



November - December 2013 Report

Like last year, this is our final report for 2013 combining both November and December. We would like to take this opportunity to wish all our readers and friends in the industry a very enjoyable holiday during the festive period. We thank you for your support in 2013 and look forward to working more closely with you in the New Year.

FiE Frankfurt 19-21st November

We have heard from many visitors and exhibitors at the Food Ingredients Europe fair in Frankfurt that they had a successful experience. De Monchy attended the FiE and we felt that the food industry is faring relatively well, despite the general sluggishness of the economy in the European Union.



Philippines

De Monchy Aromatics will donate 1% of all sales made in December towards the relief effort in the Philippines, following the devastation caused by Typhoon Haiyan. As announced through [Perfumer & Flavorist](#) last month, De Monchy Aromatics has pledged to donate 1% of all sales made in December to support the relief effort in the Philippines.

With operations and business activities throughout the region we have seen first-hand the terrible destruction typhoons can have upon people's lives. Having made donations in the wake of the earthquake in Sichuan and the Japanese tsunami, we wish to continue this trend by donating to three charities to support the efforts in the Philippines; UNICEF (www.unicef.org.uk); Doctors Without Borders (www.msf.org.uk/country-region/philippines) and the Hong Kong based charity Care Ministries, one of the largest charities operating in the Philippines (www.caremin.com/our-work/disaster-fund). Our office in Hong Kong will also sponsor a group of volunteers living in the city to travel down to Tacloban, home to one of the team members, where they will assist in the relief effort directly.

So with every purchase directly benefitting those in one of the world's poorest countries, we thank you, our customers, in advance for helping to make a difference. More information can be found on our [website](#).

Europe

As the Christmas break is approaching companies are in general not looking to receive large deliveries ahead of the holiday period, although there are always some last minute purchases (a bit like Christmas shopping!) to fulfil an urgent order.





India

A strike during the last two weeks of October by workers in the container terminal of Mumbai-Nhava Sheva port has delayed many shipments, since 70% of the maritime trade in India is via Mumbai. The effect of such a strike lasts for several weeks, as containers stack up and shipments are rescheduled. It was followed by a short strike as well in the internal port of Delhi.

Several articles in the Indian press are reporting concerns about the stability of the currency, and overall trading activity has been subdued. The rate of exchange is one of the most unpredictable factors at present; the rupee is unstable, with some economists predicting that it will weaken again to the high level of INR 69 for USD 1 seen this summer. For now at least it is hovering around INR 62 to the dollar.

China

It has been a busy last few weeks for China, with a flurry of visits by foreign leaders including PM David Cameron and US VP Joe Biden, as well an escalation of the tensions with Japan following the introduction of an air defence identification zone. As we write Shanghai is in the grips of the worst pollution since records began, with widespread flight cancellations and schools closing as a result. Questions regarding the official economic data coming out of China are nothing new, however fresh research from Columbia University in New York suggests that "official statistics present a smoothed version of reality", implying that China's true economic

performance has been far more volatile than Beijing would have the world believe. We continue to be cautiously optimistic in our outlook for China's economy, noting that 2013 has shown some encouraging signs both in our industry and more generally.

Aniseed oil/anethol natural

At origin, we see the price difference between the two products narrowing. The anethol is depreciating slightly where the aniseed oil price is remaining stable.

Cardamom Seed oil

The distillation campaign is taking place now. The news received from the growing areas is of an average sized crop, hence the market price is easing slightly as the distillation is ongoing.

Cassia oil

The average market price at origin has been hovering around the same level for nearly twelve months, with some sporadic small adjustments. Based on what we see on the ground in China, the supply situation will become progressively tougher until the new crop in May 2014. This is in part due to limited distillation of the autumn crop added to increased seasonal demand. One to watch!

Coriander Seed oil

Due to an excessive amount of rainfall just prior to harvest, the crop in Russia this summer was very poor. There is a real lack of oil on the spot market and the price has jumped up. Stock of seeds with the producers at origin is small and is being sold preferentially to the spice industry rather than for distillation.



Davana oil

Sowing of the new crop is currently underway but as last season was not very profitable, farmers are reducing the acreage dedicated to Davana. Increased labour and irrigation costs are making this oil less and less financially attractive.

Eucalyptus oil

Once again we are reporting that the price of eucalyptus is still stuck in a very narrow range. Rumours from China are that the harvest, which takes place in this final quarter, is worse than previous; possibly as much as a third down according to some producers but it is still ongoing and demand appears stable so far. We are not pushing for a price hike but it would be nice to write something new about this market, which has been stuck in a rut for over two years!



Geranium oil

The Egyptian market seems unable to make up its mind; the market shows sharp movements up and down from one day to the next. This is not because of supply as there is still plenty of stock in Egypt; rather we believe it is a reflection of the unstable social and economic situation in the country. Chinese geranium oil stocks have reduced since June/July and the general price trend is upwards.

Ginger oil Chinese

We hear of many factors pushing up the price of ginger oil Chinese. We are not sure if we could rank the reasons in order of importance (labour costs, small volume harvested, pesticide news, bad weather, local speculation), nonetheless the ginger market is getting firmer and is likely to stay firm for the first quarter of 2014.

Lemongrass oil

Price has somewhat firmed up. The recent cyclone Lehar, which luckily had weakened just before hitting land in the state of Andhra Pradesh region, still damaged the plants because of excessive winds and rainfall.

Lemon oil

The larger processors in Argentina are now advising that they are sold out following the drought and freeze from earlier this year. Some smaller processors may have material, however the quality is not assured. Processing of Italy and Spain's crops is due to start shortly, however this is unlikely to have any impact on pricing as they account for only 10% of the world's production. We have been following production of lemon in China for some years now and have made trips to the growing regions to see this first hand. Unfortunately, this season drought has been a major issue, reducing the crop by an estimated 50%. We are told that there is not enough fruit to satisfy fresh fruit demand, so oil production is not a possibility.

Lime oil distilled

Disease in the plantations combined with civil unrest, which resulted in two months of processing time being lost, has meant there have been very few offers coming out of Mexico. We have heard of contracts being reneged upon with renegotiated prices increasing by up to 50%. Peru are currently processing although they are experiencing the same greening problems as Mexico. Peruvian material will not be available until January/February 2014.



Menthol crystals natural

Recently Chinese importers of mint crude oil, menthol powder and crystals have been quite active. In several cases it was only to replace shipments which were cancelled earlier in the year as the market price was heading south. European buyers appear not to be worried about next year as prices continue to come down. Whilst we understand that the volume of crude arvensis oil still in stock in India is large, it is hard to gauge China's additional requirements.

Palmarosa oil

A good and steady demand from Europe is keeping the price trend slightly upwards. Farmers, who have only small volumes in stock, are holding on for better prices when they see the local buyers on the market.

Pepper oil Black, India

The price is drastically increasing as some producers report up to a 50% reduction in the crop at the moment in India.

Peppermint oil Arvensis

Although Chinese buyers are purchasing crude and menthol from India now, the Indian manufacturers/exporters are sitting on stock of DMO which they are keen to offer before the year end, as the end of January and early February is when the mint sowing season starts again.

Peppermint oil Piperita

The local stockists in India are reluctant to reduce their prices despite the lack of purchasing interest. With the price of the arvensis oil being low, we are wary of the temptation for processors to blend the two oils and lower the quality, if not the price, of the piperita oil.

Tea Tree oil

The market for Australian tea tree oil is firm following reduced production this year in Australia; the crop is said to be down by a quarter from last year. This trend is likely to carry on until the new season oil is available in June 2014, subject to the weather conditions. The price of the Chinese tea tree oil is going up accordingly.

Wintergreen oil

It is difficult to source good quality batches from this season's production, perhaps because the oil is too 'green'. In any case there are some substandard qualities being offered, probably due to the severely reduced crop size and corresponding price increase.

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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