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Report Name: EU Olive Oil Production Update

Country: European Union

Post: Madrid

Report Category: Oilseeds and Products

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Report Highlights:

In MY 2023/24, the EU is facing a second consecutive short olive oil production crop. Consumer price increases resulting from the limited domestic availability will contribute to reduced consumption. The short crop will also preempt exports from expanding for the second consecutive year, while also continuing to push stock levels down.

Production, Supply, and Demand

Oil, Olive	2021/2022		2022/2023		2023/2024	
Market Year Begins	Nov 2021		Nov 2022		Nov 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	341	341	411	484	86	207
Production (1000 MT)	2,272	2,272	1,400	1,392	1,800	1,415
MY Imports (1000 MT)	177	151	200	176	175	175
MY Imp. from U.S. (1000 MT)	-	-	-	-	-	-
MY Imp. from EU (1000 MT)	-	-	-	-	-	-
Total Supply (1000 MT)	2,790	2,764	2,011	2,052	2,061	1,797
MY Exports (1000 MT)	919	820	640	600	610	525
MY Exp. to EU (1000 MT)	-	-	-	-	-	-
Industrial Dom. Cons. (1000 MT)	20	20	15	15	20	15
Food Use Dom. Cons. (1000 MT)	1,440	1,440	1,270	1,230	1,310	1,150
Feed Waste Dom. Cons. (1000 MT)	-	-	-	-	-	-
Total Dom. Cons. (1000 MT)	1,460	1,460	1,285	1,245	1,330	1,165
Ending Stocks (1000 MT)	411	484	86	207	121	107
Total Distribution (1000 MT)	2,790	2,764	2,011	2,052	2,061	1,797
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Source: FAS Europe Posts.

N.B.: Post trade and production data include only HS Code 1509.

Production

Estimates based on precipitation levels to date, temperatures during the olive trees flowering season, and the subsequent extreme summer heat waves that resulted in unripe fruit dropping, indicate that the European Union's (EU) olive oil output in MY 2023/24 could amount to just above 1.4 million Metric Tons (MT).

Olive harvest in the EU runs from fall to the beginning of spring. While spring conditions determine flowering and summer temperatures influence fruit development, fall precipitations still play a role in final output levels. Olive tree's alternative bearing[1] also plays a role in production volumes. New plantations under irrigation entering production also continue to soften the impact of alternative bearing in olive oil production levels across the EU. The EU's olive oil production is concentrated in a handful of Member States.[2] The EU is the world's largest olive oil producer, accounting for over 60 percent of the world production.

In Spain, which produces about half of the world's olive crop, extreme weather conditions resulted in short production for a second year. After a spring heat wave impacted flowering, the harvest in Spain was forecast to be only 15 percent larger than last year, which was the worst olive oil production year in nearly a decade. A series of summer heat waves caused trees to drop unripe fruit to conserve moisture.

[1] Olive trees tend to bear fruit in two-year cycles, where an improved crop normally follows a small crop.

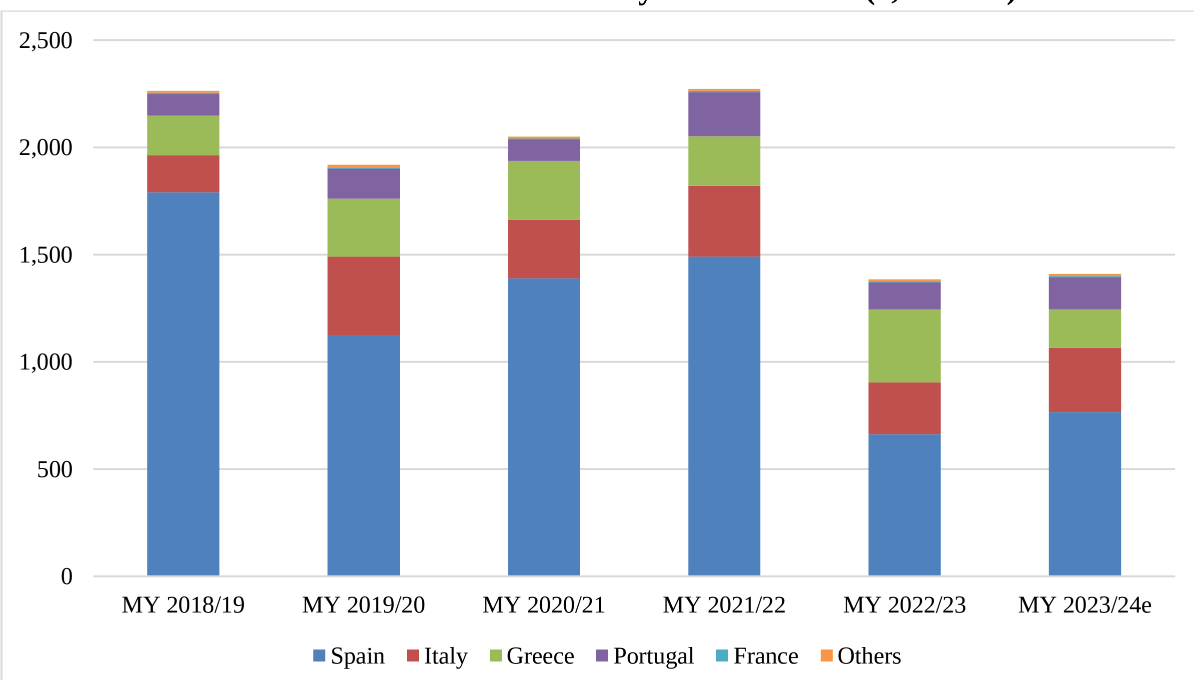
[2] Main olive oil producers in the EU include Spain, which produces nearly seventy percent of the bloc's olive oil output, followed by other major producers such as Italy, Greece, and Portugal. To a much smaller extent, olive oil production also exists in France, Cyprus, Croatia, and Slovenia.

However, abundant fall precipitation contributed to improve the initially negative production outlook. The latest official estimates indicate that olive oil production in Spain in MY 2023/24 may reach up to 765,200 MT.

In Italy, MY 2023/24 olive oil production is forecasted at 300,000 MT, mainly due to the promising conditions in the regions of *Puglia*, *Calabria* and *Sicily*, which account for approximately 70 percent of the country's olive oil production.

Greece's MY 2023/24 olive oil production could be as low as 180,000 MT. The mild winter did not favor flowering and extensive rainfall in spring further reduced fruit-set. Additionally, extremely hot summer conditions followed by autumn rainstorms '*Daniel'* and '*Elias'* reduced the yields in the central Greece area. *Chalkidiki* in the north and *Crete* in south Greece also report significant olive oil production decreases.

Olive Oil Production in the EU by Member State (1,000 MT)

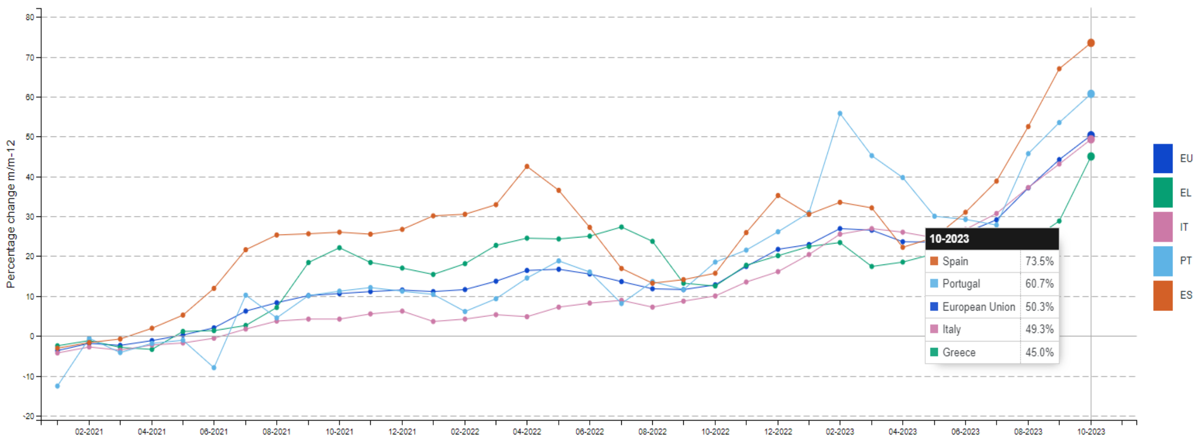


Source: International Olive Oil Council data and estimates from FAS offices in Europe.

Consumption

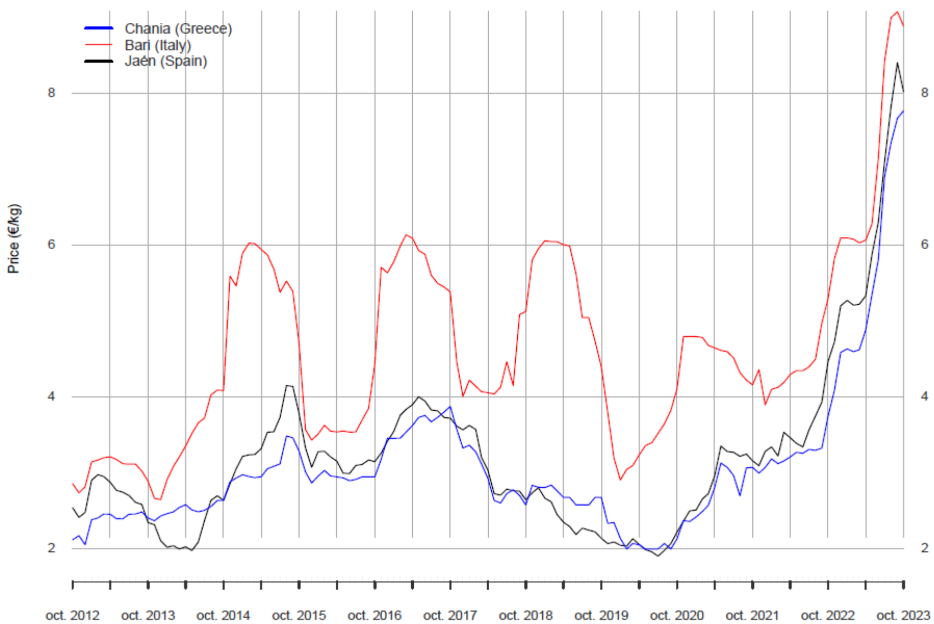
MY 2023/24 and MY 2022/23 olive oil consumption has been revised down compared to previous estimates in response to soaring EU olive oil consumers' prices in the main producing and consuming countries. Likewise, olive oil prices in producers' markets in the EU also far exceed previous season's levels.

Olive Oil Consumer Price Index in Main Producing and Consuming Member States*



Source: [Food price monitoring tool (europa.eu)]()
*12 months- Percentage of change.

Extra Virgin Olive Oil Monthly Prices (Euro/100 Kg)

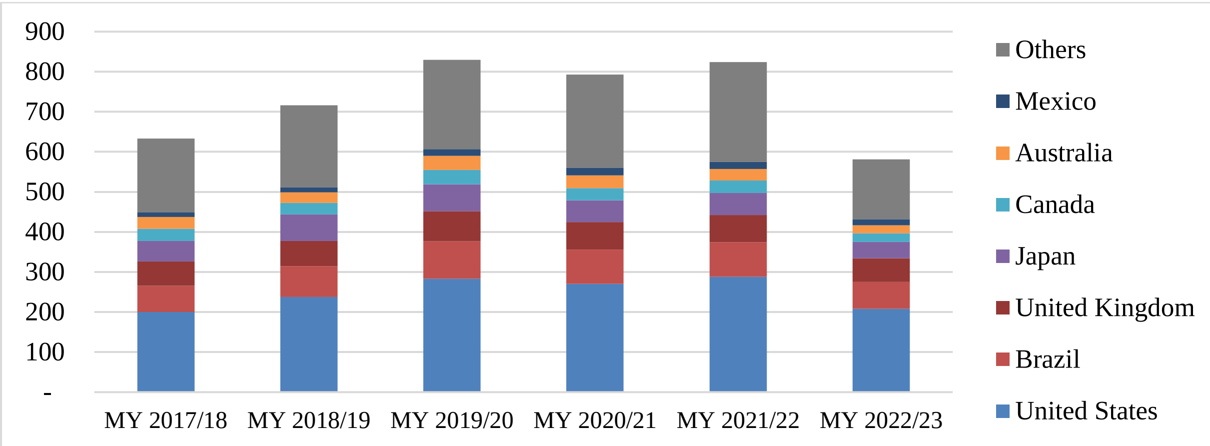


Source: [International Olive Council]()

Trade

The second consecutive short EU olive oil crop is expected to limit the bloc's export potential in MY 2023/24. The EU's total olive oil export levels in MY 2022/23 also declined significantly, driven by the limited domestic availability. The United States followed by Brazil are the main destinations for EU olive oil exports.

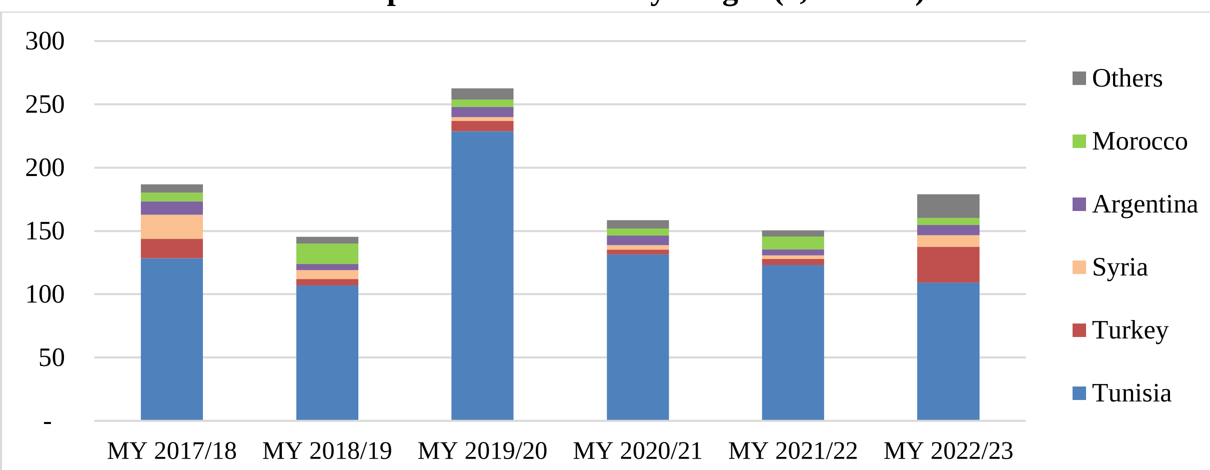
EU Exports of Olive Oil by Destination (1,000 MT)



Source: Trade Data Monitor, LLC.

In MY 2023/24, EU olive oil imports are anticipated to recover marginally, provided a production rebound in Tunisia materializes. According to the latest trade data available, in MY 2022/23, the larger olive oil imports originated in Turkey, which saw their production increase in MY 2022/23, nearly countering the reduced imports from the EU's traditional suppliers such as Tunisia or Morocco, where olive oil availability was lower in MY 2022/23.

EU Imports of Olive Oil by Origin (1,000 MT)



Source: Trade Data Monitor, LLC.

Stocks

Despite the somewhat reduced internal consumption and exports, olive oil stocks in the EU are expected to be tight by the end of MY 2023/24 given the two consecutive short crops that have reduced availability of olive oil within the EU.

Attachments:

No Attachments.