

**LETTER/ CIRCULAR ON MARKET DEVELOPMENTS DURING THE 2020/2021 MARKETING YEAR.**

It is usual that, when there is a significant alteration in the olive oil markets, operators receive news from different sources, which often leads to some confusion, especially when this news reaches importers in foreign markets.

ASOLIVA considers that it can be positive for importers to receive direct information from our Association, which represents the vast majority of Spanish exporters of olive oil, so, below, we comment on the evolution of the market situation of the 2020/2021 campaign, from its beginning to the present moment.

The total production forecast for the campaign, according to data from the Spanish Ministry of Agriculture, will be around 1,400,000 MT plus a bonded stock of 491,200 MT. Source: Food Control Information Agency (AICA). International Olive Oil Council (I.O.C.) and European Union.

It should not be forgotten, on the other hand, that the sum of consumption in the Spanish domestic market, which is increasing considerably, plus exports may reach the figure of 1,700,000 MT. Source: Food Control Information Agency (AICA). International Olive Oil Council (I.O.C.), European Union and media (Olimerca, Oleo, Mercacei, Oleum).

Likewise, the drought situation suffered in practically all the Spanish territory during the last months has been joined by a particularly strong squall at the beginning of January, which has affected the olive oil producing areas. These meteorological events have a decisive influence on a foreseeable decrease in production for this campaign in Spain. Source: Food Control Information Agency (AICA). International Olive Oil Council (I.O.C.), European Union and media (Olimerca, Oleo, Mercacei, Oleum).

On the other hand, and in accordance with published information, production forecasts in the main producing countries in the world (Italy, Greece, Tunisia, etc.) are very low. Source: International Olive Oil Council (I.O.C.), European Union and media (Olimerca, Oleo, Mercacei, Oleum). This means that international demand will continue to depend to a large extent on Spanish production, given the difficulty of the rest of the producing countries to meet it in its entirety. All this leads to a greater demand for the purchase of olive oils produced in Spain.

It can be easily deduced that a decrease in the availability of olive oil in Spain, the world's leading producer country, and a lower availability in the rest of the producing countries, may affect the evolution of international market prices, as in fact, seems to be occurring. Source: International Olive Oil Council (I.O.C.), European Union and media (Olimerca, Oleo, Mercacei, Oleum).

We hope that this explanation helps to interpret the current market situation and we will keep you informed of what is happening throughout the 2020/2021 campaign, without prejudice to any additional information you may consider appropriate to request.

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