
July 2020 Market Report

ESSENTIAL OILS AND EXTRACTS

Aniseed Oil China Star

Availability has been tight for several months due to the high prices of star anise fruit within the spice market, limiting the volumes available for production. The reduced volumes of leaf oil entering the market have not been enough to make up for this shortfall. These factors, combined with high demand, have caused prices to firm.



Buchu Oil

The market remains extremely short with very little production taking place.

Harvesting will take place towards the end of August so new oil will not be available until September.

Coriander Oil Russian

Concerns over the long-term supply due to the pandemic has caused high demand for the oil during the past couple of months, driving the market price up. Seed prices are currently high discouraging further production of the essential oil.

The low availability of stocks leading up to this point is likely to drive prices up further.

Chamomile Oil Roman

The extremely dry spring in the UK has had a detrimental effect on the growth of the chamomile crop. In some areas the plants have dried out completely and, for the remainder of the crop, the flower buds are not currently developing, with the recent short heavy rainfall being insufficient to penetrate the ground.

How the crop will turn out will be dependent upon rainfall throughout this month. The acreage of the crop has increased over recent years and there is reasonable carryover from 2019, which should help to ease a potential shortfall from this year's crop.





Davana Oil

The market remains tight with very little high-quality oil available at origin. Price are rising steadily and this is expected to continue in the coming months.

Eucalyptus Oil

Crude oil prices hit their lowest level for several years in April/May, discouraging production. Furthermore, the government's restrictions to prevent forest fires have meant that farmers are unable to go into the mountains to collect material to distil causing raw material supplies to become increasingly tight.

The market is unstable as global demand has been fluctuating recently. Prices are currently weak but are not expected to come down further from the current level and may rebound if demand picks up.

Lemongrass Oil Indian

With no shipments out of India for the past 3-4 months, demand has built up causing the price to jump upwards.

The lockdown meant that no harvesting was able to take place and with the rainy season approaching this will lead to further challenges.

Prices are expected to soon reach the high levels last seen in early 2019.

Lemon Oil Argentina

The crop season runs from May to July and is estimated to be down 11% due to lack of rain at the start of the year. Prices have risen from the extremely low levels of a few months ago and are expected to increase further.

Lime Oil Mexican

Following on from a short winter crop, prices spiked at the start of the year due to a shortfall in fruit volumes. Pricing has since remained stable for the past couple of months.

The peak season is underway and will finish in September/October; it is unclear at this point in time how the impact of COVID-19 will influence the market in the coming months.



Litsea Cubeba Oil/ Citral EU Natural

The high demand for citral EU natural since April, which is understood to be driven by beverage manufacturers, has led to significant price increases and low availability of stock. No new material will be available until the next crop season starting in August, so further price increases are expected.

Orange Oil

The 2020/21 crop in Brazil, starting this month, is expected to be over 20% down due to unfavourable weather conditions and a reduction in fruit per tree. Consumption of vitamin C products is up due to COVID-19, which has led to a firming in orange juice prices.

The Brazilian processors have increased prices for both orange oil and d-limonene and the market remains firm.

Peppermint Oil Indian

The harvesting of the arvensis crop is underway and is expected to be up



10-15% this year with good carryover from the 2019 crop. The piperita crop has finished and is reported to be on the low side of normal with limited carryover; pricing is currently stable.

Rose Oil Bulgarian

The 2020 rose campaign started mid-May and finished in June. The crop was initially expected to be good but cold weather meant that the rose bushes were not able to blossom. The yield is down 40-50% this year as the rose petals were dry at the end of the campaign, reducing the amount of oil present.

Tea Tree Oil Australian

There was a significant upsurge in demand for tea tree oil during April with companies increasing their volumes substantially in order to cover the requirements for hand sanitisers and other hygiene products due to the COVID-19 crisis. Demand has since tapered off and this has led to prices easing slightly.

Aroma Chemicals

The lockdown in China in February/March created challenges for the supply of many aroma chemicals. Production has largely recovered since lockdown has been eased with volumes produced back to the usual levels. Air freight rates have come back down as there is less pressure on the airlines to prioritise PPE shipments.

Materials produced in India remain challenging as government restrictions during lockdown caused production to be significantly reduced or halted altogether. There is high pressure on the volumes now being produced due to pent up demand during the extended lockdown, so lead times for many materials remain long.



2-acetylpyrazine

Prices have fallen recently due to a price drop for the raw material, which also led to more factories returning to production. Pricing is now stable and is not expected to come down further from the current level due to high production costs.

2-acetylthiazole

Demand from the pharmaceutical industry has dropped recently causing prices to ease slightly and stock to become more readily available.

Cis-3-hexenol

Synthetic cis-3-hexenol and its derivatives remain in short supply due to low production and high demand.

Cis-3-hexenol EU Natural

Production of the EU natural material has resumed but supply is limited and much of what is produced is being used to service existing contracts. Prices have jumped up for the limited volumes that are being offered and lead times for production are long.

Sulfurol

Availability remains tight following on from the significant rise in pricing for the main raw material. Prices are increasing and this trend is expected to continue in the coming months.

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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