

March 2021 Market Report

ESSENTIAL OILS AND EXTRACTS

Aniseed Oil China Star

Prices are currently stable but remain at a historically high level due to high fruit prices and low availability of oil. The autumn crop was poor due to a low yield of fruit per tree and lack of available labour, the volumes of leaf oil entering the market are also not sufficient to make up the shortfall.

Prices are expected to remain at the current high level at least until the next crop season which begins in April.

Buchu Oil

The 2021 crop is underway, yields so far are good but as there is no carryover from the previous crop prices remain high. Demand is still extremely high due to the long-term shortage so new volumes being produced are selling out quickly.



Cassia Oil Chinese

Prices remain high due to low output from the 2020 crops and high demand. No improvement is expected ahead of the next crop beginning in April.

Coriander Seed Oil Russian

Dry weather conditions in the producing areas during spring 2020 led to a short crop compared to the previous year. High demand for both the oil and the seeds themselves has led to a severe shortage at origin with prices rising significantly as a consequence.

The situation is not expected to improve in the short term with oil from the 2021 crop not entering the market until the autumn.

Davana Oil

Heavy rain last autumn led to crop damage in some areas at the nursery stage; this resulted in late sowing and re-planting.





In these areas, harvesting will take place later in the season which is likely to result in a lower davanone level.

For those areas not impacted by the rain, harvesting is underway and distillation is expected to carry on through to mid-April; yields will be determined from late March onwards. There is limited carryover from the 2020 crop and only low davanone qualities available, so prices are expected to increase in the coming months.

Eucalyptus Oil

Prices have been at a low level for several months due to weak global demand, dipping further in January as a result of new oil from the winter crop entering the market.

Prices have moved up slightly since then due to increased demand ahead of the Chinese New Year festival.

Lemongrass Oil Indian

Prices rose considerably during 2020; the spring harvest was not able to take place due to the impact of COVID and

considerable demand built up during the extended lockdown in India.

Harvesting of this year's crop has just begun; the area of cultivation has been reduced so prices are expected to move up from the already high level. Distillation will take place in April so yields will be determined from this point.

Lime Oil Distilled Mexican

Lime prices have been increasing since early 2020 due to reduced crops from both Mexico and Peru and high fresh fruit prices. Recent high demand has pushed prices up further.

Litsea Cubeba Oil/ Citral EU Natural

Prices rose significantly during 2020; a spike in demand led to stocks of litsea selling out at origin. The summer crop was also down 25% due to poor weather conditions so this, coupled with no carryover led to further increases. Supplies have tightened leading to further increases.



Orange Oil/d-Limonene

Orange oil prices are continuing to increase, with the Brazilian crop expected to be at least 30% down. High demand is also pushing prices up further and this trend is expected to continue in the coming months. The gap between orange oil and d-limonene is significant which has driven up pricing for folded orange oil.

Peppermint Oil Indian

Piperita prices, whilst improved compared to the highs of recent years, remain at a historically high level. This has encouraged farmers to increase the area of cultivation for the 2021 crop. The market is currently stable and this is expected to continue in the lead up to the next crop season in May-June.

For arvensis: the cultivation area is expected to be similar to the 2020 crop and there should be good carryover. Harvesting will take place in June-July so if the yields are good, we may see prices come down at this point.



AROMA CHEMICALS

2-acetylpyrazine

The largest manufacturer of the raw material used to produce 2-acetylpyrazine was shut down in January due to expiration of their production license.

This uncertainty on future supply, coupled with no production taking place during the Chinese New Year festival has led to a shortage of material and prices have increased accordingly.

Alpha Terpineol EU Natural

Prices have firmed recently due to low raw material availability.

High prices for synthetic alpha-terpineol have resulted in additional pressure on supply of EU Natural quality.

Cis-3-hexenol and derivatives

The supply situation remains critical with only limited volumes being offered outside of established contracts.

Methyl Cyclopentenolone

One of the mid-sized factories in China stopped production in January which has resulted in a spike in pricing and limited availability after a long period of stability.

2-methyl-2-pentenoic acid

This product has been difficult for some time; several factories have stopped producing due to pollution issues, prices remain high and availability limited.

Sulfurol

Industrial grade sulfurol, which is refined to produce the higher purity grades used within the F&F industry, remains in very short supply.

Prices are continuing to increase and lead times for material are extremely long.

Vanillin/Ethyl Vanillin

Production of vanillin within China has resumed but availability is tight due while the factories are working through a backlog of orders. Prices remain high as a consequence and are not expected to come down in the short term.

Ethyl vanillin has been short since the end of 2019 due to closure of one of the main factories, availability is extremely limited.

