

## **Spain's Olive Trees Said by Oil World 'Hit' After Dry Weather**

Olive oil output in Spain, the world's largest producer, is in danger of falling next year with futures rallying 21 percent last month after dry, hot weather in May and June, according to Oil World.

Olive trees are already exhausted from the record 1.915 million metric tons of olive oil produced in the 2013-14 season that ends in September, more than double the 710,000 tons produced a year earlier, the Hamburg-based researcher said in a report.

Some estimates put next year's production down at least 40 percent, it said, without identifying the forecasters.

"Drought and heat in May and June have hit olive trees in the blooming period," Oil World said. "This does not bode well for yields in 2014-15. Producers have reportedly become reserved sellers."

Prices of virgin olive oil futures traded on the MFAO Olive Oil Exchange in Jaen, Spain, climbed 21 percent last month, the biggest monthly increase since August 2012, while soybean oil rose 1.7 percent on the Chicago Board of Trade.

Extra virgin olive oil prices in Spain advanced about 10 percent last month, according to Oil World.

Palm oil exports dropped in January to June, from the same period last year, for the first time in "many years" because of its "deteriorated price attractiveness," boosting demand for sunflower oil and soybean oil, Oil World said.

It estimated the drop at about 1.6 million tons compared with increases of 3.1 million tons in the first six months last year and an average increase of 1.2 million tons for the past five years.

The European Union was one destination showing higher demand for palm oil from both Malaysia and Indonesia for biodiesel production, Oil World said.

Palm oil inventories at importing countries have declined "considerably, creating pent-up import demand for coming months," it said.

Source: <http://www.bloomberg.com/news/2014-07-01/spain-s-olive-trees-said-by-oil-world-hit-after-dry-weather.html/> 03/07/2014