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# January 2020 Market Report

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## ESSENTIAL OILS AND EXTRACTS

### Aniseed Oil China Star

With the Chinese Spring Festival approaching demand is low, though prices remain high and stable.

### Buchu Oil

Harvesting is underway and so far we are hearing mixed reports from producers as many are still badly affected by the ongoing drought. We should have a clearer picture once yields are determined in the coming weeks.

### Davana Oil

The areas under cultivation were reduced throughout 2019 due to high carryover from the previous year. The next crop which is due to start in March is expected to be very poor as the first set of nurseries suffered rain damage.



Prices have continued to increase and the availability of high davanone material is limited.

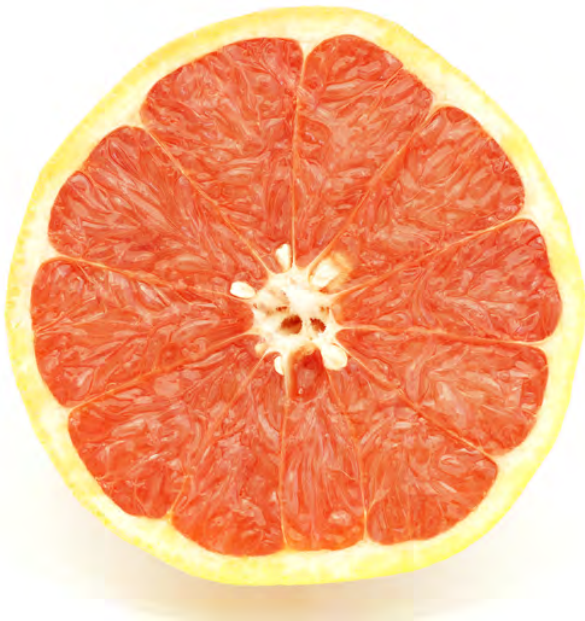
### Eucalyptus Globulus Oil

Prices have fallen further since the start of the new crop season in December, reaching their lowest level in 3 years. Farmers, reluctant to sell at the current market price, are refusing to offer hoping that there will be an increase in global demand after Chinese New Year.

### Ginger Oil Chinese

In recent months the price of ginger oil Chinese has been affected by a few key factors. Firstly, following several years of low pricing, there has been a 20% reduction in the area under cultivation. Secondly, a lack of rain in the summer months has caused the crop to be badly damaged. Finally, high demand from the spice market has caused a substantial increase in the cost





of raw ginger. As a result of these factors the price of ginger oil Chinese has increased.

#### **Grapefruit Oil**

Global demand remains weak, leading to further price drops.

#### **Lime Oil Distilled Mexican**

The market has firmed due to high demand and fruit prices; further price increases are expected going forward.

#### **Litsea Cubeba Oil/Citral EU Natural**

Demand is low so prices have moved down slightly from the elevated levels seen in September and October; no dramatic changes are anticipated.

#### **Mandarin Oil Italian**

The mandarin season is underway and for a second consecutive year the crop is poor. Many of the green mandarins were sold to the fresh fruit market, thus reducing the

availability of ripe fruit for production of red mandarin oil. The market price has already increased as a result.

#### **Orange Oil/d-Limonene**

The market bottomed out towards the end of 2019 and has crept up since then; prices are not expected to reach the highs of previous years.

#### **Tea Tree Oil Australian**

The tea tree oil market already faced serious difficulties following on from the severe droughts in early 2019 and subsequent frost.

These issues, coupled with the recent devastating bush fires and restrictions on irrigation prior to the next rainfall (expected in April), are expected to have a significant impact on supply and pricing in the market. The picture should become clearer over the next few months when the extent of the early crop damage becomes clearer.



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## AROMA CHEMICALS

### 2-acetylpyrazine

Prices are currently unstable; competition in China is high with factories dropping their prices significantly in order to clear stock before the Chinese Spring Festival at the end of January.

### 2-methyl-2-pentenoic acid

There was no production of this material for the majority of 2019. Production has now resumed but it is limited; new volumes are being offered but the lead times are long.

### Cis-3-hexenol and derivatives

Although production has resumed, the market remains extremely short, with volumes produced still being allocated to outstanding contracts. It is still unclear when the situation will improve.



### Ethyl Vanillin

Due to a production accident, one of the major factories ceased production of ethyl vanillin in November. Prices have moved up and availability is extremely limited. Restarting production is a slow process so the situation is not expected to be resolved quickly.

## Furaneol

High competition between several producers in China has led to the market easing slightly; the price is still historically high and is expected to remain at this level throughout 2020.

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# Talk to us

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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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