
November 2022 Market Report

ESSENTIAL OILS AND EXTRACTS

Aniseed Oil China Star

The market is still recovering from the poor crop in 2021, where total output was down 500 MT compared to the previous year.

The autumn crop is underway and output is expected to be on the lower side again, however demand appears to be quite weak, so significant price movements are not expected. If demand for medicinal applications increases over the winter period there may be additional pressure on supply.

Cassia Oil Chinese

Production volumes for this year are similar to 2021; demand is weak so the price trend is flat currently.

Davana Oil

Planting for the 2023 crop started in October; it is too early to predict the quality of the crop at this point but avoiding adverse weather conditions the hope is that it should be favourable.



Unfortunately, with the 2022 harvest being particularly poor there will be no carryover, so it is unlikely that there will be a significant price improvement.

Eucalyptus Oil

Supply and demand seem to have levelled out and prices are stable.

Lavender Oil Bulgarian

The lavender market in Bulgaria has been challenging recently; the expansion of planted areas in northern Bulgaria has completely disrupted the balance of demand and supply of lavender essential oil.

Driven by high prices and a reduction in oil from France, excessive planting was undertaken in unsuitable conditions without the necessary agricultural and industrial knowledge, leading to an abundance of low-quality essential oil flooding the market which has yet to be sold.

This year's harvest is low and supply of good quality oil from southern Bulgaria is limited; however high carryover of the unsold





poorer quality oil has hampered the expected price increase. The current low prices are not expected to continue as the planted areas in the north have been reduced by 50% and many growers are replacing their crop with wheat as this is a more profitable crop currently.

Increasing volumes lavender oil are being produced in other neighbouring countries such as Greece, Turkey and Romania, while Bulgaria's volumes are expected to keep decreasing.

Lemon Oil Argentina

Lemon has been in a downward trend since the bumper harvests in 2018 & 2019; a smaller crop in 2020 didn't disrupt this due to high carryover and the trend of surplus stock continued with robust crops in 2021 and this year, the latter estimated as high as 1.9 million mT.

With production in Europe also expanding, driven by Spain, global inventory is likely to remain high and the market weak as a result. Some growers in Argentina are taking extreme steps to reduce the surplus by bulldozing their groves.

Lime Oil Distilled Mexican

The market has reached a critical point after years of declining output. This year's crop is at a ten year low and 1/3 down on 2021 at 200,000 MT, with a reasonable crop from Colima (covering May to September) not making up for the disastrous crop the previous winter in Michoacán.

Processors are still covering outstanding contracts so very little oil is available on the spot market, prices have reached an all-time high with no relief in sight.

Litsea Cubeba/Citral EU Natural

This year's crop is said to be down 10% compared to the previous year. Some farmers distilled their oil a little earlier than usual which led to the quality being compromised; citral levels in the oil are between 59-63% instead of the typical 68%.

This has had a significant impact on the volumes needed to produce the desired purity of citral EU Natural and we saw prices immediately jump up post-harvest.

In spite of this, prices fell slightly as some larger buyers have held off purchasing,



this led to nervousness amongst local stockholders who then released some material for sale.

Demand is expected to pick up and so, with high production costs and limited availability, prices are expected to remain high.

Orange Oil/D-Limonene

Orange oil prices have reached an all-time high; greening in conjunction with two years of drought and frost in some growing regions resulted in small crops in the last two years and the disappearance of Brazil's typical biennial large crops interspersed with a smaller one.

Rains resumed last October and current estimates are for an improved crop for the 2022/23 season, with the latest Fundecitrus forecast at 314.09 million boxes. In spite of this, no relief has been seen in the market as the main processors are still struggling to fulfil contracts from previous years, so the idea of additional volumes from a larger crop is misleading. Additionally, with the decoupling of orange oil and d-limonene, all costs are



pushed back onto single and folded oils, as well as isolates which are currently in very short supply.

To make matters worse, the Florida crop is expected to be the lowest seen since 1935/36 based on the October USDA forecast at only 28 million boxes. The figures have not yet taken into account the damage caused by hurricane Ian; local agents are concerned that in reality the figures will be at least 40% lower still.

Tea Tree Oil Australian

With the persistent rain throughout the normally drier months and Australia now entering a third consecutive La Nina event, the harvesting of this year's crop has been impaired and further flooding is expected through the summer. With a total of 5300 hectares under production, it is estimated that up to 500 hectares of the crop has been lost permanently with many more areas suffering significant damage.

Farmers are so financially stressed that prices have hardly moved, however with the influx of tea tree coming from other sources, predominately from South Africa, prices may weaken slightly.

AROMA CHEMICALS

Explosion in Symrise USA Plant

Symrise's plant in Brunswick, Georgia has suffered multiple explosions following a fire in the early hours of Monday 7th November. Thankfully the plant and surrounding area was evacuated successfully with no injuries reported. The fragrance market is expected to be impacted as the plant will be closed for some time.

Cis-3-hexenol and derivatives

It has been reported that both NHU and Zeon's production is back to normal, with Zeon recently announcing an increased capacity from 1200 to 1600 MT annually from 2023. Prices have softened recently following this announcement; however, it is currently unclear when substantially larger volumes will be available. A third manufacturer has also recently appeared in China, making use of a less efficient route from sorbic acid.

Prices for EU natural quality ex-mint have also eased in reaction to the news of improved synthetic availability, despite the reduced availability of raw material.

Citral

Material is available but prices remain higher than before. Higher energy costs will have an impact on the cost of production for all aroma chemical manufacturers.

2-methylbutyric acid

Production has been reduced for several months due to a shortage of raw

material. Demand built up while producers struggled to fulfill commitments, leading to price increases and low availability.

Vanillin/Ethyl Vanillin

Prices have been dropping recently due to increased output from China, with a new producer having entered the market and now producing regularly. It is not yet clear where the market will settle.

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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