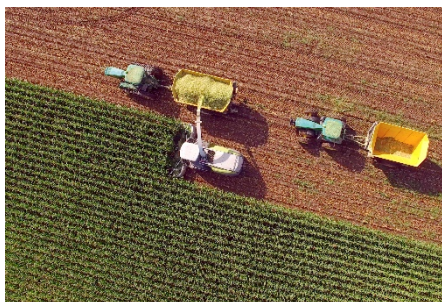


SHORT-TERM OUTLOOK

for EU agricultural markets
in 2021



SPRING 2021

Edition N°29

OLIVE OIL

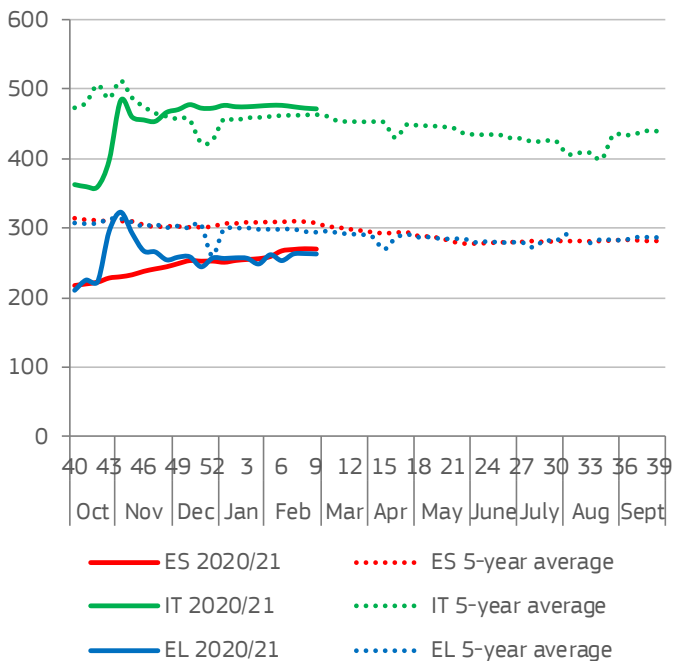
EU OLIVE OIL PRICES RECOVERING

In 2020/21, EU olive oil production could reach close to 2.1 million t (+10% compared to 2019/20). ES production growth (+ 325 000 t) should more than compensate losses in IT (-96 500 t), EL (-5 000 t) and PT (-40 500 t). Further growth was limited by weather events (IT, EL) which hampered the quality of oil at the time of harvest. In IT, this was due to hailstorms and flash flooding. In the case of EL, besides reported heatwaves, the lack of workers at the time of harvest created some difficulties. Andalusia, the main producing region in ES, reported yield at the lowest level in the last 25 years, therefore ES reduced its initial production estimate. Including beginning stocks (630 000 t), EU olive oil availability in 2020/21 is 8% above last 5-year average.

In non-EU producing countries, a significant production drop is reported in Tunisia (-66%) while an increase in Morocco (15 000 t) compensates a decline in Turkey.

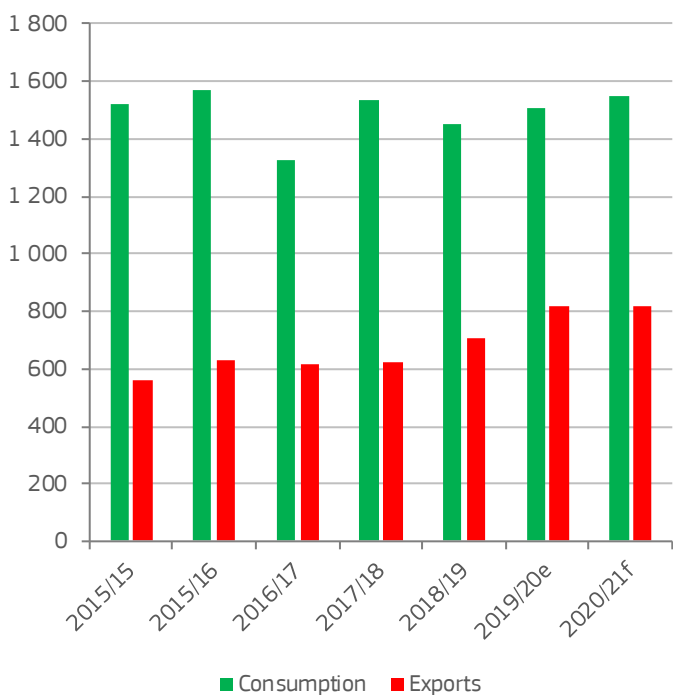
Thanks to a more balanced market supply, EU prices have started to show signs of recovery. ES extra virgin olive oil price has steadily increased since October 2020 and it is currently 12% below the 5-year average (around EUR 270/100 kg). EL price is stable and 11% below the 5-year average. On the other hand, IT price remains above average and has been stable since December 2020.

Weekly producer prices of extra virgin olive oil in selected EU countries (EUR/100 kg)



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

EU olive oil consumption and exports (1000 t)



Source: DG Agriculture and Rural Development, based on MS notifications and Eurostat

FURTHER EU CONSUMPTION GROWTH AND STABLE EXPORTS

Increasing retail sales in main EU producing countries in 2020 contributed to an EU consumption growth despite the closure of foodservices and limited tourism.

In 2020/21, EU consumption could continue growing (3%), mainly thanks to foodservice recovery and stable retail sales supported by a healthy image of olive oil and home cooking.

EU exports are expected to remain stable compared to a historically high level in the last campaign. A further increase in shipments to China, Japan and the US could just compensate for losses in Canada, Australia, UK and Brazil. These countries are likely to reduce their imports because of existing stocks and to some extent due to an increase in prices. In the case of the US, part of the growth could be attributed to US tariffs lifted (for the moment) for 4 months.

As there is lower availability in non-EU producing countries, the EU could substitute some of their exports. For example, Tunisia exported around 90 000 t to the US in the last campaign. This will also affect EU imports which could be reduced to 130 000 t. As a result, EU stocks could drop below 500 000 t, which should support growing prices.

