September 2024 Market Report

ESSENTIAL OILS AND EXTRACTS

Aniseed Oil China Star

Typically, supplies are at their lowest level during July and August in the run up to the larger Autumn harvest, however as demand has been weak for some time pricing hasn't been affected and is currently stable.

Cassia Oil Chinese

The crop was damaged due to heavy rain during Spring, which resulted in a ~50% reduction. Prices have increased but less aggressively than would be normally expected as demand has been weak for some time.

Eucalyptus Oil

Prices have been stable over the past few months.

Lavender Oil Bulgarian

High production costs have posed a major challenge, which has prompted farmers to take drastic measures. Around half of the

distillers chose not to process this year's harvest, with the rest only processing around a third. The period in which the lavender bloomed was during an unusually warm period (40 °C for two weeks), which caused the flowers to be scorched and resulted in very low yields (1 kg of oil per decare).

Nearly 70% of all lavender fields in Bulgaria have been left unharvested, with famers continuing to uproot their fields. The production volumes have been reducing year on year but have now reduced drastically to only around 40 MT, the expectation is for a price increase as volumes are so low.

Lemon Oil Argentina

The figures from the latest USDA semi-annual forecast released 19th June show a 11% reduction in fresh lemon production since the last official estimate. Fruit for processing has decreased by 6% which reflects the lower production in Argentina. Climatic conditions are becoming increasingly unfavourable,

De Monchy Aromatics

with high temperatures and heavy rainfall during harvesting. Some of the trees were damaged as a result and fruit sizes were smaller than estimated, reducing the total volume. Prices have yet to be affected as the market has been in a state of overproduction for over 5 years.

Key Lime Oil Distilled

The market remains unsteady and unpredictable; however, it seems there may be a light at the end of the tunnel and prices are starting to fall from their peak. Fruit prices have already dropped but it has taken some time for this to work through to oil prices.

As cartel influence still has a huge impact on the Mexican lime market, demand for Peruvian oil is expected to increase in the coming years.

Litsea Cubeba/Citral EU Natural

The 2024 crop finished 20-30% down compared to last year due to heavy rainfall during April and May. Despite this, prices have come down slightly as demand is still weak. The uality of crude oil has improved, leading to better yields during citral production.

Like many other Chinese oils, farmers and processors are losing enthusiasm as prices are unfavourable so this may impact future pricing if demand picks up.

Orange Oil/d-Limonene

According to the latest Fundecitrus report, released 10th September, the 2024/5 crop is now forecast to be as low as 215.78 million boxes which represents a 7.1% reduction compared to the first crop forecast and a 29.8% drop compared to the previous crop.

The weather during the first months of the crop season has been much worse than expected; with a 31% drop in rainfall leading to drought conditions. Fruit ripening is accelerated due to the high temperatures and the orange development period is shortened, leading to fruit being harvested early. By mid-August, nearly 45% of the crop had already been harvested (usually around 30%). The early harvest has led to smaller fruit sizes, lower yields and reduced aldehyde levels.

De Monchy Aromatics

The shortage of high aldehyde CPOO has put significant pressure on the supply of folded and isolated products, with several being in short supply.

Orange terpenes and d-limonene remain critical with very little material freely available on the market. Prices have reached a historic peak and show no sign of coming down.

Tea Tree Oil

During the last CARACAL meeting in July 2024, there was a lack of consensus between Member States on the classification (rep 1B) proposed by the ECHA RAC opinion. A dossier has been submitted by the Tea Tree Task Force (led by Stockton in partnership with Agrifutures Australia Tea Tree Oil programme and ATTIA) proposing that Cat 2 would be a more appropriate classification based on studies identifying the following:

- The reprotoxic effects identified in rats were not found in other species.
- It was found that dietary exposure did not cause the same reprotoxic effects to rats compared to gavage method (administering high dose by force). This raises doubts on the relevance of the effects in humans.

The Task Force has asked the EU commission and CARACAL to allow them to provide the preliminary study data in November 2024, with studies to be completed by February 2025.

In the UK, the HSE released a technical report 21st August 2024 proposing to follow the EU to reclassify Tea Tree Oil as CMR 1B. Companies are encouraged to submit additional data to the HSE within 12 months to influence the classification process.

This method of reclassification, where substances are reviewed based on components rather than as a whole, has serious implications on the essential oil industry. IFEAT-EFEO are therefore gathering scientific evidence that essential oils as a whole may behave differently from the sum of their individual constituents with respect to specific toxicology endpoints.

There were many excellent presentations on this subject at the IFEAT-EFEO Scientific Platform at ISEO this week.

Fire at BASF's Ludwigshafen plant

On 29th July there was an explosion followed by a fire in the southern part of BASF's production site in Ludwigshafen. A force majeure was declared a few days later for selected Vitamin A, E and carotenoid products as well as some aroma chemical ingredients, including beta ionone. The Key aroma products: citral, citronellol, linalool and geraniol are still being produced as usual.

AROMA CHEMICALS

Citral

The market has become temporarily disrupted despite BASF's citral production continuing as usual, as demand from vitamin producers has picked up to plug the shortfall in BASF's supply. NHU have scaled back their citral production to focus on Vitamin A while BASF's force majeure is in place.

Furaneol

One of the main producers in China faced a 2 month shut down (May-June) following a complaint to the authorities by a competitor. Production resumed in June, but as this is scaled back during the hotter summer months to avoid unfavourable yields, the market is still slightly short.

Maltol/Ethyl Maltol

Prices increased earlier in the year following a meeting between the key producers in China at the FIE in March. Pricing has remained stable at this level since and shows no signs of a further increase.

Vanillin/Ethyl Vanillin

The anti-dumping investigation by the European Commission and the United States International Trade Commission is ongoing. A conclusion needs to be reached within 14 months of the publication (24th May 2024) and, if successful, a significant anti-dumping duty will be applied to imports of vanillin, ethyl vanillin and natural vanillin from China. Prices have yet to be affected.

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

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

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

Eastern Europe

Marek Bogucki
marek.bogucki@demonchyaromatics.com
Tel: +4+48 883 262 853

Asia

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