SHORT-TERM OUTLOOK

FOR EU AGRICULTURAL MARKETS IN 2020

SPRING 2020

Edition N°26

Manuscript completed in April 2020
European Commission

EN PDF ISSN 2600-0873 KF-AR-20-001-EN-N

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https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/short-term_en
Please cite this publication as: EC (2020), Short-term outlook for EU agricultural markets in 2020.
European Commission, DG Agriculture and Rural Development, Brussels.

SPECIALISED CROPS

Market developments in the EU

OLIVE OIL	2018/2019	2019/2020
Production	+3.4%	-15%
Exports	+14%	-8.3%
Imports	-19%	-4.8%
Consumption	-5.8%	+5.2%

WINE	2018/2019	2019/2020
Production	+37%	-14%
Exports	-1.0%	-14%
Imports	-5.3%	-11%
Consumption	+2.5%	-6.7%

APPLES	2018/2019		2019/2020	
	fresh	*processed*	*fresh*	*processed*
Production	+24%	+69%	-7.0%	-36%
Exports	+52%	+94%	-26%	-19%
Imports	-13%	-31%	-3.0%	+6.8%
Consumption	+3.1%	+17%	+12%	-33%

ORANGES	2018/2019		2019/2020	
	fresh	*processed*	*fresh*	*processed*
Production	+4.3%	+8.2%	-2.1%	-16%
Exports	+11%	-1.4%	-5.0%	-5.0%
Imports	-3.1%	-4.5%	+0.0%	+0.0%
Consumption	+2.5%	-2.0%	-1.5%	-3.2%

Note: % compared to previous season

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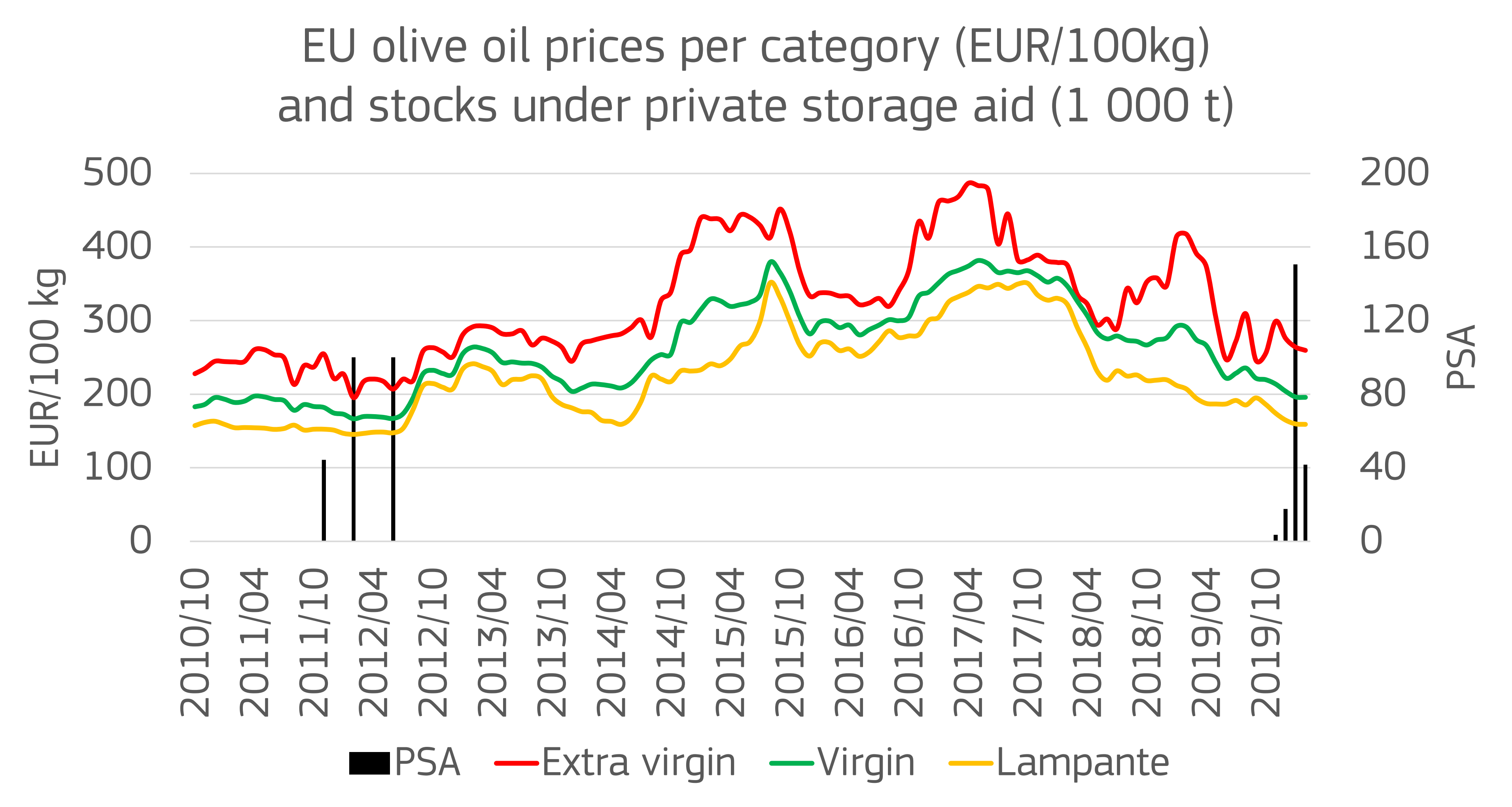
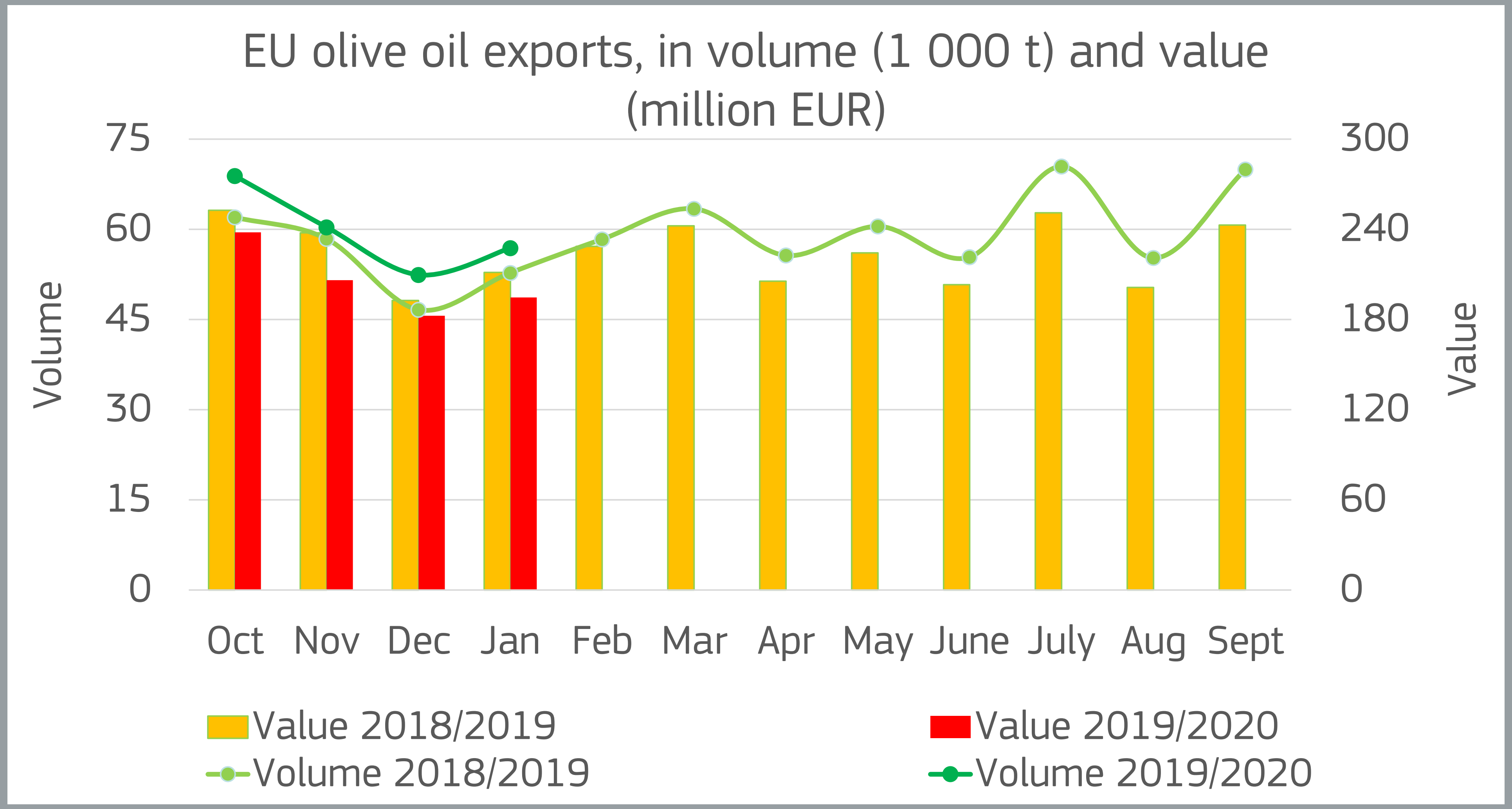
Olive oil



Source: DG Agriculture and Rural Development, based on Member States notifications.



Source: DG Agriculture and Rural Development, based on Eurostat.

Ample availabilities continue weighing on prices in 2019/2020

- In 2019/2020, **EU olive oil production** came **close to 2 million t** (-15% compared to last campaign). The production drop in ES (-35%) will not be fully compensated by other increases, despite the more than doubled production in IT, and recovery in EL (+43%) and PT (+30%).
- Due to **ample beginning stocks**, overall **availabilities remain high** (12% above last 5-year average) and continue putting pressure on prices.
- In order to support prices, **private storage aid was activated** from November 2019 to February 2020 and more than 213 000 t of olive oil was stored under this mechanism, mainly of ES origin (92%) and lampante category (86%). These stocks will be placed back on the market by August.
- In February, **prices started to stabilise**. Most notably, the EU virgin olive oil price reversed the decline of the last five months, but still remains 40% below the last 5-year average for the same month (EUR 196/100kg). Prices of lampante and extra virgin olive oil saw their decline slow down.

Consumption recovery expected in main producing countries

- Until February 2020, **EU exports continued to grow** in volume (+9% year-on-year), while falling in value (8%). US tariffs played an important role (US export value drop accounts for 94% of the overall drop). The unit value of ES and IT exports to the US dropped by 22% and 12% respectively.
- US tariffs, transport issues linked to Covid-19, and overall economic conditions are expected to **weaken global demand for EU olive oil**, resulting in **lower exports (-8%)** in 2019/2020.
- Following confinement measures in reaction to Covid-19, retail sales of olive oil increased, in particular in **EU main producing countries**. This, together with low prices, is expected to contribute to **an overall consumption recovery** in those Member States (+13% year-on-year), despite foodservice closure as retail and direct on farm sales represent around 85% of the total annual consumption.
- As the positioning of olive oil is different in these countries than in **rest of the EU**, and favourable prices allowed for stocks at households' level in the previous campaign, **consumption could drop** in the rest of the EU (9% below last 5-year average).
- Nevertheless, this should allow for an **annual stocks reduction** of around 100 000 t.

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