

# Olive oil prices in the EU will not be falling before the end of the marketing year

**Prices have been rising since the beginning of the marketing year. The EU virgin olive oil price is now close to EUR 400/100 kg (May 2017). Since the beginning of the marketing year, producer prices for virgin olive oil have averaged a level 40 % above the last 5-year average. With the market situation as described above, prices will not be falling before the end of the marketing year, according to a report by the European Commission (EC).**

It is estimated that the 2016/2017 EU production of olive oil will be only 1.74 million t, 25 % less than in the previous marketing year and 15 % below the last 5-year average. The drop is particularly marked in Italy, whose production, at only 182 000 t, is 57 % below the last 5-year average. France, with a production 36 % below the last 5-year average, and Greece (29 % lower), are also affected. In Spain, production is 9 % down on the previous year, close to the last 5-year average). The reason for the fall is unfavourable weather, with summer humidity favouring the breeding of the olive fly, while cold and windy conditions have affected fruit setting in Italy. Intense heatwaves in May-June have lowered production in Spain, Portugal and Greece, while the average oil yield of Spanish olives is lower than usual.

Production in the rest of the world is also lower than usual, with a total of 789 000 t in 2016/2017, 6 % below the already short previous harvest. The decrease was particularly marked in Tunisia and Morocco. Turkey was the only country to increase its output.

## Steady exports imply low stocks

EU exports held particularly well in the first 7 months of the 2016/2017 marketing year, 5 % above the same period in the previous marketing year. Conversely, EU imports fell by 13 %. Over the full marketing year, exports to non-EU countries should remain close to their historical peak at around 570 000 t.

This means consumption is likely to fall within the EU, with particularly significant decreases in the producing countries (-17% compared to the last 5-year average, as derived from the supply balance sheet).

Stocks are therefore likely to be low at the end of the marketing year (30 September 2017), close to their record low of 2 years ago, at 250 000 t, i.e. 12 % of the average EU use of olive oil (consumption plus exports).

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