

Market Report - September 2013

A number of actors in our trade will be attending the IFEAT congress in San Francisco which has just started. We can expect, as usual, that the buzz of the congress will push up commodity prices, however this is typically only short-lived.



Although the price trends of the larger volume items (notably mint and citrus) seem to be fairly well understood by the trade, there are several smaller products for which the market appears to be moving rapidly. Their supply is already becoming difficult and we invite you to contact us directly with your specific enquiries to prevent agitating the market and encouraging too much speculation.

India

Indian exporters present at the congress will explain how much the weak rupee has impacted export prices as well as internal markets. During August and early September the rupee saw its value crash by 20% from the beginning of the year. The new governor of the bank of India has brought some confidence back to the currency but it has not yet recovered to early 2013 levels. The rupee is just one of the currencies we monitor daily at De Monchy Aromatics.

Aniseed oil China star/anethole natural

The market for this product has been depressed for several months. Currently, the market is waiting to see if the autumn crop will be fully processed as many farmers still have stock of the oil from the spring distillation.

Cassia oil

The shift from the 'old' to the 'new' method of production of the oil continues to be observed, with progressively less 'old' method oil in the market. However, the overall supply is sufficient to meet demand and we expect that on-going production during Q4 will maintain the status quo for this market.

Cinnamon bark oil

Currently, there is reasonable availability of cinnamon bark oil at origin at realistic prices, although the mid-grade qualities are in greater demand than the higher ones.

Clary sage oil

Similarly to the coriander oil supply situation, very poor crops of clary sage are foretelling signs of high prices for several months to come.

Clove stem oil

The market price for clove stem oil has firmed. This is due to large volumes being used at origin to cut the quality of the clove bud oil, which has seen notable price increases



Coriander oil

From the small volumes harvested during the summer in all the major producing countries we can predict a bullish market for the next ten months.



Eucalyptus oil globulus

After a long period of flat prices, the depletion of stock at origin, coupled with an increase in demand, has nudged the market price of eucalyptus oil upwards. The next season will start towards the end of this year.

Geranium oil

While the price of the Chinese oil remains stable, the availability of the Egyptian oil has decreased, thus increasing its price. In the forthcoming weeks it is probable that the price increases observed for the Egyptian oil will pull the Chinese oil prices upwards also.

Ginger oil Chinese

There is concern surrounding the poor crops of ginger roots currently being produced in countries other than China. These are likely to impact the price of the Chinese oil, causing it to firm up in the next quarter.

Lavandin/lavender oil

The prices for 2013 have recently been announced by the French cooperatives. The lavandin grosso price is a touch firmer than last year as the overall crop volume is slightly smaller. Whilst the lavender plants were late flowering after a long snowy winter and rainy spring, the price of lavender oil is lower due to good weather in the later part of the season leading to a higher yield.

Lemon oil

Several origins including Spain, Italy and Argentina have had poor crops this year. Additionally, there has been concern surrounding the next Argentine crop, which has been exposed to severe frost in recent weeks. These two factors have resulted in the market price of lemon oil moving upwards



Lime oil

Both the distilled and expressed oils of lime are on an upwards trend due to three key factors. A shortened season as well as disease in some Mexican plantations is causing uncertainty in the market, with few offers available. An active fresh fruit market has resulted in an unprecedented high cost of fruit, leaving smaller quantities of lime to process for the oil.

Menthol

This year the menthol market has been affected by a variety of factors. Currency, the large size of the mint crop and a steadily increasing supply of synthetic menthol have all played a part in determining the market price of menthol. Last year, the delayed introduction and slow uptake of synthetic menthol kept the Indian producers in a relatively safe position, but this season the large crop of mint plus a lesser demand of natural menthol will carry on pushing the price down. Only speculation on the MCX by the big exporters and crude oil retention by the Indian farmers will be able to prop the natural menthol price up.



Nutmeg oil

In line with a steady demand, the market price for nutmeg oil is currently stable. The market is starting to accept the different qualities of Eastern and Western Indonesia. The nutmeg oil from Aceh, the traditional region, is still preferred however and being recognised as the better quality, it attracts a premium over the oil produced in Java.

Orange oil/terpenes/d-limonene

The season in Brazil started about four months ago. Currently, the processors are unwilling to commit to shipments too far in advance as it is believed that the crop will be short. The supply situation of orange terpenes and d-limonene is quite different to that of the orange oil because the demand is much less than previous years. In the last three years, this very unstable market, defined by drastic price increases followed by sharp drops, has persuaded a number of users to switch to more price stable synthetic chemicals, such as dipentene. Subsequently, the quotes for d-limonene and terpenes are much lower than that of the oil with processors requesting bids from buyers.

Peppermint oil arvensis India

Production of peppermint oil arvensis has been good this season and prices have subsequently fallen. Additionally, currency has been a major influence on the price trend, with the export price as unstable as the rupee. The overall production in India ought to suffice to meet the global demand until next season, although manipulation of supply, speculation and material retention at the level of the farmers and local population make predictions on price difficult. We, at De Monchy Aromatics, are in constant touch with origin to monitor the mood of this market.

Peppermint oil Piperita India

Peppermint oil piperita is currently less of a concern than peppermint oil arvensis amongst Indian producers. Whilst initially there were fears surrounding an overproduction of this oil, crop damage resulting from heavy rain at the end of the harvest season has reduced the crop to a 'normal' size. In recent weeks a lack of demand and the weak rupee suppressed the price of this oil but prices are now starting to rise.



Petitgrain oil Paraguay

There has been a slow start to the new season due to a longer and colder winter in Paraguay.

Sandalwood oil

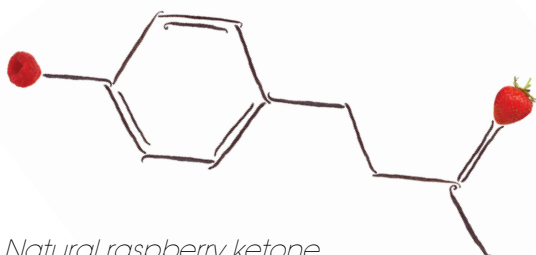
Whilst the impact on price is yet to be observed, the availability from several origins has improved, especially in Sri Lanka where there is no longer a ban on exporting the oil.

Wintergreen oil

Oil from the long awaited new crop in China has finally arrived. The arrival of the new crop initially caused a small dip in price but this trend has now reversed. Quotes from our producers are steadily increasing, with prices close to the peak reached at the end of last season, when stocks were low.

Organoleptic artwork commissioned for DMA

Our research and development focuses primarily on developing natural aroma chemicals as defined by EU Directive 1334/2008. To reflect this, we have had several photographs of important natural aroma chemicals commissioned that highlight their natural status and organoleptic properties through the use of a variety of natural ingredients. The full range can be seen on our site and will be featured in our marketing material during 2014..



Natural raspberry ketone

New group website launched

We are pleased to unveil our new group website reflecting our refreshed corporate identity.

Designed around our customers' requirements, a full catalogue of our products is available on the site, alongside technical data and documents for download. In addition to typical search parameters, users have the option of searching and refining by both organoleptic descriptor and application. Our monthly market reports are available for download from the site. Users not currently receiving these may sign up through the site also.

The screenshot shows the De Monchy Aromatics website homepage. At the top, there is a navigation menu with links for HOME, ABOUT US, HOW WE WORK, NEWS, PRODUCTS, SERVICES, and CONTACT US. Below the menu is a large graphic with the text "Chemistry that makes Sense." and a "Learn more" button. A search bar is located below the graphic, with the text "Product Finder" and "Keyword, DMA, CAS or FEMA code". Below the search bar are three featured articles: "About De Monchy", "Our sourcing", and "Our latest market report". Below these articles are "Our certifications" and "What our clients say about us". The footer contains a "Share" button, a "Sign up now" button, and a "We're members of" section listing IFAT, WFC, and BDA. The footer also includes copyright information and social media links for LinkedIn and Facebook.

The site is initially published in English with Chinese language pages due to follow in the coming months. There is also scope for additional languages to be added in the future. Our new site may be viewed at www.demonchyaromatics.com

Talk to us

Should you have any questions regarding the materials we have discussed in this report, or indeed if you just fancy a chat, we're always pleased to hear from you. You can contact us in the following ways:

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