
Market Report July 2013

India

A major factor affecting the markets this month is the rate of exchange, with the US dollar reaching a high of US\$1 to 62 rupees. Earlier in the month this resulted in low export prices but in the later part of the month the national bank of India has taken measures to redress the trend. If these measures are effectual, commodity prices will be supported by the currency. At the time of writing the rupee /dollar exchange is back down between 59 and 60.

Egypt

This month has seen much social unrest in Egypt, with the removal of President Morsi. The ongoing turmoil, which is affecting the population in their daily lives, is also having an effect on the market of the Egyptian commodities. From the farmers to the exporters, there is much uncertainty. It does not automatically mean that the price of goods will increase. If there is an increase in the cost of transportation, energy and labour, commodity prices will certainly rise. However, local sources have advised that during the next few weeks stockists may need to sell at discounted prices in order to raise cash. The length and effects of the revolution are yet to be clear but will undoubtedly dictate the direction of commodity markets.

Cardamom oil

The Guatemalan crop is out and reported to be good.

Cassia oil

The distillation in China is continuing and improving after a period of slow production due to heavy rain during the last two months.

Clove leaf oil

The late arrival of the dry season in Indonesia has caused a delay in the production of clove leaf oil, with supply unable to meet local demand. Reduced supply, coupled with an increased global demand has resulted in an increase in the market price. In 2010 the prices went wild in similar conditions when the dry season just did not materialise for several months in Indonesia. Let's keep an eye on the sky...

Garlic oil Chinese

The new crop of garlic bulbs are now in the market in China. The harvest has been good and subsequently the price of the bulbs is down. However, due to increased production costs, labour, transport and energy the oil production is expected to be limited. Much stock of oil is still available from 3 years ago when there was a glut of production, the quality of this oil is worsening but this restricts the volume of oil the manufacturers are prepared to produce this year. There is some new production undertaken but this new oil is expected to be expensive.



Geranium oil Egypt

After a period of seesaw movements in the last few months, strangely the market price has stabilised during July despite a surge of social turmoil in Egypt. This stability is precarious and social events will dictate the next direction of the geranium market. Whilst the stocks at origin are still plentiful, buyers must keep an eye on the social situation and its impact on local stockists.



Ginger oil Chinese

Our Chinese contacts advise us that the oil production is just about meeting demand and that the price trend will remain steady for the next 6 months. However, ginger production in other parts of the world is poor and this is likely to be reflected in higher prices in the near future.

Grapefruit oil

A small crop in Florida has been the trigger for a 20% price increase for both pink and white grapefruit oil from all origins.

Lemon oil

An increased demand from the fresh fruit market, and small crops in Spain and Turkey, are the factors behind the lack of oil and terpenes in the present market and the firming of prices.

Lime oil distilled

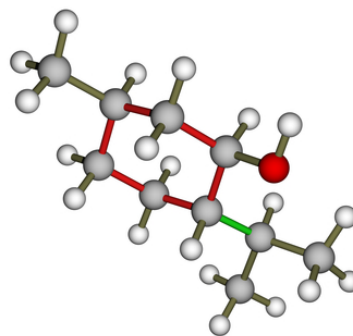
The price indication from various sources at origin is somewhat hazy; however the general consensus is towards higher prices in the months to come. The reasons given include lack of stock, decreased crop size, increased distillation costs and the spreading of disease amongst the trees in some areas.

Litsea cubeba oil

Currently, the market is reasonably level with a flat demand. The new harvest will take place late August.

Menthol crystals

The demand is moderate. Buyers are aware of the large mentha arvensis oil crop and are prepared to wait for the market price to drop to a lower level.



Menthone

A strong demand and a below average production are two factors keeping the price firm.

Nutmeg oil

The market price is now fairly stable. As mentioned before, the quality of the nutmeg oil that is available on the market is changing with more oil now sourced from the eastern regions of Indonesia. The nutmeg oil produced in the traditional region of west Sumatra is likely to attract more and more of a premium as it becomes increasingly scarce.

Orange oil

The final figures for the 2012-13 Florida crop were out earlier this month showing a 9% decrease from last year due to the effect of greening.

A slowing in the European market due to the holiday season and buyers covering their immediate requirements has created a bit of relief. Although harvesting in Brazil has started, material will not ship for another month. The situation in the northeast of the country is not good, with severe drought affecting the availability of fruit for crushing. Brazilian exporters continue to ask for prices in the region of US \$5.50/kg FOB for FCL shipments of FCC material.

Patchouli oil

As previously advised there is much confusion as to where the 'correct' market price of this oil is. Possibly because the demand is moderate, there is much discrepancy in the quotes received from Indonesia. Whilst a disparity in the qualities offered is undoubtedly a factor behind the price differences, the volume of stock held by each exporter appears to be the main reason.

Peppermint oil *arvensis* India

We have read and heard much about the large crop this season and prices subsequently falling. Early predictions on the volume of the crude mentha oil crop suggested 50,000 tonnes. The news, however, this month is that the early monsoon rains have damaged part of the crop still in the field. This news in itself is not sufficient to turn the market round but combined with the currency factor mentioned in our introduction, buyers need to keep an eye on the market to avoid any nasty surprises later in the year. The latest estimation of the new crop is around 45,000 tonnes, which still gives more than enough to cover the global demand of mint oil and natural menthol crystals.



Peppermint oil *piperita* India

The lack of buyers in the early part of the season discouraged the farmers to tend their fields after the first cut, resulting in the second cut being virtually ignored. The first cut oil has benefitted from favourable weather conditions; this is shown in the higher than normal level of menthofuran present in the oil.

Petitgrain oil Paraguay

The transport chaos via Argentina is slowly improving but as the winter is starting in South America the production of Petitgrain oil is slowing down and our producers are therefore raising their prices. With little spare stock to offer from origin, prices will continue to firm.

Wintergreen oil

The new season oil is coming out now but the crop is notably poor. This has resulted in a high price and caused uncertainty amongst consumers in the market as to when the correct time to purchase is: the price may decrease a little as new volumes arrive on the market but it is known that the overall total will be small and price will consequently firm up again.

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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