MARKET NEWSLETTER
No 69 – February 2013

Standing at 543 600 t, Spanish olive oil production in the first four months of 2012/13 was 62 pc down on the previous season, according to Spain's Olive Oil Agency. Although there are still some months to go until the end of the crop year, it looks as if Spanish production will fall short of the tonnage forecast in November 2012 (820 000 t). Being as it is the world's leading producer of olive oil, Spain's performance has a significant impact on international production levels. Consequently, the 2012/13 figures for EU and world output could lie at around 1 520 000 t and 2 500 000 t, respectively.

Producer prices on the Spanish marketplace have experienced a reasonable, logical increase. Olive Oil Agency surveys have in fact revealed that they have been excessively low in recent seasons and have not managed to cover production costs. Graph A shows the movements in the prices paid to producers for extra virgin olive oil from 2005/06 until the current crop year. According to the latest food consumption figures released by the Spanish agriculture ministry, in the current crisis setting olive oil consumption by Spanish households dropped 14 pc in the last four months of 2012 while consumer prices rose by an average 10 pc.

In the previous three seasons, Spanish output of olive oil was very high, averaging 1 469 000 t per crop year. Spanish exports in 2011/12 hit an all-time record of 968 146 t, with 70 pc going to EU countries and 30 pc to countries outside the EU. In the first two months of the ongoing 2012/13 season, Spanish exports to the EU declined but, despite the situation, they continued upwards to non-EU countries, recording 2 pc growth, chiefly in exports to China, Brazil, Japan and India.

In the first two months of the 2012/13 crop year (October–November 2012), **intra-EU imports** of olive oil and olive pomace oil dropped by 7 pc on the same period of the year before, going down from 175 985 t to 164 559 t, while intra-EU exports during the same period decreased by 15 pc. Notably, the gap between intra-EU import and export figures has gone up from 10 455 t to 24 033 t for these first two months. Although there are always discrepancies in international trade figures, it will be necessary to track how this gap evolves over the coming months. Conversely, extra-EU/27 imports have recorded an increase of 119 pc, reaching 24 368 t. Imports from two IOC member countries where harvests have been good – Morocco (5 014 t) and Tunisia (17 807 t) – have made their mark in this increase. Morocco signed a free trade agreement with the EU in October 2012. In terms of product category, 80 pc of imports belong to the virgin grade, 13 pc to the olive oil grade and 7 pc is olive pomace oil.

The **United States** holds top position in the olive oil and table olive import ranking. In 2011/12, it imported 317 095 t of olive oil, i.e. 8.6 pc more than a season earlier. The IOC ran a campaign that same season to promote olive oil and olive consumption in the United States, following in the tracks of its earlier campaign back in 1983/84. Graph I plots import trends and shows the kick-off years of the promotion campaigns which, as can be seen, have had a very significant impact. In 2011/12, 65 pc of total U.S. imports (204 354.20 t) was of virgin olive oil, with imports split 40/22 pc between packed and bulk product; 30 pc (96 056.70 t) was olive oil grade, split between 16 pc packed and 14 pc bulk, and the remaining 5 pc was olive pomace oil (4 pc bulk/1 pc packed). Table 1 itemises imports by country of origin and shows that 81 pc of all imports came from EU countries, led by Italy (49 pc of total) followed by Spain (29 pc). The remainder was from Tunisia (11 pc), Argentina (3 pc), Morocco (2 pc), and Turkey, Australia and Chile, each with a 1 pc share. In the first three months of the current 2012/13 season (October–December 2012), U.S. imports recorded 8 pc growth on the same period of the previous crop year.

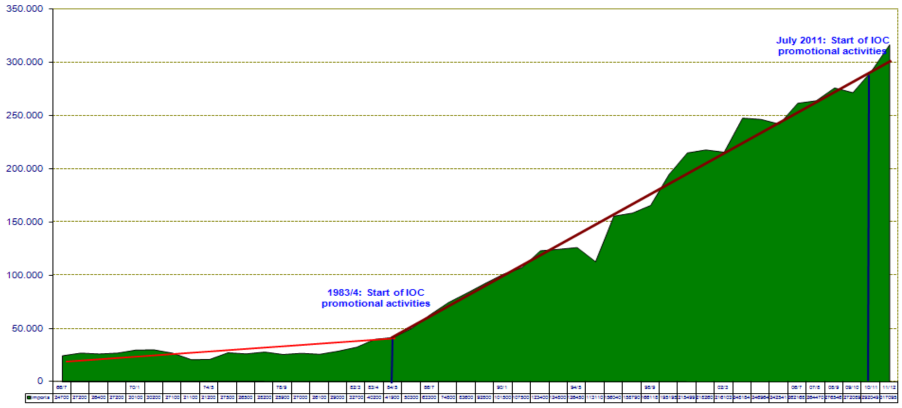


Chart I – US imports of olive oil and olive pomace oil, 1966/67–2011/12

	OLIVE OILS					OLIVE-POMACE OILS				TOTAL
	15.09 10.2000 virgin < 18kg	15.09 10.4000 virgin > 18kg	15.09 90.2000 refined < 18kg	15.09 90.4000 refined > 18kg	s/Total	15.10 00.2000 no/ edible	15.10 00.4000 edible < 18kg	15.10 00.6000 edible > 18kg	s/Total	
Spain	21.260,5	27.140,9	6.293,0	28.992,7	83.687,1	93,1	543,6	8.526,4	9.163,1	**92.850**
France	49,2	7,0	57,3	4,8	118,3	0,0	0,0	9,1	9,1	**127**
Italy	103.254,4	4.044,9	40.882,3	1.562,1	149.743,7	397,4	3.537,8	1.391,7	5.326,9	**155.071**
Greece	3.831,1	739,1	202,7	32,1	4.805,0	0,0	101,1	624,7	725,8	**5.531**
Netherlands	0,0	0,0	0,0	0,0	0,0	112,1	0,0	0,0	112,1	**112**
Portugal	292,5	188,6	762,3	606,8	1.850,2	0,0	10,0	14,4	24,4	**1.875**
United Kingdom	38,7	2,3	3,0	0,0	44,0	3,6	5,0	0,0	8,6	**53**
Germany	19,8	0,4	1,5	1,2	22,9	0,0	0,0	0,0	0,0	**23**
Austria	0,0	11,5	0,0	0,0	11,5	0,0	0,0	0,0	0,0	**12**
Poland	1,3	0,0	0,0	0,0	1,3	0,0	0,0	4,6	4,6	**6**
Cyprus	11,9	0,0	0,0	0,0	11,9	0,0	0,0	0,0	0,0	**12**
Belgium	0,0	62,7	0,0	20,6	83,3	0,0	0,0	0,0	0,0	**83**
s/total EU	128.759,4	32.197,4	48.202,1	31.220,3	240.379,2	606,2	4.197,5	10.570,9	15.374,6	**255.754**
Egypt	7,3	57,3	0,0	0,0	64,6	0,0	0,0	0,0	0,0	**65**
Morocco	86,3	3.290,5	113,5	1.260,8	4.751,1	0,0	0,0	209,6	209,6	**4.961**
Tunisia	2.429,5	19.424,4	2.016,6	11.428,6	35.299,1	0,0	141,5	65,4	206,9	**35.506**
Croatia	9,3	1,9	0,0	0,0	11,2	0,0	0,0	0,0	0,0	**11**
Switzerland	0,0	35,9	0,0	0,0	35,9	0,0	0,0	0,0	0,0	**36**
Israel	201,2	26,9	19,9	12,0	260,0	0,0	0,0	0,0	0,0	**260**
Lebanon	643,6	27,1	159,8	10,3	840,8	0,0	0,0	1,3	1,3	**842**
Jordanie	0,0	5,1	0,0	0,0	5,1	0,0	0,0	0,0	0,0	**5**
Turkey	1.480,3	576,5	218,1	742,8	3.017,7	0,0	82,1	52,3	134,4	**3.152**
Syria	65,2	39,7	8,3	0,0	113,2	0,0	0,0	0,0	0,0	**113**
Argentina	520,9	8.135,5	84,0	270,0	9.010,4	0,0	0,0	78,3	78,3	**9.089**
Brazil	0,0	2,1	0,0	0,0	2,1	0,0	0,0	0,0	0,0	**2**
Chile	726,2	3.195,0	19,8	175,5	4.116,5	0,0	0,0	0,0	0,0	**4.117**
Canada	0,0	0,0	0,0	0,0	0,0	0,0	0,0	442,8	442,8	**443**
Jamaica	0,0	0,0	0,0	3,1	3,1	0,0	0,0	0,0	0,0	**3**
Mexico	86,9	272,4	0,0	0,0	359,3	0,0	0,0	0,0	0,0	**359**
Peru	0,4	2,4	0,0	0,0	2,8	0,0	0,0	0,0	0,0	**3**
Dominican Rep.	0,0	0,0	0,0	0,0	0,0	0,0	236,4	0,0	236,4	**236**
Uruguay	10,1	0,9	0,0	0,0	11,0	0,0	0,0	0,0	0,0	**11**
China	9,4	2,3	0,0	0,0	11,7	0,0	0,0	0,0	0,0	**12**
Korea Rep.	3,5	0,0	3,5	0,0	7,0	0,0	0,0	0,0	0,0	**7**
Hong Kong	0,0	21,1	0,0	0,0	21,1	0,0	0,0	0,0	0,0	**21**
Taiwan	1,8	7,2	73,8	13,3	96,1	0,0	0,0	0,0	0,0	**96**
South Africa	1,0	0,0	0,6	0,0	1,6	0,0	0,0	0,0	0,0	**2**
Australia	180,6	1.804,3	0,0	0,0	1.984,9	0,0	0,0	0,0	0,0	**1.985**
New Zealand	2,5	2,5	0,0	0,0	5,0	0,0	0,0	0,0	0,0	**5**
TOTAL	**135.225,6**	**69.128,6**	**50.920,0**	**45.136,7**	**300.410,9**	**606,2**	**4.657,5**	**11.420,6**	**16.684,3**	**317.095,2**

Table 1 – US imports of olive oil and olive pomace oil, by source, in 2011/12

I. WORLD MARKET FOR OLIVE OIL AND TABLE OLIVES

1. OLIVE OIL AT THE START OF THE 2012/13 SEASON

Trade in olive oil and olive pomace oil expanded in the first three months of the 2012/13 crop year (October–December 2012) in the import markets listed below, rising by 35 pc in Japan, 24 pc in Australia, 23 pc in Brazil, 13 pc in Russia, 10 pc in China, 8 pc in the United States and 3 pc in Canada. At the time of writing, EU data were not available for December 2012, but the two-month figures (October and November 2012) report an increase of 119 pc in extra-EU/27 imports and a decrease of 7 pc in intra-EU imports compared with the same period a season earlier.

Olive oil imports (including olive-pomace oils) (t)

No	Importing country	October 11	October 12	November 11	November 12	December 11	December 12
1	Australia	2571,2	3521,0	3027,0	3858,0	1580,0	1506,0
2	Brazil	5247,0	9847,4	8866,7	8995,4	6004,8	6001,3
3	Canada	2925,7	4392,0	4080,0	3360,9	2979,7	2568,0
4	China	2364,0	2826,8	2901,2	4443,8	5638,7	4732,9
5	Japan	3085,0	4431,0	3064,0	4474,0	3392,0	3994,0
6	Russia	2477,2	3678,1	3435,1	3356,9	2789,5	2766,0
7	USA	20939,5	28507,0	29832,0	25118,0	23574,0	26505,0
8	Extra-EU/27	6122,0	14270,4	4982,0	10097,7	6254,7	nd
	Intra-EU/27	83267,6	90710,7	92717,7	73848,9	103377,1	nd
	Total	**128999,2**	**162184,4**	**152905,7**	**137553,6**	**155590,5**	

Source: International Olive Council

2. TABLE OLIVES AT THE START OF THE 2012/13 SEASON

The table below shows that in the first three months of the 2012/13 crop year (October–December 2012) table olive imports rose by 16 pc in Canada, 13 pc in Australia, 8 pc in Brazil and 1 pc each in Russia and the United States. The EU data for December 2012 were not available when writing this newsletter. However, in the two months from October to November 2012, intra-EU/27 purchases increased by 3 pc whereas extra-EU/27 imports dropped by 3 pc compared with the same period the season before.

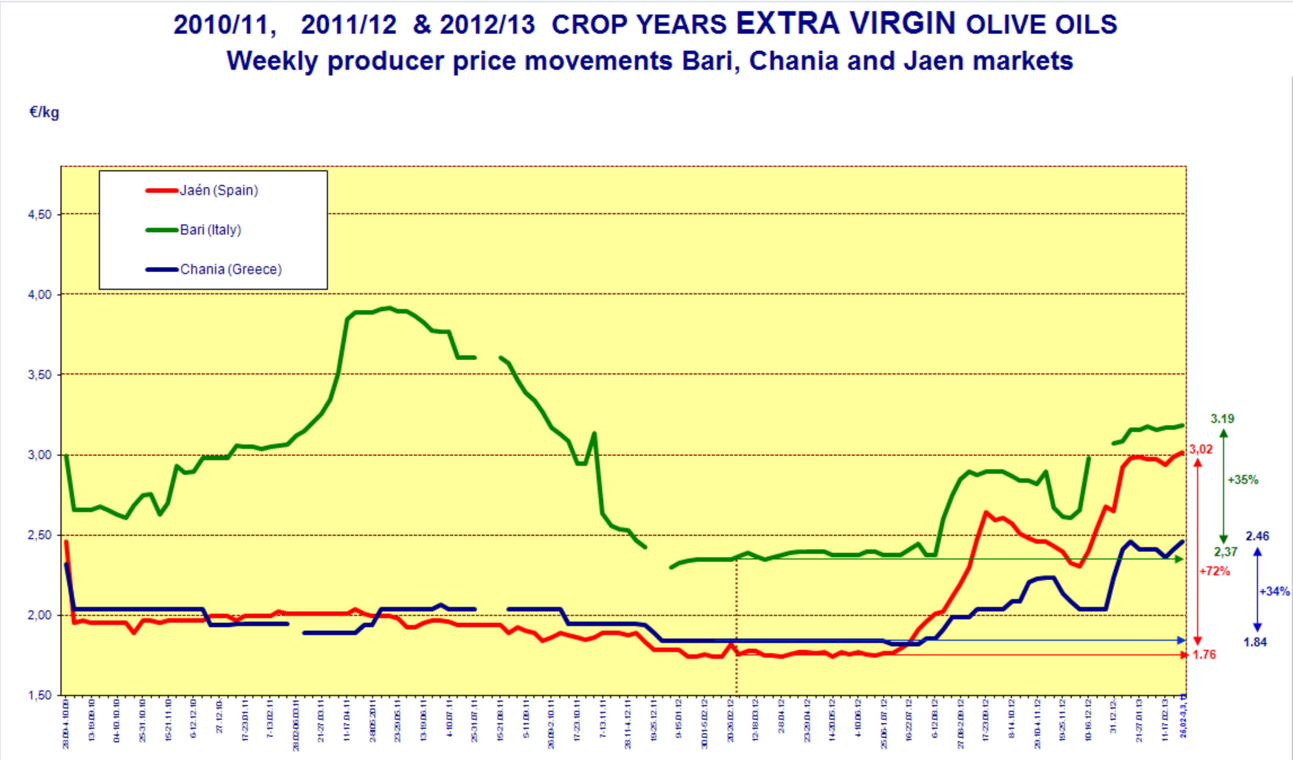
Table Olive Imports (t)

Nº	Importing country	October 11	October 12	November 11	November 12	December 11	December 12
1	Australia	1072,0	1330,0	1734,0	1858,0	1613,0	1821,0
2	Brazil	9746,1	12957,5	12350,8	11357,0	10340,0	10731,5
3	Canada	2953,7	2942,0	2577,0	2807,0	2024,0	2998,0
4	Russia	7707,0	9574,4	9949,0	9692,4	7889,0	6485,1
5	USA	10492,0	10404,0	10928,0	11100,0	9927,0	10050,0
6	Extra-EU/27	9240,2	9096,4	8571,5	8094,9	8318,6	nd
	Intra-EU/27	26663,6	28374,7	27978,6	27970,9	25353,6	nd
	Total	**67874,6**	**74679,0**	**74088,9**	**72880,2**	**65465,2**	

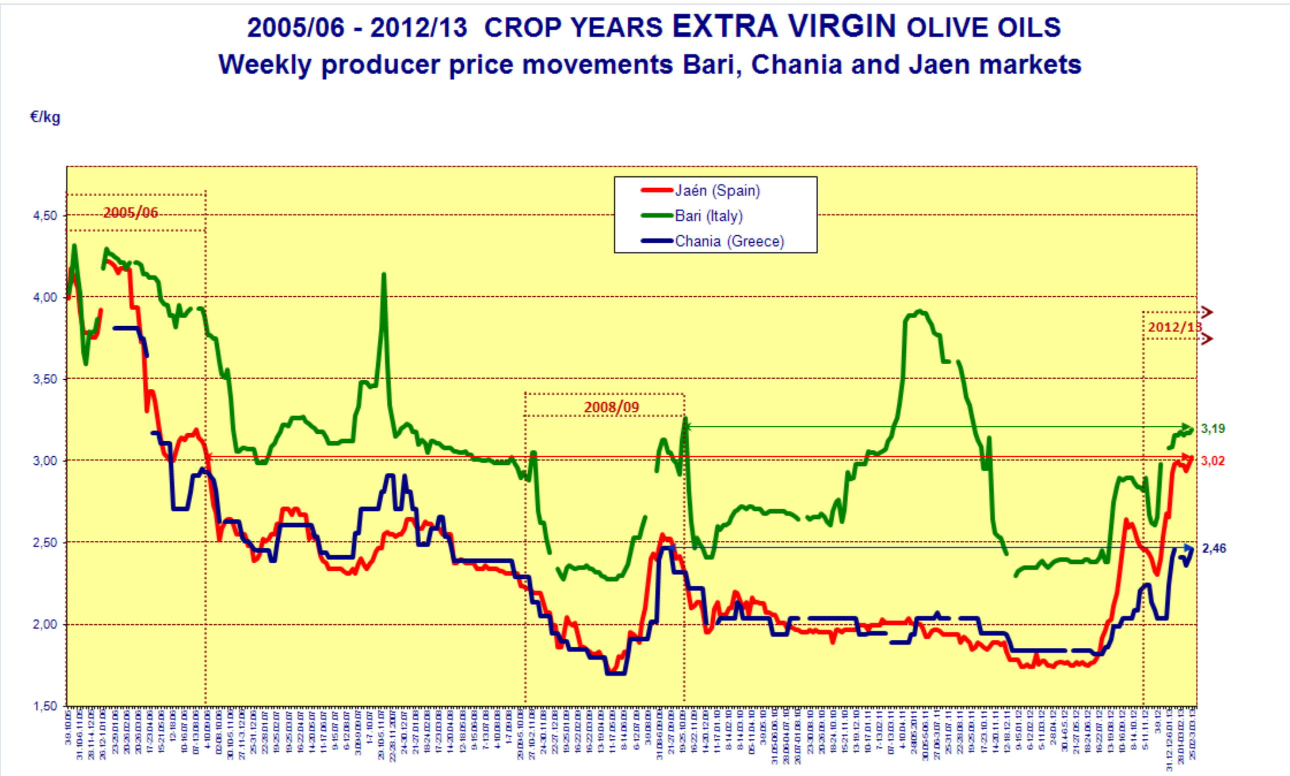
II. PRODUCER PRICE MOVEMENTS

Graphs 1 and 3 track the weekly movements in the prices paid to producers for extra virgin olive oil and refined olive oil in the top EU producing countries. The monthly price movements for the same two grades of oil are given in Graphs 2 and 4.

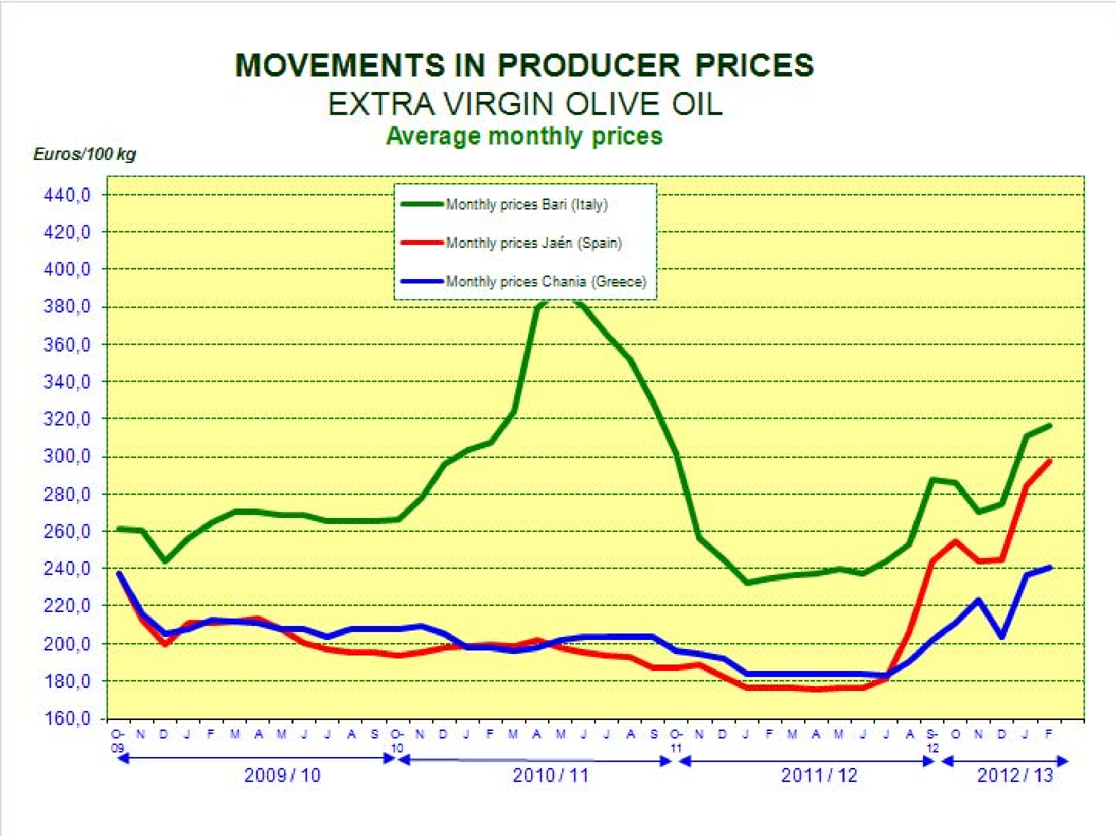
- **Extra virgin olive oil**: Prices in Spain started to climb sharply in late June 2012, reaching €2.64/kg by the third week of September. They then switched course in the second week of October, dropping until the second week of December when they moved back upwards to reach €3.02/kg, thus recording 72 pc growth on year-ago prices and regaining the level of October 2006. In Italy, prices have risen within the space of three months from €2.61/kg in the last week of November to €3.19/kg in the last week of February, translating into 35 pc growth on the same period a season earlier (see Graph 1) . Between the last week of December 2012 and last week of February 2013 prices in Greece went up from €2.04/kg to €2.46/kg, equating with an increase of 34 pc. To give an idea of price fluctuations over recent crop years, Graph *A* plots the oscillations in the producer prices for extra virgin olive oil. As estimated crop deliveries to oil mills are confirmed, it looks as if the three markets expect production to be lower than what operators thought in late November/early December.



Graph 1

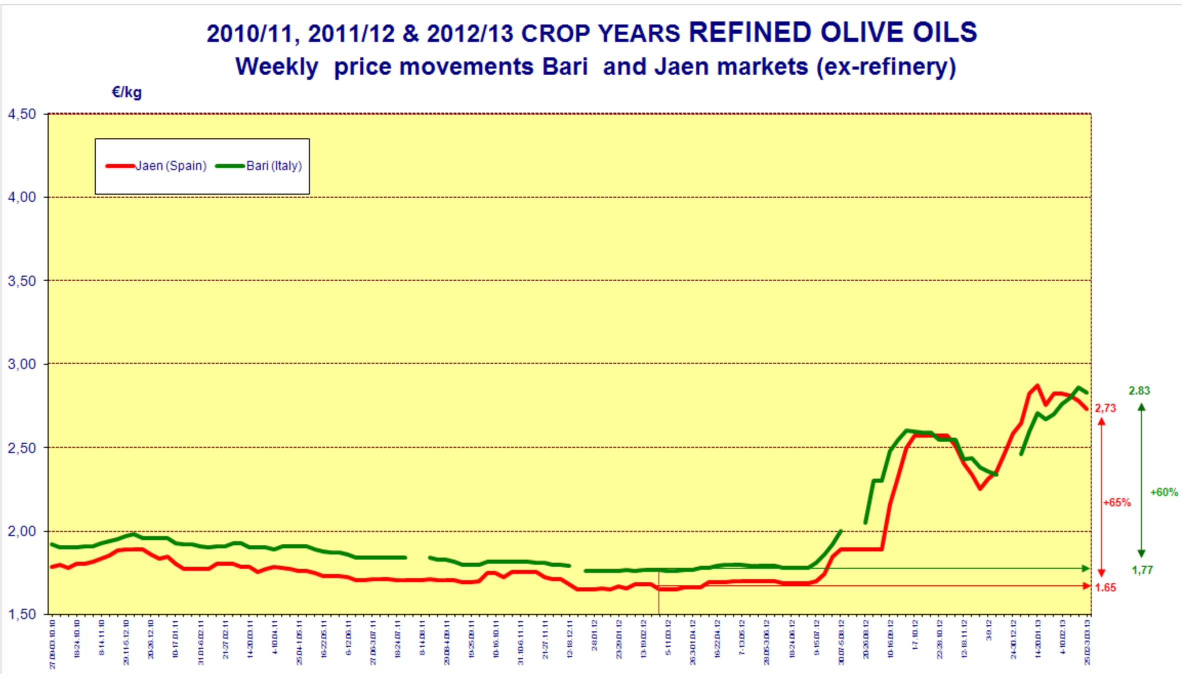


Graph A

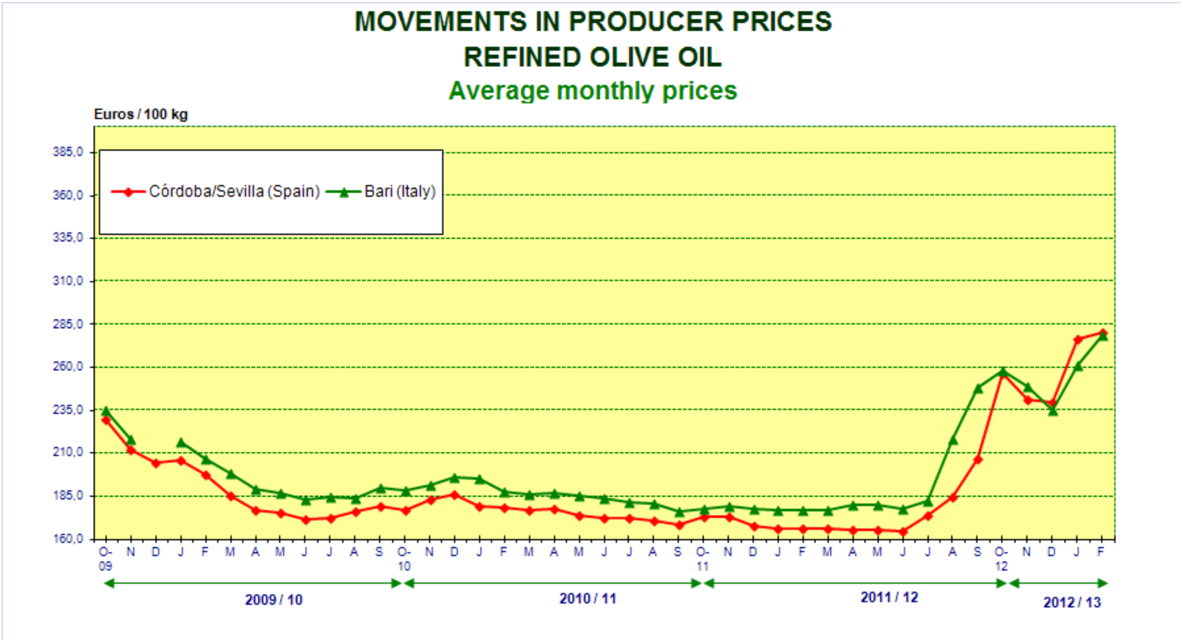


Graph 2

- **Refined olive oil**: Prices also started to climb sharply in Spain and Italy as of the last week of July until late October when they dipped slightly. In early December they started to pick up again and for the first time prices in Spain were higher than in Italy. However, Spanish prices then fell slightly to €2.73/kg while they continued upwards in Italy to reach €2.83/kg, equating with respective growth rates of 65 pc and 60 pc (Graph 3) versus the same period of the previous crop year. No data are available for Greece. The gap between the price of refined olive oil and extra virgin olive oil currently lies at around €0.29/kg in Spain and €0.36/kg in Italy.



Graph 3


MOVEMENTS IN PRODUCER PRICES
REFINED OLIVE OIL
Average monthly prices
Euros / 100 kg
Córdoba/Sevilla (Spain)
Bari (Italy)
385,0
360,0
335,0
310,0
285,0
260,0
235,0
210,0
185,0
160,0
O-09 N D J F M A M J J A S O-10 N D J F M A M J J A S O-11 N D J F M A M J J A S O-12 N D J F
2009 / 10
2010 / 11
2011 / 12
2012 / 13

Graph 4