

Farmgate Prices Up 20 Percent in Spain

Spanish olive oils have experienced price increases of over 20 percent on predictions of a weak upcoming harvest, according to *El País*. Currently extra virgin olive oil is pricing at 2.20 euros/kg, while lampante or lower quality oil is pricing at 1.65 euros/kg.

Supplies remained strong in early June at around 1,015,000 MT, but a scarcity of spring rains has local agricultural organizations foreseeing a drop of between 800,000 and 900,000 MT in the next harvest. This would represent more than a 50 percent decrease from the previous harvest, which was among the most prodigious on record.

In Jaén, which produced 42 percent (740,000 MT) of the national production and half of Andalusia's during the last harvest, the Small Farmers Union (UPA – *Unión de Pequeños Agricultores*) has predicted an upcoming harvest of less than 300,000 MT, representing a 60 percent decrease. If their predictions are right, Jaén's harvest would be even weaker than the one recorded two years back.

“Even if it does rain there's no fruit on the trees. So the situation can't actually improve, though it could worsen,” said Agustín Rodríguez of the UPA.

The previous olive oil campaign broke records with a production of 1,773,000 MT, keeping prices consistently down and boosting domestic consumption by 18 percent to 48,000 MT per month. Meanwhile, exports have been historic; in the first quarter of 2014 Andalusia exported over 198,000 MT of virgin olive oil, representing a 44 percent increase over the same period last year.

Industry members are now hoping the price hikes will help curb sales, particularly those abroad, hopefully enough to relieve some pressure from an upcoming harvest that will be nowhere near as productive as its antecedent.

Source : <http://www.oliveoiltimes.com/olive-oil-business/europe/spanish-olive-oil-prices-higher/40585>
(22/07/2014)