



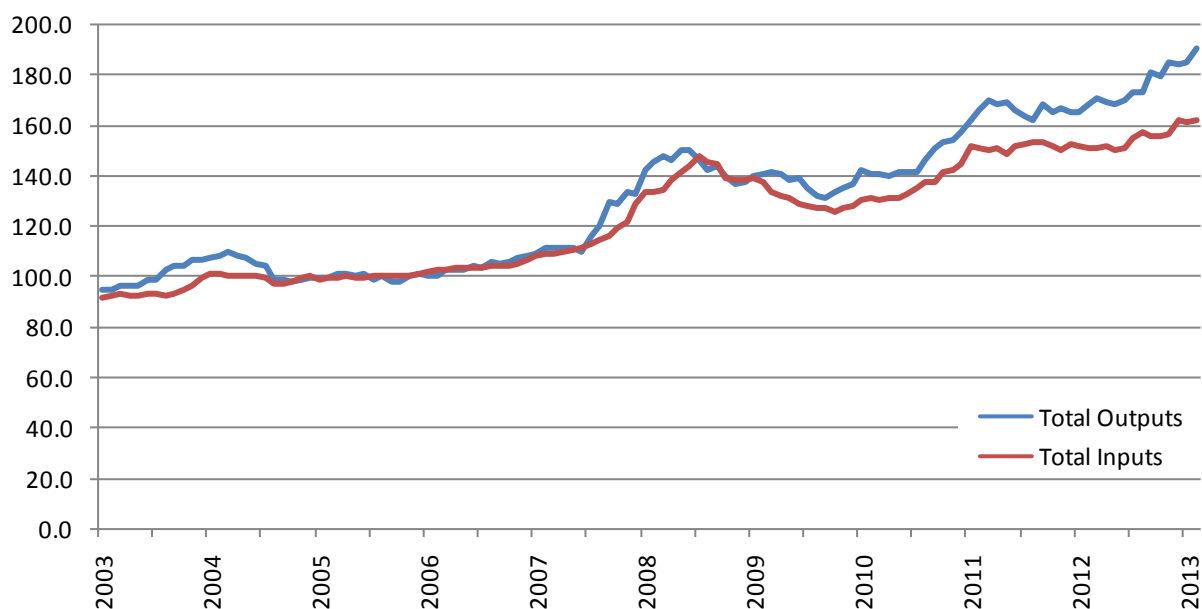
February Agricultural Price Index

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 (2005=100)



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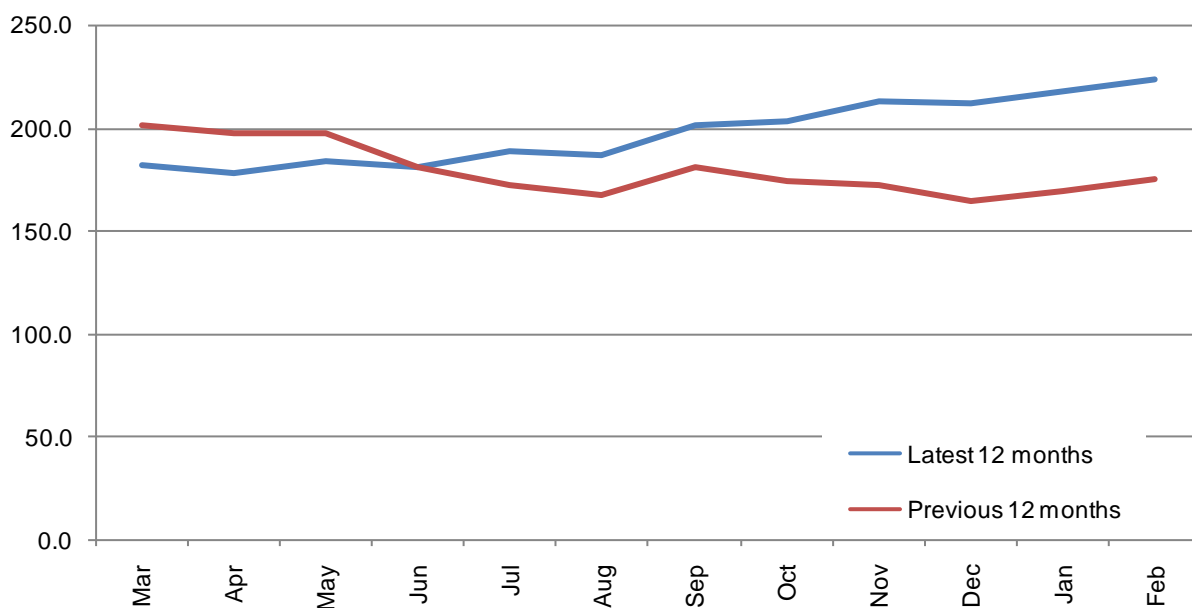
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The February price index for all agricultural outputs rose by 2.9% and is 13.1% higher than the same time last year. The index for all agricultural inputs rose by 0.5% in February and is 7.5% up on February 2012.

Outputs

Crop prices remain high following the wet harvest in 2012. The crop product index rose by 2.9% in February and is 28% higher than this time last year. It is noticeable that nearly three quarters (73%) of this increase occurred over the last 6 months, see figure 2.

Figure 2: Crop products price indices (2005=100)



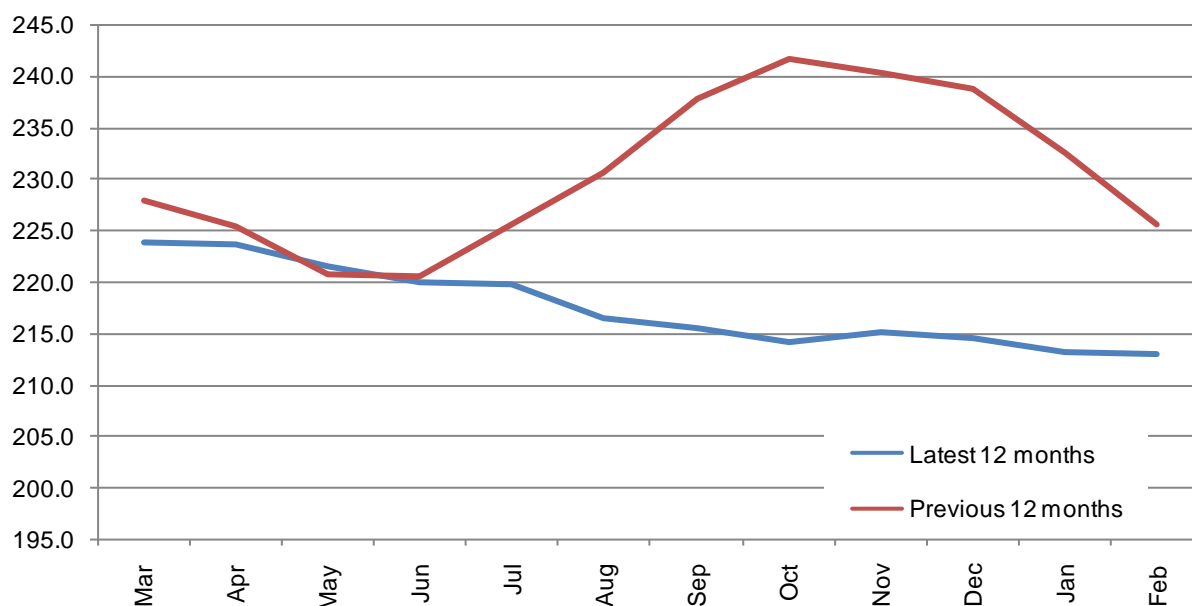
Animal and animal product prices show little change and were not affected by the bad weather as the crop products were. Overall animal and animal product prices are 2.8% higher than this time last year.

Inputs

The poor 2012 cereal and forage harvest due to the wet weather has seen an increase in the price of animal feeding stuffs. Animal feeding stuff is 18% higher than this time last year which is predominately due to a 25% increase in straight feeding stuff.

Fertiliser prices remain below last year prices as demand remains low due to the bad weather that affected autumn and spring plantings, see figure 3. The price for fertiliser and soil improvers are 5% below their position last year.

Figure 3: Fertiliser and soil improvers' price indices (2005=100)



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 2005.

Table 1 Index of Agricultural Outputs UK (2005=100)

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	1 month change	12 month change
All Outputs	180.7	179.7	185.3	184.6	185.2	190.6	2.9%	13.1%
Crop products	201.2	203.8	213.3	212.9	218.6	224.3	2.6%	27.8%
Cereals	260.6	264.0	277.7	305.8	299.9	306.2	2.1%	31.3%
Wheat	268.2	269.6	286.0	315.7	305.3	315.0	3.2%	37.1%
Barley	242.7	246.2	257.2	285.3	284.0	278.0	-2.1%	16.9%
Oats	270.9	288.9	303.9	310.6	309.3	312.9	1.2%	13.3%
Potatoes	204.5	194.1	220.3	237.1	237.1	243.4	2.7%	102.3%
Industrial Crops	179.3	183.4	180.4	178.9	160.5	162.6	1.4%	6.7%
Oilseed Rape	288.4	288.0	282.9	279.1	280.5	287.7	2.6%	5.7%
Sugar Beet	98.2	106.5	106.5	106.5	106.5	106.5	0.0%	8.5%
Forage plants	186.4	190.3	207.6	213.5	222.1	223.9	0.8%	11.8%
Fresh Vegetables	146.8	151.7	150.0	154.2	149.8	153.6	2.5%	33.7%
Fresh Fruit	141.1	172.2	169.2	183.9	168.1	178.3	6.1%	30.9%
Flowers and plants	165.8	164.7	164.6	166.6	164.1	164.8	0.4%	-0.3%
Other crop products	132.2	132.2	132.2	132.2	132.5	132.5	0.0%	0.2%
Animals and animal products	161.8	162.6	165.3	167.4	166.3	168.5	1.3%	2.8%
Animals (for slaughter & export)	167.2	163.2	165.3	169.0	167.0	171.1	2.5%	1.5%
Cattle and calves	188.0	182.9	188.6	197.1	194.6	195.2	0.3%	6.2%
Pigs	147.0	151.5	153.8	154.3	152.2	149.3	-1.9%	10.9%
Sheep and lambs	155.1	141.9	138.8	137.4	133.4	146.7	9.9%	-24.2%
All Poultry	155.2	157.2	157.1	160.4	161.4	160.1	-0.8%	6.5%
Animal products	154.0	161.7	165.4	165.2	165.3	164.8	-0.3%	4.9%
Milk	149.5	157.6	162.7	163.1	162.5	162.4	-0.1%	3.6%
Eggs	176.8	181.3	181.3	181.3	183.5	183.5	0.0%	14.9%

Table 2 Index of Agricultural Inputs UK (2005=100)

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	1 month change	12 month change
All Inputs	156.0	156.2	157.1	157.1	162.2	161.8	-0.2%	7.5%
All goods and services currently consumed in agriculture	162.6	162.3	163.9	163.9	170.1	169.6	-0.3%	8.6%
Seeds	106.7	139.9	139.9	139.9	139.9	139.9	0.0%	17.1%
Energy and lubricants	185.8	184.3	178.5	178.5	180.9	180.8	-0.1%	-0.3%
Fertilisers and soil improvers	215.5	214.2	215.2	215.2	214.7	213.2	-0.7%	-5.5%
Plant protection products	107.0	106.1	106.3	106.3	105.2	105.2	0.0%	2.8%
Veterinary services	124.2	124.2	125.4	125.4	125.4	126.8	1.2%	5.3%
Animal feedingstuffs	207.7	211.7	217.6	217.6	225.2	222.9	-1.0%	18.3%
Straight feedingstuffs	232.2	227.7	242.6	242.6	261.3	255.9	-2.1%	25.0%
Compound feedingstuffs	189.8	198.6	198.6	198.6	198.5	198.5	0.0%	12.5%
Maintenance of Materials	135.6	135.4	135.3	135.3	135.4	136.2	0.6%	1.2%
Maintenance of Buildings	142.5	143.3	142.7	142.7	142.1	143.0	0.6%	0.7%
Other goods and services	127.4	128.2	128.2	128.2	128.6	129.4	0.6%	2.1%
Goods and services contributing to investment	123.3	123.7	123.6	123.6	124.1	124.3	0.1%	0.3%
Materials	117.5	117.6	117.6	117.6	118.6	118.7	0.1%	0.3%
Buildings	136.0	136.6	136.2	136.2	135.8	136.4	0.4%	0.5%
Other (Engineering and soil improvement operations)	124.5	125.4	125.6	125.6	126.7	126.1	-0.4%	0.2%