8	134.8	134.3	134.2	134.2	134.7	0.3%	2.3%
Maintenance of Materials	108.4	108.2	108.4	108.9	109.1	109.3	109.3	0.0%	2.5%
Maintenance of Buildings	109.9	110.1	110.2	109.8	109.7	110.1	110.5	0.4%	1.1%
Other goods and services	109.7	109.9	109.2	108.2	107.9	108.2	108.9	0.7%	1.1%
<b>Goods and services contributing to investment</b>	102.9	103.2	103.1	103.0	102.8	103.0	103.2	0.1%	1.1%
Materials	100.4	100.7	100.5	100.5	100.1	100.3	100.4	0.1%	0.7%
Buildings	107.4	107.7	107.8	107.5	107.5	107.8	108.0	0.3%	0.9%
Other (Engineering and soil improvement operations)	107.1	108.1	107.7	107.6	108.2	108.6	108.6	0.0%	3.6%

**Table 3 Annual Index of Agricultural Outputs UK (2010=100)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>All Outputs</b>	70.1	71.6	69.6	72.3	82.2	98.9	95.0	100.0	113.2	118.6	125.4
<b>Crop products</b>	70.1	71.9	67.4	73.2	88.0	103.6	89.1	100.0	118.4	124.1	128.4
Cereals	63.7	69.4	59.5	66.2	96.8	124.0	89.6	100.0	144.8	149.7	153.1
Wheat	62.2	68.5	57.0	64.2	93.2	121.5	90.5	100.0	141.7	144.3	151.9
Barley	68.9	72.5	66.1	71.5	107.9	132.6	88.0	100.0	150.3	160.9	154.4
Oats	59.2	64.0	67.6	73.6	91.9	113.1	82.7	100.0	177.8	190.1	173.7
Potatoes	67.9	90.2	70.3	92.1	104.4	108.7	86.6	100.0	107.1	121.9	155.7
Industrial Crops	71.4	69.9	62.4	64.7	73.6	112.4	93.5	100.0	131.2	129.3	122.0
Oilseed Rape	61.4	58.8	49.3	58.9	69.7	118.7	91.5	100.0	143.3	139.1	127.0
Sugar Beet	103.1	104.9	101.5	81.2	83.7	93.6	99.0	100.0	96.5	101.7	108.0
Forage plants	52.7	57.6	62.6	62.8	73.7	80.5	84.1	100.0	112.6	106.2	113.0
Fresh Vegetables	83.0	76.1	79.3	85.3	93.3	91.9	87.8	100.0	94.3	107.1	110.1
Fresh Fruit	87.8	77.3	73.9	77.3	84.0	96.6	95.6	100.0	98.0	103.5	105.6
Flowers and plants	72.6	70.9	71.5	73.6	77.5	83.6	86.6	100.0	101.4	110.4	109.4
Other crop products	46.3	45.5	89.3	93.1	83.7	79.1	103.7	100.0	114.2	114.2	114.2
<b>Animals and animal products</b>	70.0	71.4	71.1	71.7	78.0	95.6	99.3	100.0	109.5	114.7	123.3
Animals (for slaughter & export)	67.9	68.8	69.0	71.0	73.9	90.2	100.8	100.0	109.6	114.6	120.0
Cattle and calves	63.2	66.7	67.3	73.8	75.0	98.4	104.9	100.0	116.4	129.3	137.7
Pigs	72.7	73.2	73.5	74.2	76.0	89.5	103.1	100.0	102.1	106.3	116.7
Sheep and lambs	67.8	67.0	61.8	63.4	56.7	72.1	91.1	100.0	112.3	105.1	102.0
All Poultry	72.1	71.0	73.4	70.1	81.0	89.5	99.5	100.0	102.9	105.0	109.2
Animal products	73.3	75.5	74.5	72.7	84.3	104.1	96.9	100.0	109.4	114.8	128.5
Milk	73.2	74.9	74.9	72.8	84.3	105.2	96.1	100.0	111.0	113.8	128.2
Eggs	76.5	81.0	74.7	76.9	87.8	103.2	105.7	100.0	99.9	124.0	130.8

**Table 4 Annual Index of Agricultural Inputs UK (2010=100)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>All Inputs</b>	69.0	72.9	75.3	78.1	84.8	103.2	95.9	100.0	112.2	113.6	116.8
<b>All goods and services currently consumed in agriculture</b>	66.2	70.8	73.2	76.2	83.6	105.0	95.7	100.0	113.9	115.9	119.5
Seeds	66.9	82.5	93.5	86.3	97.2	111.2	105.0	100.0	105.8	93.6	101.0
Energy and lubricants	49.9	54.3	67.3	75.8	78.2	107.0	88.3	100.0	118.2	122.4	123.4
Fertilisers and soil improvers	47.8	53.8	58.9	62.6	67.8	148.5	102.3	100.0	130.4	125.2	113.1
Plant protection products	89.3	92.1	94.9	97.3	98.8	100.9	102.8	100.0	99.8	97.0	98.8
Veterinary services	82.0	84.5	83.9	89.8	91.2	87.6	88.0	100.0	102.0	103.5	106.1
Animal feedingstuffs	64.8	68.9	63.7	66.0	80.1	103.7	95.4	100.0	120.7	128.5	140.8
Straight feedingstuffs	62.9	66.9	60.0	62.6	81.7	106.1	90.1	100.0	122.9	135.7	147.6
Compound feedingstuffs	66.0	70.3	66.2	68.2	79.1	102.2	98.9	100.0	119.2	123.7	136.2
Maintenance of Materials	70.3	74.2	79.0	83.5	86.6	91.6	95.8	100.0	104.9	106.5	108.3
Maintenance of Buildings	70.3	73.7	76.8	81.6	87.7	94.0	93.8	100.0	107.4	109.8	110.1
Other goods and services	73.5	76.8	81.1	83.6	88.3	93.0	93.3	100.0	106.0	107.2	108.9
<b>Goods and services contributing to investment</b>	82.8	83.6	86.2	87.9	90.9	94.3	96.9	100.0	103.6	101.7	102.9
Materials	87.9	87.2	89.4	90.0	91.8	94.3	97.3	100.0	103.0	99.1	100.4
Buildings	71.7	75.5	79.0	83.7	89.3	95.0	95.2	100.0	105.8	107.4	107.7
Other (Engineering and soil improvement operations)	77.3	80.0	83.4	84.9	89.0	93.1	97.9	100.0	102.5	104.5	107.2