



Lluch Essence

Market Report
Spring 2023



Moroccan Mint

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In 2021, the essential oil market experienced steady growth due to increasing demand for natural products, especially in the aromatherapy industry. The essential oil market was expected to continue growing in the coming years however the big drop in demand for Aromatherapy key players has highly impacted some of our essential oils.

Nowadays the Fragrance and Flavor industry is the main driver for essential oils demand as it used to be in the past. Essential oils are natural products with a complicated supply process. The big change in demand has a negative impact on the market, especially for those at the very beginning of the supply chain.

If we work to make our industry more sustainable, now is the time to promote natural materials in our formulas. This will help essential oil demand grow safely and sustainably.

Natural products

EUCALYPTUS GLOBULUS AND EUCALYPTOL, LITSEA AND WINTERGREEN OIL

New season for Eucalyptus oil in China is about to start. Due to the low price for the oil and rising production costs, most farmers are not willing to distill large quantities. We expect that the oil volume produced from May to July will be small compared with a normal year. Prices for Eucalyptol also remain very soft as camphor oil volumes are big. Apart from China there are other traditional origins for this oil and some new production areas may offer small volumes soon.

China will remain the largest producer and consumer of this oil and its derivatives.

It is the right time to buy some volumes and promote eucalyptus globulus and eucalyptol.



LITSEA CUBEBA OIL

Litsea Cubeba oil is also known as May Chang oil. Last winter, demand for this oil was weak.

There are some stocks from last year that may cover global needs until June. Now is flowering time for Litsea trees and it is rainy season in the production areas.

This may influence the number of berries produced. The latest crops are coming in July. Actual prices are not in the high site as farmers need cash to get ready for the coming crop. Last year some Litsea cubeba trees were cut down so it may be a good moment to cover some needs before a new crop starts to avoid future fluctuations. Oil with high citral content is available on the market.



STAR ANISE OIL AND ANETHOL

Both materials have historically been used in the flavor and fragrance industry. Star anise oil mainly produced in China and Vietnam also suffers low prices.

Farmers are unhappy. Star anise oil can be obtained from the plant leaves or from the fruit itself. The leave oil season is over, and many farmers refuse to sell all production due to low prices. Fruit demand on the spice market is also low. This means there may be a chance to get some oil from fruit that has not been sold as a spice. At the end of April we will know how much fruit oil has been produced. This number tells us if the volume produced in 2023 is similar or not to last year's.

Anethol prices will be affected by oil prices plus the market trend for synthetic anethol.



CASSIA OIL

The last harvest season for Cassia ended last December. Prices did not move compared with the spring crop. Slow demand for derivatives is pushing prices to come down for natural benzaldehyde, coumarin, etc.

The o-methoxycinnamaldehyde is an exception. Demand is very high and prices are increasing.



ORANGE OIL

Since the beginning of 2023 the big players in Brazil started to contract fruits even though the new crop was still far.

They offer high prices to growers to buy as much fruit as possible. Medium size producers followed them and started making contracts. The price they pay for the fruit is very expensive.

Juice prices were already far higher than last season and with this trend in fruit, orange juice prices will increase again. This high cost of fruit is reflected in the juice prices.

Factories see juice demand growing and think there is room for higher prices.

The crystal ball question is what will happen with the sub products of juice production such as oil and terpenes ?

Being logical, if the factories earn big quantities of money from the juice, they could soften the prices for oil and derivatives for the next crop. However, will this happen?

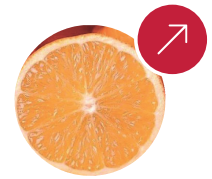
The price limit will surely be determined by demand.

Nowadays the demand for orange oil is not much, just because customers are waiting for the upcoming crop. But orange oil needs are there and , sooner or later, inquiries will come.

We need to keep a close eye on how big buyers react to new crop prices.

European orange production is one third of Brazilian production. In Spain the orange industry is mainly focus in fresh market. The fruits here have been sold at very high prices, production has been 20% lower than the last crop and weather conditions did not help. Orange oil production is still ongoing, and prices will remain high until Brazilian new crop starts.

The picture is very different if we look at the terpenes market. Prices are reasonable and there is plenty of material available



LEMON OIL

As in the previous months, the situation remains the same. Even though Argentina is giving figures 20% lower than last crop there is still big stocks of oil available. About 6000 hectares of lemon trees have moved to sugarcane in Argentina. This will equilibrate supply and demand in the near future.

The Spanish crop is expected to be lower than last season, exports of fresh fruit have decreased, and production is being delayed. Prices remain low but stable and demand picks up for high quality material



LIME OIL

Lime: Mexican Key lime prices reach their highest ever. The March crop did not help to soften the high prices as demand for fresh produce remains very high. There is an expansion plan in place to fulfill the oil demand worldwide, but even if the project succeeds it needs at least three years' time for the new plantations to be productive. In addition, the high inflation in Mexico and the peso-to-dollar exchange rate are important factors to consider. Availability is extremely low and prices for fresh fruit are set. The new key lime crop in Mexico appears to be promising, but it will all depend on the market demand for fresh limes. We will have more information from April on.

Persian lime prices remain high.

For Persian Lime, the markets are more stable in Mexico and Brazil.



CLOVE OIL

Clove crop size has been very small in Indonesia. Production volumes are low and the material is not high in eugenol content, demand is not high, so prices are not suffering an increase nowadays. Madagascar origin is also available. Actual prices are not attractive for farmers and we do not see room for a further decrease in production.



PATCHOULI OIL

In the past few weeks, prices have increased for patchouli. Currently, the crop is in progress, and the market is under pressure to raise prices. Currently, the patchouli market is difficult to predict, but after many months of low demand, it seems there is some movement. In our opinion, it is a good moment to cover part of your needs.



CITRONELLA

Citronella prices remain low, and demand remains low. In this case it is the right time to cover long-term needs.



DAVANA OIL

Davana season is on. There is not much oil with high levels of davanone, but lower grades are easier to find. There are nice areas being cultivated. Price remains firm and it seems total volume produced is less than 10 mt. Farmers are willing to get a nice price based on the previous crop. In our opinion the price won't reach last year's level.



MINTS AND DERIVATIVES

The mint oil price has been rising for most of the past two weeks. New season for piperita will start in May, so we need to wait for the season to start to have a closer look. Spearmint oil season is over and prices are increasing. For arvensis we are also seeing an upward trend as demand is picking up.



BLACK PEPPER

Crop season is ongoing in all regions. 70% of Vietnam's crop is already in the market. Crop estimates are 10 % higher than last year. There are some carryover stocks and demand is picking up. Price will be stable for a while.



CAPSICUM

Harvesting of capsicum chili is about to complete in major growing regions in India, 70% of the total estimated crop has come into the markets and cold storages.

Cold storages are about 50% full and still storage space is available which prompts farmers to store their produce in anticipation of higher prices. Capsicum chili traded at historic high prices during the season. There has been a shortage of pesticide complaint chilies and China exports big volumes. We expect prices to remain stable in the short term and decline slightly until the end of the season.



LEMONGRASS OIL

Lemongrass oil prices remain low. Demand did not pick up but the next cut has been affected by rains. This will help prices stabilize or even increase slightly.



PALMAROSA OIL

Palmarosa prices are stable. Area under cultivation has decreased substantially over the last few years. Prices are lower.



CARDAMOM

Cardamom oil from India has suffered a substantial increase in price due to demand growth and a shortage in availability. This situation is also pushing prices for oil coming from Guatemala.



VETIVER AND AMYRIS OIL

Vetiver oil price increases in all origins. Many Indian producers have made great progress in matching Haitian quality. This may help soften prices in the near future.

Amyris: Availability of this product is low. Prices have increased in the last weeks but seem to have stabilised.



GUAIACWOOD OIL

No news regarding Cites issues in Europe. Next meeting date to discuss about cites restriction still not fixed.



LAVANDER OIL

Prices for lavender remain soft. There has been a reduction in stocks, but a new crop is expected soon. Farmers lost hope with lavender but we do not expect significant changes in the market this year. Some way in the line there will be an equilibrium between supply and demand and prices will come back to a more reasonable level.



TEA TREE OIL

Although floods in Australia damage a large percentage of the Australian crop, tea tree oil is produced in other countries. China and South Africa's volumes can easily meet global demand. This is the reason for stable prices.



CEDARWOOD TEXAS

After several years of scarcity, the situation is better now. Prices are firm and material is available.



CISTUS

Cistus oil distillation may start soon due to weather conditions. We expect lower volumes and higher prices than last year.



Aroma Chemicals

VANILLIN / ETHYL VANILLIN

After the entry of a new player market is looking for direction. Availability is normal and price remain at low level.



MALTOL / ETHYL MALTOL

While several manufacturers battle for more market share prices remain at very low levels.



CIS 3 HEXENOL AND DERIVATIVES

Prices have eased down further and situation is stable. Supply is still somewhat limited but should improve further by the end of Q2. Continues rumors of newcomers in the market that may enter before the end of 2023.



AMBROXAN

Availability continues very limited and prices are increasing. Situation should not improve before the next Clary Sage harvest in September.



TRANS 2 HEXENAL / TRANS 2 HEXENOL

Market remains tight and prices are on the high side. Supply chain issues of one of the main suppliers have substantially delayed deliveries in the market.



CYCLAMEN ALDEHYDE

Very little availability due to problems with the supply of the main raw material. Situation should not improve before Q3 2023.



ISOAMYL ACETATE

Increasing feedstock prices resulted in higher Q2 prices. This trend should continue going into H2 2023.





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