

Balance of the Olive Oil Campaign in the main producing countries

As in previous years, Mercacei offers exclusively to its readers the forecasts for the 2017/18 Olive Oil campaign in the main producing countries of the Mediterranean Basin by some of the best consultants and international experts in the olive oil sector.

SPAIN

We start with the world's largest producer of olive oil. According to the Strategic Consultant and Expert in Olive Oil Juan Vilar, in Spain the forecasts speak of a production close to 1,150,000 tons, 12% less than in the previous season, being approximately at 5%, due mainly to the delay caused by the fallen rains, which reactivated the growth and evolution of the fruit. The yields, due to the scarce water content in the fruit -in a way that is not fully generalized, but as a majority tendency- are higher between 1.2 and 1.7 points on average. If we look at the evolution of prices, they maintain a firm evolution with slight decreases until May, depending on the weather, mainly due to the international distribution of the demand. A demand that will continue to fall gradually both domestically -due to the price trend- and externally, as markets such as Tunisian, Greek, Portuguese, Moroccan and Turkish are awakening. If the downward price trend consolidates, and the next season is seen as positive thanks to the stimulus of favorable weather, consumption would change both internally and externally.

PORTUGAL

In Portugal -explains Alberto Serralha, CEO of SAOV-Sociedade Agrícola Ouro Vegetal, S.A.-, the harvest is already in its fullness, since in all the producing regions the absence of rain is enabling high-collection rates. The fat yields are 2 or 3 points higher than usual and the quality of the fruit is good, without the impact of diseases or pests. The best irrigated crop is registered in Ribatejo and Alentejo, where a large part of the oil mills are currently at full capacity, with difficulties being experienced when receiving all the olive that is being harvested. As for the dry land -which has recovered somewhat after the rains that fell two weeks ago,- the north of the country has a less abundant crop and a low fat yield. In short terms, it seems likely that Portugal will produce an appreciable figure -quite above the initial expectations- and, for the first time in many decades, produce more than 10% of the Peninsula's oil.

The bulk market has registered some activity during October, but right now it is standing still. Finally, there is a downward pressure on prices in a scenario of low demand and supply, with mills that are being firm and reluctant to sell at any price.

ITALY

In Italy there is great expectations before a campaign that can be described as good -around 300,000 t.- especially in comparison with previous years, says the journalist, oleologist and director of Olio Officina, Luigi Caricato. However, regarding that forecasts were already made a few months ago, the amount of olives destined for oil production are reduced. The absence of attacks by the olive fly and other pests will have a favorable impact on quality, with medium-high yields. The prices are also quite high, with quotes of up to 5.30 and 5.40 euros/kg. which register a downward trend -in the last week they lost around 1 euro regarding the initial contributions- which will prevent the country from repeating the levels of last year, when they reached 6-7 euros, but definitely will not fall below 4 euros.

GREECE

Luigino Mazzei, Broker specialized in the Greek market, explains to Mercacei that in the Hellenic country the campaign is only in its early stages (5-8%), concentrated in the Peloponnese (around 100,000 estimated tons) and in the area of S. Apostoli, where the variety Athinoleia is cultivated, from which gourmet EVOOs are being obtained, very appreciated in Italy, which almost always reaches the highest price in Greece. In Sparta the quantity is very small -barely 3,000-4,000 t. of this variety,- presenting good quality with an intense fruity and spicy, and an initial price that ranges between 4.25 and 4.30 euros/kg. Further north, near Kalamata, the production of black olives (Kora Gargagliani and Filiatra) has been very limited, beginning to harvest the Koroneiki variety, which seems to present a superior quality this year thanks to the climatic bonanza, with a downward price of 3.65-3.70 euros/kg. In Crete, with an estimated harvest of 70,000 tons, these days the harvest is beginning in Heraklion and the western zone, while in the Sitia area, in the Far East of the country, the outlook is promising compared to the previous season, although the season doesn't begin until the month of December. In the Chalcidic Peninsula mills are at full capacity, and the fruit is traditionally intended for seasoning, although this year -marked by a large volume of production that nevertheless represents a tiny part of the total- a high EVOO is expected as well as higher prices in the market than those of the Koroneiki variety (3.80-3.85 euros/kg.).

MOROCCO

In Morocco, according to Noureddine Ouazzani, Director of Agro-pôle Olivier, the 2017/18 Campaign is defined by the persistent drought that has plagued the African country since last July, which causes every forecast to be revised downwards every week and that the harvest is being delayed while waiting for the fruit to benefit from the desired rains -if they arrive- and thus increase its yield. If we look at the latest estimates, the harvest will not exceed 80,000 t. of olive oil. The fruits -of late ripening- are characterized by dryness due to their small size and a yield that does not exceed 10%, while in irrigation they also have a lower caliber than usual and a yield approaching 14%. Regarding prices, they are managed in the environment of 3.6-4 euros/kg. (5,5-6 at the mill level and in detail). In essence, disappointment is the word that defines a campaign that was expected as extraordinary in terms of production, forecasts that the unfavorable climatic conditions that have occurred since last July have ruined them.

TUNISIA

On the contrary, in Tunisia, according to the Commercial Agent and Broker Adriano Caramia, the optimistic forecasts made last spring and during summer seem to be confirmed (280,000-300,000 tons must be reached) thanks to the abundant rainfall that have resulted in healthy fruits and excellent organoleptic profiles, although we find contradictory results in terms of yields. Pending on developments in the European market, especially in Spain, the price of oil so far is around 3.5 euros/kg., with strong expectations regarding the European and American buyer. The massive presence in Tunisia of purchasing managers of the main companies in the sector speaks clearly of the growing strategic importance of the country on the world stage of olive oil. A whole conquest that comes to reward the great efforts of the Tunisian people in order to achieve excellence in this product.

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