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# March 2020 Market Report

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## ESSENTIAL OILS AND EXTRACTS

### Aniseed Oil China Star

We are seeing a general rise for all Chinese essential oils due to the extension of the lunar festival and heavy restrictions on travel and movement of goods in order to minimise the impact of the coronavirus. For Aniseed Oil, the production that normally takes place after Chinese New Year has been delayed because the farmers were asked to stay at home. This, coupled with high prices for star anise fruit in the spice market, has caused the price of aniseed oil to rise.

### Buchu Oil

The demand for oil is extremely high as this product has been in shortage for the past two years due to the ongoing drought.



Harvesting is still underway but any volumes produced are immediately being sold at a high price level. More material will be entering the market in the coming weeks but, since supply is not able to keep up with demand, it seems likely that this product will remain difficult and prices high for the remainder of this year.

### Davana Oil

Distillation is ongoing but early indicators suggest the crop is poor due to adverse weather conditions. The expectation is that the production and quality of the oil produced will be low this year.

### Eucalyptus Globulus Oil

In January prices reached the lowest point for over two years as farmers needed to sell their stocks in preparation for the Lunar New Year. The market has rebounded since then as the January prices were not a true reflection of the market situation with stocks of crude oil still being low. In addition to this, the outbreak of the Coronavirus meant that



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villages were quarantined to minimise the spread of the virus and farmers were unable to travel to the mountains to distill the crude oil. Prices have increased and may continue to rise in the coming months.

### Lemon Oil Argentina

Prices have dropped further. Producers in Argentina were encouraged to increase their production due to commitments from large soft drinks companies, however due to the falling market price these companies reduced their consumption leading to surplus stocks at origin.

### Lime Oil

The market remains firm for both distilled and expressed oil; fruit availability is limited and supply is not able to meet the high demand. Prices are expected to continue to move upwards.

### Orange Oil/ d-Limonene

Prices are rising steadily for both Orange Oil and d-Limonene. Brazil has announced



smaller stocks of orange juice than expected and the 2020/21 season is expected to be delayed due to adverse climate conditions. As a consequence, the large producers are pushing their prices up.



## AROMA CHEMICALS

### 2-acetylpyrazine

Factories dropped their prices significantly in January in order to offload stock before Chinese New Year. The producers are now not willing to offer material as their stock position is extremely tight following on from the extended shutdown.

### 2-acetylthiazole

Availability is tight as one of the main factories producing the raw material is still closed. The hope is that this will be available at the end of March, however with further delays possible and a backlog of existing orders of 2-acetylthiazole stocks are likely to remain short; this may also have an impact on pricing.

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## Cis-3-hexenol and derivatives

Japanese material remains tight and any available volumes are being offered at a high price. Chinese production is expected to resume this month but very limited material is being offered to the market. With the shortage expected to continue throughout 2020 these materials are likely to remain extremely difficult.

## Delta Hexalactone

Prices have jumped up recently due to a considerable increase in raw material costs.

## Diacetyl

Raw material costs are increasing, which is hindering production. One of the main factories has stopped production for the time being as they are unable to maintain low prices. Stock availability is very limited, potentially impacting price in the coming months.

## Vanillin/Ethyl Vanillin

Ethyl Vanillin has been extremely short since the end of 2019

following a production accident in one of the major factories. The factory is expected to reopen this month after a long period of closure and production will gradually resume, with new material being offered at a higher price than previous.

## Levulinic Acid

Availability is limited as the main factory has been asked to stop production due to high pollution levels. It is likely that production will not resume for several months.



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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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