
May 2020 Market Report

Coronavirus (COVID-19)

With the spread of COVID-19 life has changed drastically in only a few months. With so much of the world under some level of lockdown, each week brings new challenges and businesses have needed to adjust their operations to comply with social distancing requirements. There has been a general rise in raw material prices and freight services are under a huge amount of pressure to continue the movement of goods around the globe.

India's lockdown has seen all air freight and courier services out of the country suspended. Sea shipments are continuing but are facing severe delays due to high demand at the ports. Factories are also working at severely reduced capacity so we expect materials to remain tight even when freight services resume.

Factories in China have resumed production, however there is a severe shortage of space on aircrafts with PPE shipments being prioritised. Freight rates are up significantly with considerable delays on the export of goods.

ESSENTIAL OILS AND EXTRACTS

Aniseed Oil China Star

Prices for star anise fruit within the spice market remain high, limiting the amount of material available for processing. Due to lockdown restrictions being in place until mid-March many of the processors were unable to process the leaves during peak season.

As a result, too little leaf oil entered the market to make up for the shortfall in fruit oil. To date, this reduction in supply has not yet impacted on pricing as demand remains weak.

Buchu Oil

Buchu remains extremely tight with the supply of oil unable to meet the current global

demand. With heavy restrictions on cargo flights out of South Africa and airline space being prioritised for food and medical supplies, many of the producers that do have material to offer will be unable to export their product until the restrictions are lifted.



Davana Oil

The crop is down significantly and high-quality oil is in short supply. This, coupled with the restrictions in India, has led to a substantial jump in pricing since the low levels of last year. Prices are expected to continue to rise.

Eucalyptus Oil

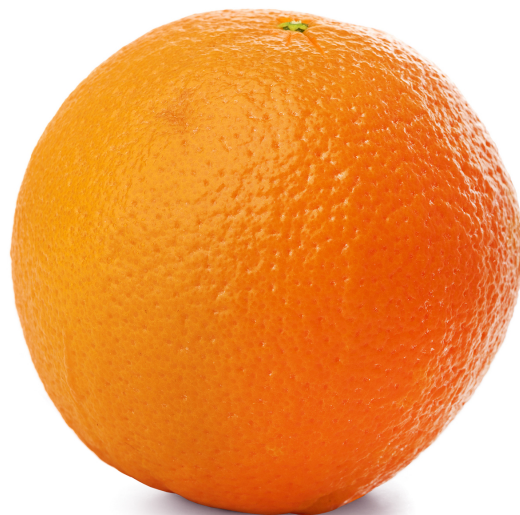
The market is unstable; panic-buying of Chinese products during the extended lockdown led to additional demand, pushing prices up during February and March.

Global demand dropped towards the end of March leading to a price drop, which bottomed out at the end of April. Prices have started to move up and may increase further if demand picks up.

Lemongrass Oil Indian

No harvesting is currently taking place in India due to the lockdown leading to low availability of oil in the market. This, coupled with high demand, has caused prices to move up suddenly.

Increased pressure on oil supplies is likely to



continue even after harvesting has resumed due to high demand for the product as a source of natural citral.

Lime Oil

The market remains firm and prices are expected to continue to rise throughout the remainder of the year.

Litsea Cubeba Oil/ Citral EU Natural

There has been a recent upsurge in demand for citral EU natural, believed to be due to increased demand from beverage manufacturers. Prices have increased dramatically and stocks of litsea cubeba oil in China are running very low.

Since very little production will take place before the crop season in August we expect prices to continue to rise over the next few months with availability becoming increasingly limited.

Orange Oil

The market turned at the end of 2019 and remains firm; both orange and d-limonene

are rising at a similar rate due to strong demand for both.

Tea Tree Oil Australian

Unsurprisingly demand for tea tree oil has increased dramatically due to its usage in hand sanitisers and other hygiene products. Availability is extremely tight and prices have jumped up as a consequence.



AROMA CHEMICALS

Cis-3-hexenol

There is no new supply of EU natural cis-3-hexenol or its derivatives from India due to the lockdown; we don't expect this to be resolved quickly due to heavy restrictions on manufacturing and the difficulties of sourcing raw materials for production.

This has led to additional pressure on the supply of synthetic cis-3-hexenol, which was already extremely limited.

Sulfurol

Prices for the raw material have nearly doubled and many factories have stopped production. Sulfurol prices are increasing and lead times for production are long.

Butyric Acid EU Natural

Prices have recently increased and availability is extremely tight due to high demand.

Vanillin/Ethyl Vanillin

Prices are still at a high level; production in the major Chinese factories has resumed but there is pressure on available stocks due to continued high demand.

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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