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# July 2022 Market Report

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## ESSENTIAL OILS AND EXTRACTS

### Aniseed Oil China Star

The market has been short for some time following a poor crop in 2021 with the subsequent shortfall leading to a rapid price increase.

Prices have not come down significantly this year as much of the new oil entering the market is needed to cover outstanding commitments. The next crop will start in the autumn and prices are not expected to come down ahead of this.

### Buchu Oil

Harvesting has now finished and reasonable volumes were obtained this year, however as the market is still suffering from the long-term shortage prices remain at a high level.

### Cassia Oil Chinese

Processing of the spring crop is underway and yields will be determined during July/ August; prices have already eased slightly



from the highs of last year due to reduced demand.

### Davana Oil

The crop has finished and is said to be down 60%. Harvesting took place late as a result of the late sowing following heavy rainfall during November; as temperatures were unfavourably high at the time of harvest yields were very poor and davanone levels well below usual expectations.

The higher quality oil carried over from last year has sold out and the remaining oil is lower quality but still priced at a considerably higher price than before due to the shortage. No more production will take place this year.

### Eucalyptus Oil

Prices have dropped slightly as a result of low demand; many shipments were stuck at Shanghai port during the extended lockdown so it's likely this has contributed to the low demand as overseas buyers were not placing new orders while shipments were waiting to leave.





### Lime Oil Distilled Mexican

The market has been short for over two years; the situation has become critical in recent months as a terrible winter crop in Mexico led to stocks being shorter than ever, which in turn put additional pressure on supply from Peru which was already suffering due to major freight issues.

The summer crop in Mexico is underway and is expected to be normal, however as there is such an extreme deficit in the market prices are not expected to come down. Derivatives also continue to be scarce.

### Litsea Cubeba Oil/ Citral EU Natural

The summer crop will begin mid-July, with oil availability from August/September. It is too early to predict the outcome of the crop, however there is an expectation that high production costs and lack of carryover will hamper any significant price improvement. Prices remain very high ahead of this and availability limited.

### Mandarin Oil Italian

Extremely hot weather during last summer caused serious damage to the mandarin

blossoms. As a result, there was around a 60% reduction in fruit harvested and subsequently limited volumes available for processing. Producers sold out very quickly and there is now no availability until the next crop at the end of the year.

### Orange Oil/d-limonene

Orange oil prices have hit a historic high point recently as a result of an ongoing reduction in global supply. High aldehyde grades are becoming increasingly scarce year-on-year due to adverse weather conditions in Brazil and are priced at a level never seen before. D-limonene pricing has not moved in sympathy as the core industries will not accept prices above the current level. As a result of this ever-increasing price gap between d-limonene and orange oil, prices for folded qualities and isolates are higher than ever and are not expected to come down.

The 2022/23 Brazilian crop is forecast at 316.95 million boxes which is an improvement on the previous crop which finished at 262.97 million boxes, however the main producers are still fulfilling contracts carried over from last year so a price relief is not expected.



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## Rose Oil Bulgarian

The rose campaign was short this year, running from late May to mid-June. The crop suffered due to high temperatures and lack of rain during harvesting, with yields badly affected as the petals dried out due to the hot weather. These issues, coupled with increasing

production costs, have led to a significant price increase for this year.

## Tea Tree Oil Australian

Australia's crop is delayed and expected to be down 30-40% as a result of the extreme flooding in New South Wales earlier in the year.



## AROMA CHEMICALS

Shanghai's extended lockdown led to a shortage of many products, particularly dangerous goods as it is one of the few ports offering LCL services for these products. Restrictions were lifted in early June and supply is slowly starting to resume, however, it will take a while to clear the backlog of freight, so some products will remain tight while stocks are afloat.

### Cis-3-hexenol and derivatives

There has been no improvement in the availability of synthetic cis-3-hexenol and derivatives; Zeon's production expansion is not set to take place until later in the year and so any relief will not be felt at least until 2023. NHU have closed their production for summer maintenance which is not helping the situation.

Prices for EU natural grades remain high but are slightly lower than their peak as demand has eased off, availability has also improved.

### Citral

Citral has been short for the past few

months due to lack of availability from the main producers.

Material is available, however prices are higher than before.

### Decanoic Acid

This product has been short for several months due to high demand, reduced supply and logistics issues.

### Maltol/Ethyl Maltol

Prices are fairly stable currently as the market is now being supplied by several producers.

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## Vanillin/Ethyl Vanillin

Availability of vanillin has improved as the main producer in China has scaled up their production. As the supply situation is no longer critical prices have fallen over the past few weeks but still have some way to come down.

Ethyl vanillin pricing has also fallen but not to the same extent, as the main two producers are still fulfilling outstanding requirements.

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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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