

## The olive oil market becomes “ turbulent”

New data have been added during this week for the trade balance and the prices of the new olive year 2014/15. The situation has kept everybody in suspense. As this has happened before, the least we can wish for is to keep prudent and calm.

The news so far is:

### **Italy**

The assessments of the objective market observers have reduced even more, compared to the previous estimations, the production, which in addition, faces quality problems caused by olive fly (*Dacus oleae*) attack. As a consequence the prices have increased up to levels that the trade and the industry have stopped buying. Only the olive producers and the millers sell directly to the consumers.

The prices seem to be “insane”. Yet we shouldn’t forget that we refer to PDO/PGI (Protected Designation of Origin/Geographical Indication) and biological products. These products have always been more expensive, even during the normal years, because they address to family consumption and they have a nice packaging up to 5 liters or means of packaging brought by the consumers.

The crucial point of the Italian market is expected in the middle of December. The trade and the industry will follow the contracts they have by covering the needs in raw materials from anywhere they can find them if they find logical prices (very few from Italy, a few from Spain, more from Greece, Turkey and a lot from Tunisia). Or if they can’t do that, they will stop their sales because they are not going to sell with losses at the intern retailing and the exports of the important standard brands when they cannot stand the prices above a certain limit.

### **Tunisia**

The assessments remain the same and Tunisia, with a production that will be approximately 300.000 tons, will cover the needs of Italy as far as this is possible. It is probable that the limits of the importations from E.U. will be increased up to 46.000 tons with reduced customs or/and having their implementation earlier.

### **Spain**

There is also in Spain a reduction of the production down to 785.000-795.000 tons. The prices increase slowly but in a steady way. The last 15 days the average of extra virgin olive oil has increased by 102 euros/ton (3,6%) reaching this way up to 2.803 euros/ton. For the common virgin olive oil the increase is by 84 euros/ton (3,3%) reaching this way up to 2.581 euros/ton. For lampante 1<sup>o</sup> the increase is 83

euros/ton (3,3%) reaching up to 2.488 euros/ton. (source: Pool red)

## **Greece**

An upward trend of the prices is obvious as they have reached almost 4 euros/kilo. A tanker (27 tons) was awarded in the price of 3,9756 euros/kilo in the region of Agios Dimitrios of Monemvasia at an auction the day before.

A first auction took place in the region of Agioi Apostoloi (also in South Lakonia, Peloponnese). The first offer was at 3,4491/kilo and this week it has reached up to 3,76 euros/kilo for a quantity of 680 tons which has been shared between the agricultural cooperative and the local oil mills. The trend is also upward in the region of Gargalianoi (in Messenia, Peloponnese) reaching up to 3,20 euros/kilo. The olive mills of Crete begin progressively having a production.

Fortunately there is a bigger production than the expected one, that is from 250.000-280.000 tons to 300.000 tons. This is the result of two main factors. The first one is the increased production of the table olive (e.g. in Chalkidiki) where the small sizes are channeled to the olive mills in order to extract olive oil from them. The second one is the increased efficiency of the olive mills where percentages of oil content and moisture even above 25% have been mentioned.

## **Other countries**

There is a lot of talk about Syria. For this reason it is important to mention that although its olive trees are full of fruits that could give 140.000-150.000 tons of olive oil, nevertheless the production will be much smaller. The reason for this is the political situation in Syria and the events that are taking place the last years in this suffering country. Due to that the producers cannot focus on their peaceful tasks.

In the Iberian Peninsula Portugal is following the example of Spain with 50,000 tons after the record of the last year of the 100.000 tons.

The rest remain the same as we have many times mentioned not only recently but also in the past. That is to say that the sudden ups and downs are very dangerous and finally they are not good neither for the producers in the long term. What is needed is a logical and steady growth which can be supported by the market, the industry and the consumers.

Source: <http://olivenews.gr/en/article/5477/the-olive-oil-market-becomes-turbulent>/17 novembre 2014