

# November 2020 Market Report

## ESSENTIAL OILS AND EXTRACTS

### Aniseed Oil China Star

Aniseed oil pricing reached a historic high this year due to a number of supply side factors. Firstly, the yield of fruit per tree, which has been reducing year-on-year, was particularly poor. Secondly, fruit prices have remained high causing farmers to prioritise supplying the spice market over distilling their crop. And finally, a lack of available labour in China has limited the amount of distillation that has been able to take place.

### Buchu Oil

There is no new oil being produced so the market will remain short until the next crop in Spring 2021.

### Cassia Oil Chinese

In 2019 the USA imposed 25% duty on imports



of cinnamic aldehyde and benzaldehyde from China, causing much of the production ex-Cassia to move to Vietnam and the USA. As demand for Chinese material fell and prices dropped, the factories reduced their production plan for the Spring 2020 crop leading to a ~30% drop in output and prices have firmed as a result.

Whilst harvesting of the autumn crop, which runs from October to December, is currently underway, this crop is substantially smaller than the spring crop so is not expected to ease the current tight supply situation and prices are likely to move up further.

### Davana Oil

Stocks of oil at origin remain low following the poor 2020 crop, with availability of high-davanone material extremely limited. Prices are continuing to firm and this is expected to continue until the next crop in March 2021.

### Eucalyptus Oil

In the early stages of the pandemic many buyers overstocked on eucalyptus oil due to





the uncertainty surrounding future supply and to meet the high demand for cleaning products. Following this, demand dropped and prices fell from what was already considered to be the bottom of the market. By August-September, prices had reached their lowest point seen in 5 years.

Demand has since picked up leading to price increases. As stocks of the crude oil remain low, any further increases in demand are likely to be accompanied by price increases.

### Lemongrass Oil Indian

The availability of the oil from the farmers remains poor and much of the crop has not been harvested as COVID restrictions have limited the availability of labour. This limited supply, coupled with an upsurge in demand, has caused prices to firm in recent weeks.

With decreasing yield and oil quality throughout the winter season, prices are expected to rise further.

### Lime Oil Distilled Mexican

The crop is down this year due to drought conditions in the growing regions. Prices rose rapidly at the start of the year and remain high.

### Litsea Cubeba Oil/Citral EU Natural

The 2020 crop finished in August and was down around 25%. Prices remain high, particularly for citral EU natural, which has been in high demand for several months.

### Orange Oil/d-Limonene

With recent reports of drought conditions in Sao Paulo, the Brazilian 2020/21 crop is predicted to be down approximately 20%. This is largely in line with the USDA report released in October, which forecasts 57 million boxes for the 2020-21 season, a 15% reduction on the 2019/20 crop.

Prices are continuing to move up as demand for both orange oil and d-limonene remain strong.



---

## Tea Tree Oil Australian

2020 has been a challenging year for tea tree oil. Devastating bush fires followed by heavy rains and flooding in February reduced the availability of oil in the market. Against this backdrop, came the huge upsurge in demand at the start of the pandemic due to requirements for materials with anti-viral properties in hygiene products. Consequently, prices rose rapidly.

Prices have fallen since this point as demand has dropped but they remain high compared to the start of the year.



## AROMA CHEMALS

### Cis-3-hexenol and derivatives

The supply of synthetic cis-3-hexenol and its derivatives remains extremely short as the major factories have limited production and any material produced is already committed to long-term contracts. No improvement is expected in the short term.

For the EU natural product ex-mint prices from India are continuing to move upwards, with much of the production still committed to servicing the demand that built up during the extended lockdown.

## 2-methyl-2-pentenoic acid

This product is still in short supply as tight controls on production remain in place due to pollution issues. Prices remain at a historically high level.

## Sulfurol

The supply of industrial grade sulfurol has been limited for several months as one of the major factories had to cease production due to pollution issues. This grade is predominantly used in the pharmaceutical industry and, in much smaller volumes, in the F&F industry after it has been further processed to produce the higher-purity grades.

Prices for these grades rose earlier this year but have since stabilised as current production volumes are sufficient to meet 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:

## United Kingdom

Sally Gill [sally.gill@demonchyaromatics.com](mailto:sally.gill@demonchyaromatics.com)  
Tel: +44 (0)1202 620888

Henry Gill [henry.gill@demonchyaromatics.com](mailto:henry.gill@demonchyaromatics.com)  
Tel: +44 (0)1202 620888

Ben Dawson [ben.dawson@demonchyaromatics.com](mailto:ben.dawson@demonchyaromatics.com)  
Tel: +44 (0)1202 620888

## Eastern Europe & Russia

Marek Bogucki [marek.bogucki@demonchyaromatics.com](mailto:marek.bogucki@demonchyaromatics.com)  
Tel: +48 883 262 853

## EMEA

Alvaro Manuel [alvaro.manuel@demonchyaromatics.com](mailto:alvaro.manuel@demonchyaromatics.com)

## Asia

Kris Yao [kris.yao@demonchy.cn](mailto:kris.yao@demonchy.cn)  
Tel: +86 (0) 21 6289 7588