

November 2014 Market Report

Around much of the world activity is already slowing down ahead of the Christmas closure but it is nonetheless the time to prepare tenders for next year's supply of key ingredients. The rate of exchange is one of the major factors that has been influencing commodity prices in the last three months.

We hope that in due course there will be some relief in the prices of synthetic aroma chemicals derived from petroleum as the barrel price steadily goes down.

The current social, political and economic situation in Russia, Ukraine, and Crimea is affecting the supply of several of our products, including lavender, coriander and clarysage.

The citrus markets are still making the front pages in the F & F industry; the lemon market is perhaps going through a calmer period at present but there are difficult times ahead. Orange is beginning to turn bullish and the lime market is still very tense because of greening. Good quality grapefruit oil is also hard to come by.



Cassia (*Cinnamomum cassia Blume*) taken in Luoding, China. October 2014.



Cassia (*Cinnamomum cassia Blume*) before distillation. October 2014.

Cassia oil

The new Autumn crop oil is now coming out and has allowed the price to ease to some extent. However cassia oil is not governed by normal supply and demand; unlike most crude essential oils in China, which are produced by farmers, cassia processing is controlled by a suppliers' alliance, which when allied with speculation can mean that the price of cassia does not always behave as expected. Our view is that it is stable for now.

Citronella oil Java type

Chinese quotes are stable currently but increased demand for Indonesian material as well as currency differences has resulted in price increases from this origin.

Clarysage oil

Two successive crop failures mean this material is still very difficult to source from all origins.

Coriander seed/leaf (herb) oil

Quotes are still going upwards as the market is short of raw material. The growers and traders at origin mainly focus their sales into the spice market where they can make a profit rapidly in a very active market. There is little raw material kept for oil production. We are in a position to offer on some quantities of leaf oil currently and invite your enquiries.

Davana oil

Sourcing this material is still very problematic and the scarcity will likely only get worse until the next season's oil arrives in April/May next year. On the positive side, demand has somewhat lessened which has ended the speculation game at origin. The current price is still over three times last year's level.

Eucalyptus oil globulus

The market price has gently weakened as the winter harvest is taking place in China. The price trend is for further reductions based on the supply situation of today. The price of eucalyptol is also due to ease down but spot availability is poor. In this bearish market, without firm orders on their books, factories are not keen to stock more eucalyptus oil than necessary for the production of eucalyptol.

Geranium oil

In Egypt there is a large surplus of oil due to two consecutive bountiful crops, but there is also some good news for the Egyptian processors; they can see that the present Chinese crop is poor, showing low yields and the market price is rising as a consequence. This may lead to a small price increase from Egyptian exporters.

Hay absolute

The market has been active this year with the growth in popularity of e-cigarettes. Current stocks of hay absolute are limited and the new production will not start again until the end of next spring, when fresh material is available for harvest and drying.

Lavender oil

Firm markets from all origins with very little carryover stocks. The volume of the Bulgarian lavender crop this year is down by about 40%, the French one is as anticipated but the demand is high.



Lemon oil

Buyers are resisting continuing to pay this year's high prices and since it is no longer peak season for carbonated beverages, can afford to be more selective. The Argentine crop is now finished, and it appears there is a small amount of oil unsold now entering the market that may help ease prices downwards 5-10 %. However price rises through the first quarter 2015 are possible as this small quantity of oil will not be sufficient to meet demand and keep the market calm until the restart of production in April.

Lemongrass oil

Although now is the harvest season, steady demand is pushing the market price up and the trend is for on-going price rises.

Litsea cubeba oil

The crop this autumn has been poor, about half of last year's production. This pushed the price of the oil and consequently natural citral upwards.



Orange oil

In Brazil the talks are already about the 2015/2016 crop. An earlier period of drought will affect fruit growth mainly in the northern part of the producing region. As this year's (2014/2015) crop is also down in volume, the long term forecast for Brazilian orange production is pessimistic. The oil and other orange by-product markets are dictated by the demand of the juice market, which influences the volumes of fruit processing undertaken and the output of by-products.

Palmarosa oil India

Good availability from origin and European stockists means the oil is competitively priced currently.

Pepper oil black

Albeit it later than expected, the new season in India is starting soon. The prevailing market price has not yet eased as stocks are low at origin and demand is steady. We may see some price reduction in the first quarter 2015.

Peppermint oil Arvensis/menthol

Commodity markets alternate between buoyant bullish phases and dull bearish ones. Menthol and mint are certainly in the latter one currently, with no end in sight. For the last two seasons there has been good volume produced which has built up stocks at origin. There is no sign of any improvement in global demand to reverse the present bearish trend. We will monitor the sowing in India at the beginning of next year which will give us an indication of the farmers' plans for the 2015 crop. We envisage that the acreage will be lower because of the prevailing low prices and large carry over stock.

Petitgrain oil Paraguay

After a very poor production this year due to adverse weather conditions, production is now starting again, which it is hoped will ease the deficit of oil on the market. Producers at origin have still got pending sales from last season and these will be first to be fulfilled. Subject to the weather being favourable in the next few months, the supply situation may ease in the first quarter of the new year.



Wintergreen oil

The search for good quality wintergreen oil from China carries on. This year's crop has been poor in term of volume and quality.

Aroma Chemicals

Alcohol C8

Unfortunately the situation remains unchanged with continued shortage of alcohol C8 having a knock-on effect upon the availability of numerous other materials such as HCA and aldehyde C14.

Citral natural ex litsea cubeba

The market for citral natural is getting firmer as news of the poor crop of litsea cubeba berries in China is spreading in the market. The crop volume is estimated to be half as low as in 2013. Worth trying to cover now.

Ethyl Vanillin/Vanillin

In a u-turn following our last comment on these items, a large producer is increasing its sell price to reflect the higher production costs, which should push the market price up globally .



cis-3-hexenol/cis-3-hexenyl acetate natural

As the market for crude peppermint oil is very sluggish, the prices for these two derivatives are weakening a little.

Meet Us.....

We will be presenting at the BSF 'Table Top' in Amsterdam on 5th March 2015 and Flavour Horizons' 'Flavourtalk' in Singapore on 28th April 2015.

The primary focus of our presentation will be nootkatone produced via a fermentation process at our site in the UK. Our full-page advert in the IFEAT brochure (reproduced below) provides some background information however should you wish to know more about the exciting developments happening at De Monchy Aromatics don't hesitate to contact us - details can be found on the next page.



We got there first. Naturally.

De Monchy Aromatics is proud to announce a breakthrough in naturally produced nootkatone. In an innovative process developed by Oxford Biotech, valencene from orange is biotransformed to EU natural nootkatone. Using sustainable starting materials ensures stable pricing and

a secure supply chain for our customers, and these are environmental benefits too, with no harsh reagents or conditions involved in the process. We're working hard to develop new products and services to provide you with innovative solutions.

DMA has entered into a production and global distribution partnership with Oxford Biotech, which develops enzymatic processes for flavour and fragrance ingredient production.

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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