



**United States Department of Agriculture
National Agricultural Statistics Service**

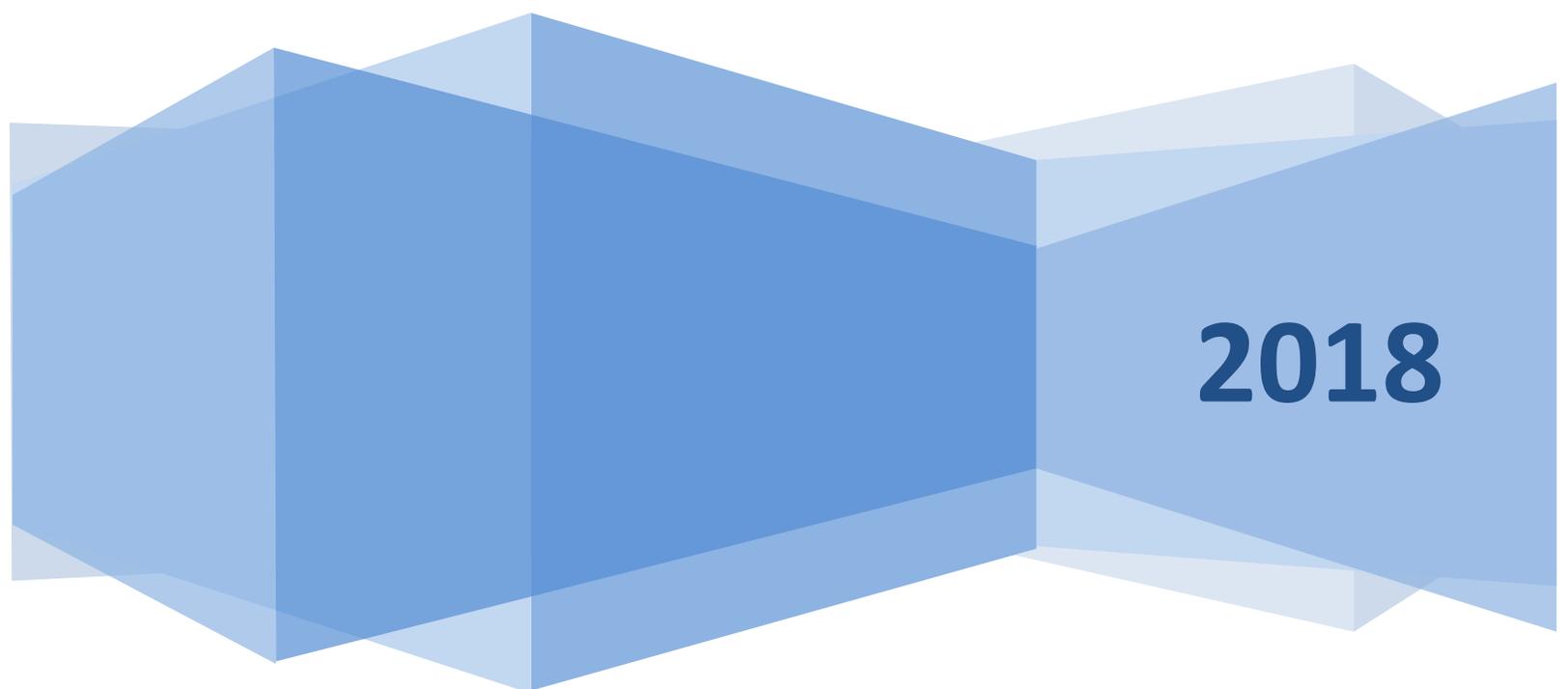


1400 Independence Ave. S.W.
Washington D.C. 20250
(202) 690 - 3223

www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Prices/index.asp

Agricultural Price Program Update

March 2018

A large, abstract graphic composed of several overlapping, semi-transparent blue polygons of various shades, creating a layered, geometric effect. The polygons are arranged in a way that suggests depth and movement, with some appearing to recede into the background while others come forward.

2018

NASS Price Program Mission, Vision, and Goal

***Mission Statement:** The National Agricultural Statistics Service (NASS) price program provides **relevant, timely, accurate and useful statistics** for use in evaluating the economic condition of the United States agricultural economy.*

***Vision Statement:** NASS strives to be a premier provider of **relevant, high quality, and useful agricultural price data**, consistent with other United States Federal and international statistical programs.*

***Goal:** The objective of the price program for indexes is to measure the general level of price change farmers pay for agricultural inputs and the general level of price change farmers receive for commodities sold.*

Overview of Program Modifications

The United States Department of Agriculture (USDA) National Agricultural Statistics Service (NASS) Price Program Team (PPT), with NASS's Senior Executive Team approval, completed a comprehensive review of the Council on Food, Agricultural and Resource Economics (C-FARE) recommendations. In addition, the PPT team considered the impact of modern technological advances occurring in agricultural production and developed plans to implement necessary program improvements. In 2018, the Vegetable and Melon Index was updated to use fresh potato prices because all potato prices were no longer available. Also, the Prices Paid Index Program was updated to include data collection of a smaller list of input items, and added methodology for quantities of sales and value of sales for weighted average prices.

Vegetable and Melon Index Update

The Vegetable and Melon Production Index is a component index of the Crop Production Index. The market basket of commodities used to construct the index covers about 90 percent of the

latest five year average of cash receipts. Price data for the index represents average prices of producer sales to first buyers and includes all classes, grades, and qualities. Lettuce, tomatoes, and potatoes account for nearly 50 percent of cash receipts in the Vegetable and Melon Index.

NASS utilizes the Market News Service (MNS) FOB price data to establish monthly prices. When the FOB price is not the price reported for the first point of sale, the price is adjusted to arrive at the first point of sale price.

Previously, an all potato price was used in constructing the Vegetable and Melon Production Index. NASS can no longer obtain an "all potato price" for this purpose. It is, therefore, necessary to obtain a substitute. The only monthly price available is a fresh potato price. NASS has evaluated the fresh price in replacing the all potato price in the index. The index using the fresh price has a very good correlation, over 98 percent for the 2013-2017 period, compared to the index constructed using the price for "all potatoes".

Index Update Implementation

The fresh price was implemented beginning with the January 2018 index published in the February 2018 *Agricultural Prices* report. Quick Stats data for the 2011=100 and 1910-1914=100 index series was updated back to January 2014. Only the Agricultural Production Index, Crop Production Index, and Livestock Production Indexes are continued for the 1910-1914=100 index series.

The following chart provides an illustrative view of the index impact using the substitute “all fresh potato price” compared to the “all potato” price. The only real

Index comparison statistics are shown in Table 1 below. The average difference for the Crop Production Index and the Agricultural Production Index is very small. The lower level index for vegetables and melons is only slightly higher.

separations occur in periods of sizeable price change resulting from abnormal production and economic environmental conditions.

Chart 3. Agricultural Production Index, 2011 Base: United States -- 2013-2017
Fresh Price and All Price Comparison



Prices Paid Program Update

In response to the NASS mission to provide timely, relevant, accurate, and useful agricultural price statistics, a prices paid index was constructed. The basis for this index provides a better measure of price change in production items agricultural producers' use in production of commodities for food, feed, and fiber. These data provide a link between production and distribution. The price data collected is from a universe sample of agri-business establishments retailing farm input items to agricultural producers. Federal regulation require that NASS publish parity prices, price indexes, and relevant price data monthly in *Agricultural Prices*.

The current prices paid index series is constructed using a direct index approach in measuring the price change from the current period base period using aggregated average prices. To better represent average prices received by producers, representing sample unit prices by volume sold provides a means to satisfy this improvement.

The NASS data collection methodology is being updated beginning with the March 2018 Annual Survey. The price data collected is being changed from obtaining the average price for an item purchased the five business days around the 15th of March. The data collected with the 2018 survey will include the quantity sold and total dollars received or an average price for the items with sales in 2017 to account for inputs in the 2018 crop year. This will provide NASS with critical information to establish a better average price to measure the price change from the base period. The current base period is 2011.

Agricultural production input price data is collected for agricultural chemicals, farm machinery, feed, fertilizer, fuels, and retail seeds. Items included in the survey are selected to best represent the input group. These items account for a large portion of the group total.

Table 1. Items Surveyed for Each Input Group

Input Group	Items Surveyed
Agricultural Chemicals	19
Farm Machinery	21
Feed	15
Fertilizer	15
Fuels	3
Retail Seeds	7

Figure 1 below provides an example of the new tractor data table in the survey questionnaire. The questionnaire also has data tables for tillage, planting, hay and forage, harvesting, and other equipment.

Figure 1. Prices Paid for New Tractors and Farm Machinery – March 2018

The information you provide will be used for statistical purposes only. Your responses will be kept confidential and any person who willfully discloses ANY identifiable information about you or your operation is subject to a jail term, a fine, or both. This survey is conducted in accordance with the Confidential Information Protection provisions of Title V, Subtitle A, Public Law 107-347 and other applicable Federal laws. For more information on how we protect your information please visit: <https://www.nass.usda.gov/confidentiality>. Response to this survey is **voluntary**.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number is 0535-0003. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

If the sample unit sold farm machinery during 2017, item 3 provides what is to be reported to complete the survey questionnaire table.

3. Report the total number of new tractors sold in 2017 to farmers/ranchers and either the total value of sales or the average price per tractor sold to farmers/ranchers in the U.S. in 2017. Report only for items listed. Exclude sales tax

TRACTOR – WHEEL TYPE [Example Models Listed]	How many of each model or comparable model were sold to farmers/ranchers in 2017?	Fill in one column below:		
		What was the Total Value of Sales in 2017?	OR	What was the Average Price per unit in 2017?
Front Wheel Assist				
30–39 PTO horsepower (JD 5045E, Farmall 35A Series II, MF2604H)		\$	OR	\$ _____
50–59 PTO horsepower (JD 5065E, Farmall 60A Series II, MF4607M)		\$	OR	\$ _____
110–129 PTO horsepower (JD 6145R, Maxxum 150, MF7714)		\$	OR	\$ _____
140–159 PTO horsepower (JD 7730R, Puma 185 Power Shift, MF7719)		\$	OR	\$ _____
190–219 PTO horsepower (JD 8245R, Puma 220 Power Shift, MF7726)		\$	OR	\$ _____
4-Wheel Drive Tractors, wheeled				
200–280 PTO horsepower (JD 8245R, Magnum 280 Power Shift, MF8732)		\$	OR	\$ _____
351–500 Engine horsepower (JD9420R, Magnum 380, MF8737)		\$	OR	\$ _____