

Deoleo 2013/14 Report and its own opinion on United States' olive oil market

Deoleo presented the Deoleo 2013/14 Report with estimates of production and consumption of the current year, which establishes that the total supplies of olive oil will exceed 2,032,000 tons in order to cover the needs of the domestic market and facilitate the increase in exports.

In the case of production, the company expects it to be above 1,700,000 tons, a record due to favorable weather, good conditions of the olive grove after a reduced harvest and increased oil yield of the fruit.

We must not forget that the latest data from the Spanish Information and Food Control Agency (AICA), on April 30th, placed olive oil production in this campaign in 1,768,100 tons, which meant an increase of 188% over the volume obtained last year and 41% higher than the average of the last four campaigns.

This result, according to Deoleo contrasts with the total of the 2012/13 campaign, which is also discussed in the report, characterized by lower yields than recent years mainly due to adverse weather conditions.

In this regard, the company stressed that new plantings and super-intensive olive groves predict bulkier and more regular crops, which may offset the decreases in production and the effects of the olive tree yielding fruit one year and none the next, caused by bad weather, thus contributing to greater price stability.

In this regard, in the current campaign, prices have maintained a downward trend reaching lows in January 2014, with 2.04 euros/kg. for extra virgin, 1.87 euros/kg. for virgin and 1.83 euros/kg. for lampante oil, according to the data published by AICA. This decline in prices is crucial to the recovery of domestic consumption compared to the 2012/13 campaign, which is estimated to grow up to 569,000 tons.

Also, due to the high Spanish production, Deoleo expects a low level of imports around 30,000 tonnes, while price stability will increase exports to approximately 955,000 tonnes.

The report is supplemented with estimates of production, consumption, imports and exports of the major producing countries of the Mediterranean, such as Italy, Greece and Tunisia, as well as new producing countries in the Southern Hemisphere and consumption forecasts in other consumer relevant markets.

The olive oil market in the U.S.

In fact, in this year's report, Deoleo has included its own opinion on United States' olive oil market in order to highlight its importance for the Spanish olive oil sector, not only because it absorbs 300,000 tons of olive oil, but also because of the high profitability of sales in this

country.

The report provides an overview of the challenges and threats of the U.S. market, saying it has “a great potential but not without difficulties”.

Specifically, Deoleo concludes that the U.S. market is ready for receiving more olive oil, but it is necessary to find out how to do it: new uses and times of consumption; work on the replacement of other less healthy fats; improve the distribution; make new customers try the product and convince them to repeat. Definitively, “ it’s all about building markets, not placing volumes”.

According to the company, “the producers and the entire chain must be responsible and work on improving the quality and competitiveness of olive oil, making them more accessible”.

For Deoleo the real challenge, opportunities and threats, “are for everyone, from the smallest Spanish farmer to the most powerful cooperative; the runner, the packer; those selling tanks for local packaging and those trying to develop more sophisticated marketing. And, of course, the authorities, which have to play their role”.

“America is the land of opportunities, but it is also a cruel market to those who are not willing to fight”, Deoleo says.

Source: <http://en.mercacei.com/noticia/857/News/Deoleo-sets-the-total-availability-of-olive-oil-on-2032000-tons-in-this-campaign.html>