

# MARKET REPORT

## *Global Product Insights*



## ESSENTIAL OILS

The G20 summit in China is upon us and it seems the Chinese government has stepped up all factory closures in the areas around Jiaying Province. We believe this will last from the middle of August through the middle to end of September. We believe many materials could become short in the near future and prices on various aroma chemicals/essential oils could increase. With the prices on many materials hitting record lows in the past few years, we feel that it is going to force some producers to exit the markets and create shortages of availability.

This year has been a difficult year on many materials due to various pollution concerns and accidents in China. The Chinese government is putting a lot of restrictions on the factories to make them safer for the people working in them as well as the environment. The government has sent numerous inspection teams to all surrounding provinces of Jiaying to make sure that all factories are adhering to pollution and safety concerns.

All in all, we believe the next few months are going to be challenging, and as we enter the winter months, we feel there could be further production issues. We will continue to monitor the situation and keep you informed as things change.

### ESSENTIAL OILS

#### AMYRIS OIL

Production continues to be normal, but the issue continues to be very strong demand. The global demand far exceeds the global capacity of this material. Prices remain very high and expectations are they will remain at this level.

**BASIL OIL SWEET**

Production has increased this year. We are expecting prices to remain stable, but it is too early to confirm.

**BLACK PEPPER OIL, INDIA**

The raw material continues to be very firm, however, the oil remains stable at current levels.

**CASSIA OIL AND NATURAL BENZALDEHYDE**

The prices for Cassia Oil are stable as the spring/early summer production is completed and there is now both traditional and new process oil available. We expect prices to remain stable on both items for now, as there seems to be a good balance between the supply and demand curves.

**CEDARWOOD OIL AND DERIVATIVES**

The prices continue to remain at very high levels. The prices we saw in early 2016 seem to be gone forever. The demand is very stable for all materials and the cost of the raw material is still very firm. We expect prices to remain here for the remainder of 2016. We will have to wait and see where it goes for 2017 but we don't foresee any relief.

**CELERYSEED OIL, INDIA**

The production has begun and the crop looks very good. We expect the price to remain at current levels.

**CHAMOMILE OIL ROMAN, EUROPE**

The price/demand and availability of the Italian and French oils continue to be a problem and we don't expect any excess oil this year. We feel the price will continue to increase as demand continues to be strong.

**CINNAMON BARK OIL, SRI LANKA**

Availability is tight currently as raw material is scarce. The raw material that is available is producing lower yielding material as well. We feel the market will continue to increase in the coming months.

**CINNAMON LEAF OIL, SRI LANKA**

The prices are stable now but demand is very strong and expectations are that this demand will continue. The rainy season has continued in Sri Lanka and the yields in production are far less than they were during April and May. We expect prices to remain stable for the time being.

**CLOVELEAF OIL AND EUGENOL USP, INDONESIA**

The prices are beginning to firm as we are in the middle of the rainy season and demand is increasing abroad. We expect prices to increase over the next 3 months and should level off by the end of the year.

**CORIANDER SEED OIL, UKRAINE**

Production is occurring now and looks very good. It seems many of the producers are focused on selling to the Asian market as demand and return is quite good. There seems to be enough oil available currently and demand is weak.

**MENTHOL AND CORNMINT OIL, INDIA (MENTHE ARVENSIS)**

The current Rs price level of Mentha Oil is in range of Rs 1040-1070/Kg and we expect this to be in range of 1050-1100 Rs /Kg through this season. Below is the stock position in MCX for 2015 and 2016 which clearly states this year's MCX has almost half of stock against 2015.

## Stock Position in MCX (Drums):

Date	2015	2016
May 31	7274	7871
June 30	19470	11015
July 16	15920	11523
July 31	25700	14790
August 8	29100	14990

This stock indicates that most of material is now with traders/farmers which can lead to speculation about how the market will react. We expect prices to remain stable and don't believe there is any chance for things to lessen in the coming months.

### **CUMIN SEED OIL, EGYPT**

We are expecting a smaller crop this year due to lack of demand the previous few years. We will continue to monitor as we get closer to production.

### **DAVANA OIL**

This year's crop is very poor and delayed due to the current weather conditions. The yields and the Davanone content are much less as well. All in all, we expect prices to increase this year, but demand will really be the driver on this material, as it has waned in the past few years.

### **EUCALYPTOL/EUCALYPTUS OIL GLOBULUS, CHINA**

The prices are currently stable and it seems there is some availability from the various producers in Yunnan. The RMB has increased recently and this has caused a small uptick in pricing but nothing major. Since we are coming into the high season of demand and with prices still quite expensive, we think the market could increase further going into Q4. If demand is unusually flat for the balance of Q3 and into Q4, the prices should remain stable.

### **FIR NEEDLE OIL, SIBERIA**

The demand continues to remain strong and producers are still trying to catch up with orders that needed to be fulfilled in the first half of 2016. Once these orders are fulfilled, we expect prices to erode a little as oil will become available. However, production will come to an end during October/early November and this will last until next July. Thus, it is important to make sure your needs are covered sooner rather than later. Contact us today to discuss your needs through July 2017.

### **GARLIC OIL, CHINA**

The supply problem continues as many of the factories in Jiangsu and Anhui have been closed due to major pollution violations. With the winter coming, production will not improve and the situation could get even worse. The main production for the raw materials is August through October, but with the very low yields of making oil from the spice, the cost will be extremely high from this year's spice production.

### **GERANIUM OIL, EGYPT**

The prices have recently increased due to strong demand. The prices reached a floor price recently and we didn't think it was sustainable. Demand has been good recently and we expect it to continue in the coming months.

### **GINGER OIL, CHINA**

Supply is very tight currently due to pollution concerns in the main production region of Shandong province. All the factories have been closed recently and we are not sure when they will re-open. There is availability in the market currently, but with demand being weak, the prices remain stable.

### **JASMINE ABSOLUTE EGYPT**

The prices are stable and this year's crop was very good. We expect prices to remain at current levels for the foreseeable future.

### **LAVENDER OIL, BULGARIA**

Production looks to be normal, projecting to be approximately 200 tons, which is similar to 2015's output. The issue we are seeing is the quality of the oil and the ratios of Linalool and Linalyl Acetate. However, we will continue to monitor the situation and keep you posted if there are any additional issues. We expect prices and demand to be very stable this year.

### **LEMON OIL ARGENTINA**

The crop has begun in Argentina and expectations are for a decent size crop. It will be a little smaller than 2015 and carryovers with some processors are small to non-existent. The yields from this year's fruit are down as well, which makes the crop even less than expected. There have been some rains in Tucuman region but it should not delay production too much. With the production in Spain, Turkey, and Italy lessened this year, we believe prices are at the bottom from Argentina.

### **LEMONGRASS OIL INDIA**

The production area has faced a severe drought this year and a lot of grass had dried up. This has pushed production back as the farmers decided to wait for the monsoon season to begin and in recent days it has and production will begin in 15 days. The prices have increased during this period and exporters are trying to make sure they have material for their customers. We should see higher prices in the coming months.

### **NUTMEG OIL, INDONESIA**

The prices continue to be firm due to lack of availability and strong demand. We are seeing prices increase to levels we haven't seen in a few years. We think prices should stabilize in the coming months, but it will all depend on the demand.

### **ORANGE OIL AND ORANGE TERPENES, BRAZIL**

For the second year in a row, the crop is the smallest it has been in the last 28 years. Low carryovers from 2015 in addition to bad weather and the eradication of orange trees due to greening and other diseases led to a very tight market the past two years. In the last two months alone, prices have already risen more than 53%. Given this situation, buyers of the by-products have been seeking other sources, leading to a healthy supply and stable prices. We will continue to monitor the situation and keep you updated on the ongoing situation.

### **ONION OIL, EGYPT**

The production this season has been very good and prices have softened recently. It is still too early to know what will come about moving forward, but we expect availability to be good, making prices soft. However, we believe it is a good time to contract.

### **PALMAROSA OIL, INDIA**

The prices are firm and have reached current high levels due to farmers exiting the market in

2015 to produce sugar cane, as this is a more profitable crop. The prices are quite stable now and availability is good.

### **PATCHOULI OIL, INDONESIA**

The supply is currently stable and expectations are that it will remain this way until the end of the year. The only real variable affecting this market could be the currency between IDR versus the USD. The total output this year is around 1700/mt versus last year of 2500/mt, but carryovers from 2015 were good.

### **ROSE OIL, BULGARIA**

The production this year is very good. At the same time, it is quite expensive to produce, thus it makes for a tricky market. We expect prices to remain stable in the coming months and could increase after the New Year, when availability is far less.

### **TEA TREE OIL, AUSTRALIA**

Production is under way and expectations are not good. The yields are down drastically, some say 20%, and demand is very stable. Adding further issue, there is no carryover from 2015 production. We believe prices will increase in the next year, as there will not be enough oil this year. This is going to bring in the Chinese production and suppliers trying to extend the Australian oil. It is important for customers to remain diligent on the quality as the Chinese Oil is at times not 100% pure and natural. The currency factory is stable and we expect it to remain that way for the coming months. We feel by February or March there will be no oil left from 2016 production and prices will increase.

### **VETYVER OIL, HAITI**

Based on our view of the market, the local Vetyver Oil production/distillation in Haiti remained relatively unchanged. Availability is still very limited and demand is quite active. The yields during the summer production are less as well due to the amount of rain Haiti has been receiving this year. The availability of energy sources remains their largest problem and we don't foresee any relief in sight for this problem. The price of the feed stock remains very firm as well. Prices are very firm and expectations are they will remain at this level.

Bakery | Beverages | Confectionery | Dairy | Infant Nutrition | Nutraceuticals  
Snacks | Sports & Lifestyle Nutrition | Animal Feed Flavors



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