
October 2018 Market Report

ESSENTIAL OILS AND EXTRACTS

Aniseed Oil China Star

The raw material supply remains tight due to low output; prices have continued to rise throughout the year and remain high. The demand for fruit for medicinal purposes during the winter months may tighten supplies further.

Buchu Oil

The supply situation is still critical with little or no stock being offered from origin. In more positive news the weather conditions have been more favourable recently with heavy rains, so the current expectation is for a normal crop for 2019.

Chamomile Oil Roman

The UK crop was below average; the hot, dry summer following on from the cold spring meant that the flowers had stunted growth and poor coverage. The production in Italy was adversely affected by flooding and once dried the plants were damaged by



fungal infection which affected the quality of the oil.

Eucalyptus Oil Globulus

Material is still in short supply as the forest ban imposed by local government is still in force. In spite of this prices have come down recently on the back of a drop in demand and weak RMB. The carryover into the next crop starting in November will be small so the price may well move up again.

Grapefruit Oil

The market is still extremely tight and prices remain high.

Lemongrass Oil Indian

Heavy flooding caused damage to the crops so supply is limited. There are inferior qualities being offered with low citral levels, where the market pressures have led to the crop being harvested early.



Orange Oil/d-Limonene

Orange Oil is currently stable but d-limonene pricing is under pressure which has led to a larger gap than usual between the two.

Peppermint Oil Indian/Menthol Crystals

The market is still very unstable; last year's crop was very poor so the farmers increased the size of their crops in order to produce more oil for this year. Prices came down thanks to a good crop, however many companies contracted for the start of the new crop season and farmers held on to stocks as they were not happy to sell at the current level.

Large volumes were bought by speculators in order to drive the market price up so there was a huge price increase in July-August. The volumes held by the MCX were also well above the usual level. Currently there are some small fluctuations but prices are staying largely consistent.



Lavender Oil Bulgarian

The Bulgarian crop was a disaster; throughout July there was daily rainfall which flooded the fields hampering collection. The plants ideally need warm, dry weather in order for the oil to be concentrated in the flowers; the weather conditions from this year meant that the oil was localised to the roots of the plant and hence the yield of oil was extremely poor. With the quality and collection issues, there is limited oil available and prices are increasing still.

Litsea Cubeba Oil/Citral EU Natural

The harvest for this year is over and the output was well below expectations. Prices are still extremely high but seem to have stabilised at this level for now, as demand has dropped recently.

Petitgrain Oil Paraguay

The new crop started in October and will finish in February, as the current inventories are quite low the likelihood is there will be limited carryover from the previous crop so the price is unlikely to go down. The crop is expected to be good, however any change in pricing will be driven by demand.

Tea Tree Oil Australian

The harvest is in progress and the season is expected to be good as the weather conditions have been favourable.



AROMA CHEMICALS

Citral and Isoprenol Derivatives

BASF's force majeure for citral and isoprenol-based aroma ingredients is still in place, however small volumes are coming onto the market from new production which has provided relief for some aroma ingredients such as citronellol, geraniol and linalool. Many material are still in short supply however including the ionones and hydroxycitronellal.

Cis-3-hexenol/cis-3-hexenyl acetate

Synthetic cis-3-hexenol and derivatives are in short supply; limited material is available and

prices are continuing to increase. For EU natural material the mint market has driven prices up and limited volumes are available.

Furaneol Synthetic

One of the main factories in China declared force majeure for furaneol synthetic, EU natural and derivatives as it was shut down by the local government as a result of complaints about the odour by local residents. Material is extremely tight and will remain so until production restarts.

Maltol/Ethyl Maltol

Maltol prices are currently stable at the high level, it does not seem likely that this will follow the same trend as Ethyl Maltol where pricing crashed several months ago. Some volumes of Maltol EU Natural are being produced and prices are extremely high for the limited volumes that are available. There are also some cheaper qualities being offered however these should be checked carefully for adulteration.

Raspberry Ketone EU Natural

Several Chinese factories have been shut down by the EPA recently so material is very tight. All being well the production is expected to resume in early 2019.

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:

United Kingdom

Sally Gill
Skype: sally.gill.dmt

sally.gill@demonchyaromatics.com
Tel: +44 (0) 203 1708 354

Alexandra Kelly
Skype: alexandra.kelly.dma

alexandra.kelly@demonchyaromatics.com
Tel: +44 (0)1202 620888

Ben Dawson
Skype: ben.dawson.dma

ben.dawson@demonchyaromatics.com
Tel: +44 (0)1202 620888

Asia

Kris Yao
Skype: kris.yao.dmc

kris.yao@demonchy.cn
Tel: +86 (0) 21 6289 7588

Eastern Europe

Marek Bogucki
Skype: marek.bogucki.dma

marek.bogucki@demonchyaromatics.com
Tel: +48 883 262 853