



Market Report
Summer 2023



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The first two quarters of the year have been marked by a significant decrease in demand for almost all essential oils. Some key events and market trends are the reasons behind this weak market period.

Aromatherapy crisis, economic contraction, interest rates, shifts in consumer behavior and inventory reduction to optimize operational efficiency among others. While some of these reasons are completely out of our control, it seems that the destocking period is almost over. We believe demand for the second quarter of 2023 will increase to a normal level. Actual prices for almost all raw materials should help to reactivate our industry.

Natural products

Eucalyptus and eucalyptol

At present, prices remain stable at low levels, with some buyers starting to gradually purchase, but in general the market situation remains quiet. Exported volumes are the lowest for the last seven years. Yuan devaluation also makes Eucalyptus and Eucalyptol prices more attractive, but global demand has the greatest influence on prices.



LITSEA CUBEBA OIL

The crop is actually running, and prices remain low. The carryover from last season is helping to maintain prices soft and overseas demand is weak. During this harvest season, we need to continue to monitor the situation.



STAR ANISE OIL AND ANETHOL

Market is stable for these two products, despite the lack of oil produced from the fruit, there is enough material available to be distilled from the leaves. It is a good moment for purchasing.



CASSIA OIL

The New Spring harvest season started in early May. Half of the Cassia oil produced in China is used to process Natural Benzaldehyde. Demand for benzaldehyde is weak, this is the reason behind the soft Cassia oil prices. Factories need to balance demand and supply. Prices for natural coumarin and cinnamyl acetate have also improved.



TEA TREE OIL

The market price for Tea tree oil is stable, although the overseas market is still weak for all qualities. Chinese main harvest season won't start until October, while South Africa and Australia have enough material. As long as Aromatherapy demand remains low, we do not foresee any price increase for tea tree.



MINTS AND DERIVATIVES

Indian mentha piperita's first harvest is concluded. Yield has been a little lower than usual, and prices are decreasing. This low trend in prices may not last long, Mentha arvensis and menthol have both experienced low-level prices. This range of price is bringing farmers and industry in general to struggle.



Spearmint prices are also favorable, and it is an interesting moment to buy.

ORANGE OIL

The new crop for orange oil in Brazil has started, the oil prices for the new crop are currently high, and some volumes have already been contracted. However, there is a significant number of buyers who are waiting to make purchases, anticipating a potential decrease in prices.

One significant factor to consider is orange oil prices' historical volatility. People still remember the huge price drop in 2019. However, there is a notable difference between the current situation and 2019. In 2019, there were two consecutive large crops, each exceeding 360 million boxes. In contrast, this time, the previous crop was a normal-sized crop, and the actual one is also expected to be normal.

So, we do not see any reason for prices to come down at least until the end of the year.

The situation is not easy to deal with and we can only predict future prices.

It's important to note that predicting future price movements in agricultural commodities can be challenging. Market dynamics, supply and demand factors, weather conditions, and various other factors can influence prices. The decision to contract now or wait depends on individual risk appetite, market expectations, and buyers' financial situation. It may be prudent for buyers to cover part of their needs now and wait and see how the market evolves.



LIME OIL

Mexican Key lime prices are still at their highest level ever. This is putting lots of pressure on those who need to stock products for resale. There is a great deal of risk at this price level. Demand for fresh products is high and oil usage in F&F did not decrease.



CLOVE AND CLOVE DERIVATIVES

It is a very good moment to buy clove and clove derivatives. Prices have reached probably the lowest level. We can find clove oil, eugenol and other derivatives at a very attractive prices, specially for eugenol which demand has decrease lately.



PATCHOULI

Patchouli prices keep moving higher. Producers in Indonesia think that this situation may last around 6 months. The demand for this oil is still weak but there is not a lot of raw material at farm level.

The coming crop has been delayed until next September due to weather conditions in Java and Sulawesi where there are still some rains even is summertime now.



NUTMEG

Prices for nutmeg are also increasing. There is a lack of raw material which is keeping prices up. Specially for high myristicin material which nowadays is not easy to find. The myristicin is the natural organic compound found in the nutmeg essential oil, this compound is the responsible for the aroma and flavor of nutmeg oil.



CAPSICUM

Harvesting of capsicum chili was completed last month of May, still 50% of the total crop is in cold storage. Demand is still high and prices are relatively stable, however they might decline if demand weakens.



LAVANDER OIL

New lavender crop in Bulgaria is delayed. The weather has been cold, and the plant won't be ready until mid-July. 2023 production should be less than last year. Prices for lavender have been very low for a few years now, and many farmers have decided to move to other crops. Northeast Bulgaria has Lavender plantations for about 3000 hectares while two years ago the same region had 12000 hectares. This reduction will help to increase prices once all overstock is sold. We do not expect a price increase during this crop but probably it will happen in 2024.



LAVANDIN OIL

New crops for lavandin oil will start very soon. France and Spain are expected to reduce crop volume, due mainly to drought. Even so we do not expect much of a difference in the supply chain dynamics as there is still overstock for other crops at farmers and distillers. We believe that prices will recover during 2024.



ROSE OIL

The Rosa Damascena campaign just finished. Rose petals are being paid at higher prices than last year. Labor costs have also increased as there is a shortage of pickers. On the other hand, fuel cost has decreased and yield has been corrected, so even prices for the oil are still not fixed as distillers are calculating their cost. It is estimated that the price will be similar to last year's



CISTUS AND LABDANUM GUM

Some volumes of Cistus oil from actual crop are already available. Prices are in line with last year. Production of labdanum gum is just starting. Hot summer is ideal for recollecting jara. There will be some volume of gum available at the end of August. Prices for this crop still need to be defined.



JAZMIN GRANDIFLORUM

The Grandiflorum season has begun, there has been some delay in the crop due to weather conditions. Prices for new crop are expecting to be high. There are several reasons for this high price, but mainly the price increase has been done to try to keep farmers' interest in the flower crop. Most of them prefer other crops that are less labour intensive and have a better return. Even so flower production is likely to come down around 10 % compare with last season and prices for the concrete are expecting to increase around 15 %.



Aroma Chemicals

METHYL PAMPLEMOUSSE

Demand is strong and product has become tight. Prices remain stable.



CIS 3 HEXENOL AND DERIVATIVES

After a recent price drop situation is stable and supply is basically back to normal. Newcomers in the market may reshuffle the market further before the end of 2023.



AMBROXAN

Availability continues to be somewhat limited but prices have stabilized. Situation should not improve before the next Clary Sage harvest in September.



TRANS 2 HEXENAL / TRANS 2 HEXENOL

Availability has improved with stable price levels. Demand continues to be strong.



CYCLAMEN ALDEHYDE

Supply situation has improved and there is more availability in the market again. Prices are stable.





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