

June 2026 Market Report

CRISIS IN THE MIDDLE EAST

Recent events in the Gulf have caused global disruption in supply chains once again. With the Strait of Hormuz still effectively closed to shipping with thousands of vessels either waiting or stuck inside, the consequences are both widespread and severe. Our aroma chemicals section elaborates on this in more detail.

ESSENTIAL OILS AND EXTRACTS

Buchu Oil

Harvesting has concluded, with some reduction due to crop damage sustained by wildfires in the Western Cape region at the start of the year. There are some companies known to be entering the market with low-quality oil below market value. Demand remains strong, and with South Africa suffering from a severe fuel shortage due to the Middle East crisis, we do not see scope for prices to decrease.

Eucalyptus Oil Globulus

Prices have increased after a long period of stability, primarily due to increased costs and demand seen across the industry due to disruptions in the Middle East. As crude eucalyptus oil prices have been unattractive to growers for some time, many are holding back stock in the hope of further increases.

Lemon Oil Argentina

The 2026 season began later than normal following heavy rainfall in March and April, and processing volumes are expected to be broadly in line with last year. Plans to reduce the cultivation area were paused in

2025 as pricing improved; juice prices have doubled, providing much-needed relief after an extended period of poor profitability. With demand still strong, reduced supply from Spain and Italy, and limited carryover stocks, prices have firmed and are expected to increase further.

The derivatives market remains challenging, with insufficient terpene volumes being generated to meet the current demand.

Key Lime Oil Distilled

Demand for lime oil was subdued earlier in the year, while prices continued to ease from previous highs. Mexico's main harvest is now underway, with early signs indicating a normal, stable crop. Peru remains competitively priced to challenge Mexico and has sufficient supply to satisfy current demand. Looking ahead, price direction remains uncertain due to several influencing factors, including high production costs, fertiliser shortages, and the possible effects of a super El Niño bringing challenging weather conditions to both producing regions.





Litsea Cubeba/Citral EU Natural

Prices have rebounded from the previous low level, influenced both by general rising raw material costs and increased demand.

Orange Oil/d-Limonene

The final Fundecitrus 2025/26 crop report (10th April 2026) puts production at 292.94 million boxes—the sixth consecutive small crop. The first forecast for the 2026/27 crop, published 8th May 2026 predicts a further reduction to 255.2 million boxes, representing a further 12.9% reduction from the previous crop. Average fruit per box and fruit drop rates have risen in recent years, underscoring the long-term effects of greening on Brazilian orange growing and processing. Shorter maturation is reducing yields and lowering aldehyde levels, with the industry needing to accept lower aldehyde levels as the new norm.

Meanwhile, weak orange juice futures demand and high inventories are discouraging additional fruit crushing, which will inevitably impact orange by-products. With global energy, fuel, shipping, and fertiliser costs also rising, prices have limited scope to fall. D-limonene prices remain high due to steady, high demand.

Tea Tree Oil

Prices have increased due to uncertainty surrounding the new regulatory framework, with additional transport costs due to the high global oil prices also pushing prices up further. The EU reclassification at a CMR cat 1B rep tox has proceeded, with stipulations set out by the SCCS on specific safe uses in cosmetics with strict limits. The UK HSE has still not followed this reclassification.

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AROMA CHEMICALS

Aroma chemical costs, particularly from China, have been at a historic low point for several years due to high competition and reduced demand. The escalation in the Middle East has reversed this trend with prices across the board increasing at least 5-10%. Crude oil and LNG prices rose sharply which increases both energy and transport costs. Transit times increased due to all cargo being routed via the Cape of Good Hope, also limiting the number of containers available which of course causes another delay to the overall transit time. This has inevitably led to a degree of panic-buying in the local market, adding to the overall disruption.

Naphtha shortage

A significant share of internationally traded naphtha (a product of crude oil distillation) passes through the strait of Hormuz and so the impact on the various markets this is a feedstock for is profound. The solvents market has been critical, with many key solvents in flavour formulations running short (most notable propylene glycol, which is produced from propylene ex-naphtha cracking).

Citral and Derivatives

Citral is projected to run short this year, with Kuraray announcing a 20% increase for isoprene chemicals due to reliance on naphtha as a feedstock. At this is a critical intermediate used to create downstream products, the knock-on effect will also be felt with key aroma chemicals such as linalool and menthol. BASF have just announced the launch of new production plants Ludwigshafen (menthol and linalool) and Zhanjiang (citral), the latter intended to supply the local market as well as downstream production.

Cis-3-hexenol and derivatives

The synthetic cis-3-hexenol and ester market has recovered after a prolonged downturn, driven by higher raw material and freight costs.

EU Natural ex-Mint pricing has also firmed, reflecting increased processing costs.

Vanillin

Like many aroma chemicals, the market for synthetic vanillin has rebounded after a period of aggressively low pricing from China following the introduction of the anti-dumping duties into the EU last year. With the additional production and shipping costs, the previous price level is no longer possible, and prices have firmed as a result.

The natural market is more complex; the EU market is being supplied by the two key manufacturers as Chinese material is uncompetitive with the additional ADD. In the UK, there is low-priced material being offered with ex-ferulic acid status, however with the high market price of ferulic acid this raises questions on how this price level can be achieved. We are aware of alternate routes that are being followed, where a quality difference can only be detected via advanced analytical techniques (such as IRMS and SNIF-NMR).



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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