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# November 2023 Market Report

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We suspect this year will be one that many will be glad to see the back of. Persistent inflation and a tightening of interest rates across many major economies have severely dampened consumer activity. In turn we have seen renewed de-stocking amongst ingredient users with uncertainty and delay the order of the day. Manufacturers in both India and China have found order books looking particularly empty and after years of rising prices we now see a reversal. When business is so scarce the incentive to cut corners becomes even greater and we have found the need to be ever more alert. A particularly interesting talk was given on this subject at the recent IFEAT conference.

We hope you find this report helpful when making your purchasing decisions. With many prices at historical lows, we strongly recommend taking advantage of this and securing at least some of your 2024 requirement now.

## ESSENTIAL OILS AND EXTRACTS

### Aniseed Oil China Star

This year's crop has been affected by bad weather with the yield down on previous years. The autumn harvest is from September to November; however, demand remains weak meaning there is little incentive to collect and distill the material currently. Prices remain steady at present but as with many Chinese oils currently, our view is that it will only take a slight increase in demand to prompt a sudden upward correction.

### Cassia Oil

Heavy rain hindered the collection during the spring harvest and damaged some of the crop resulting in a 30% reduction in production volume. The autumn crop is starting now however with demand weak and prices low there is little incentive for farmers to collect material. Current prices for traditional method material represent excellent value against historic levels and our recommendation is to take some stock now.

### Eucalyptus Oil (globulus)

Another oil for which prices are currently at a historical low point, leading to reluctance amongst some at origin to process material. We have seen remarks pointing to a reversal in pricing however it is too early to know if this is really the case or simply an attempt to generate some demand. Watch this oil closely!



### Davana Oil

Although this year's crop was late due to bad weather and the harvest was down by around 30%, there is stock available. The price of the oil has dropped slightly but there remains limited availability of oil with a minimum 50% davanone content.



## Litsea Cubeba/Citral Natural

Many farmers and processors at origin still have large stocks of expensive litsea collected when prices were high last year. However, weak demand amongst end users has meant the price for citral natural has fallen to such a level that there is no incentive to distil. This has resulted in a 40% reduction in this year's litsea harvest. When demand picks up, we could see a sudden reversal in pricing to recoup losses.

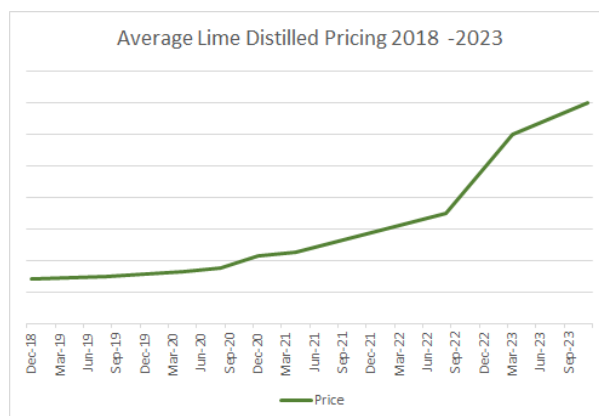
## Orange Oil/d-limonene

The price of orange oil continues to climb with high demand and the increased cost of planting, irrigation and transport from the new growing regions less affected by greening in Brazil. Aldehyde levels from the 2023/24 crop are higher than the previous but the market is still short despite a forecast of 310 million boxes (1.5% down on last year). The longer-term direction of pricing as well as the impact of orange replacers were subjects of considerable interest at the recent IFEAT conference with no clear consensus. We believe Brazil remains quite bullish with regards to oil pricing and do not expect to see any price decreases.



Orange terpenes/d-limonene prices continue to fall, further stretching the gap with orange oil. This in turn will push the price of folded products and other derivatives up, prompting even more creativity when describing folded oils. When asking for a folded oil we strongly advise you to understand the aldehyde level you are being offered.

## Lime Oil Distilled



The cost of distilled lime oil has reached a historic high - based on our records a nearly 5-fold increase since 2018! Ongoing strong demand for fresh fruit, a total failure of the 2022 winter crop in Mexico and high fruit prices all playing a part. Fruit production in Peru shows an increase year on year from 190,000mt to 216,000mt however this is almost all consumed domestically. Key lime production in Mexico has been falling for the last five years.

## Lemon Oil

There remains an oversupply of lemon oil as a result of excess planting in Argentina and lower demand from the major beverage producers. We think that prices are at the bottom of the cycle now and do expect a slow upward movement to being in the near future.

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## Patchouli Oil

The patchouli harvest was delayed to early this month due to the weather. The recent drought has left this year's crop not looking very promising, therefore prices are likely to remain elevated in the short term or even increase further due to limited availability.

## Wintergreen Oil

Wintergreen grows at a high altitude and due to the current low market price, farmers are not willing to collect the raw material for processing. There is enough oil available to meet current demand.

## AROMA CHEMICALS

### Cis-3- hexenol and derivatives

Production for synthetic material has returned to a more normal state with the newer entrants to the market pricing aggressively.

With synthetic being much more available, demand has fallen for natural ex mentha and its derivatives bringing prices for these down. Additionally the demand for natural menthol has dropped meaning less DMO is available for processing.

### Ethyl Vanillin/Vanillin

The market has plenty of material to offer. In conjunction with a drop in demand, prices are still coming down. With excess stock available, some factories have put production on hold until their inventory has reduced.

### Maltol/Ethyl Maltol

With a fall in demand, prices for both have dropped from earlier this year. We believe that prices are at the low-end and are likely to remain stable for the time being.

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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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