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# June 2024 Market Report

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## ESSENTIAL OILS AND EXTRACTS

### Aniseed Oil China Star

The market price has come down slightly due to ongoing weak demand. Volumes at origin are not robust as prices have been unattractive to processors for some time so any increase in demand will inevitably cause the market to turn.

### Buchu Oil

Production was down 20-30% this year; a wet and cold winter hampered crop growth and led to a multitude of diseases and subsequent plant loss. Harvesting took place during January and February and fortunately high temperatures meant a good oil yield; however, this was not enough to make up for the loss in production.

Prices are being kept stable at origin to encourage demand after a difficult couple of years, with many companies destocking during 2023. As a result, there has been healthy demand for oil during Q2 this year.



We may see the impact of the small crop next year as there will be limited carryover.

In our last report we mentioned a company disrupting the market due to selling biomass below market price, however we are told this company is not currently active in the market.

### Cassia Oil Chinese

The Spring crop is delayed due to heavy rain that has been ongoing since April, it is expected to start late June. Prices remain stable due to ongoing weak demand.

### Davana Oil

The 2024 crop was down considerably. Heavy rain during the nursery stage in November destroyed large areas of the plantations, and high temperatures during the harvest period led to the crop being harvested early which impacted both the yields and the davanone content.

As a result, over half of the total crop is already sold. Prices have not yet increased but may do so towards the end of the year if availability becomes limited.



### Eucalyptus Oil

Prices spiked at the start of the year due to a tax policy adjustment. Since then, demand has slumped and prices have come down, albeit not to the lows of last year.

### Lemon Oil Argentina

The price of lemon oil remains at a historic low point and, most unusually, below orange oil. The current market price is unsustainable as growers are having to sell their fruit at cost price. Over the past couple of years, the total crop area reduced from 52,000 to 42,000 hectares, with an additional 10,000 hectares abandoned.

Despite this, the volume of fruit to be processed this year is expected to be similar to previous crops. This is because demand from the fresh fruit market has dropped significantly due to an excessive supply from other origins where primary supply is to the fresh fruit market rather than for processing (Spain being the largest).

When fresh fruit demand increases again, fruit prices will need to increase, and processors will not be able to afford to keep oil prices at the current level.

In contrast to this, the market for lemon terpenes has firmed due to increased demand as an alternative to orange terpenes and as an ingredient in lime oil alternatives.

### Key Lime Oil Distilled

Lime oil pricing remains firm, with no improvement on availability. While many companies are holding off securing stock in the hopes that the market will turn, there is enough demand from some of the larger users to prop up the current high price level.

There continues to be a range of qualities offered on the market, priced at various levels.

### Litsea Cubeba/Citral EU Natural

Prices remain stable while there is plenty of material in the market to satisfy demand which is still weak. The next crop will enter the market late July and may be impacted by the heavy rain in the cultivation areas.



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## Orange Oil/d-Limonene

The Fundecitrus report released 10th May reported that the 2024/5 Brazilian Orange crop is forecast to be nearly 25% down on the previous (which finished at 307.22 million boxes, an average for the past decade) at only 232.38 million boxes. If this figure is accurate then this will be the smallest crop since 1988-9, when forecasts using the objective method began to be performed in Brazil's citrus belt. With Florida largely out of the market at less than 20 million boxes, the global supply is expected to take a big hit.

Volumes have been decreasing over the past decade due to citrus greening and unfavourable climatic conditions, with around 50% being "smaller" crops (<300 mT), a much larger proportion than previously recorded. This is set to be a very challenging year for orange, with reports of some juice producers potentially using mandarins as an alternative.

Orange terpenes and d-limonene supplies are critically low, and prices are increasing almost daily. Some companies are planning additional processing runs



to generate terpenes, however the lack of availability of high aldehyde orange oil limits how much additional material can enter the market this way.

Likewise, as CPOO prices have increased to a level that is difficult for some users to accept, demand for WONF products has increased which is difficult to fulfil due to lack of terpenes.

## Rose Oil Bulgarian

Extreme weather changes have had an impact on this year's crop. High temperatures mid-April led to harvesting starting early, which meant that the plants were not fully developed. In early May the temperatures then dropped significantly, with rain and hailstorms, which had a negative impact on yields but fortunately we have seen that the quality of the oil is excellent.

Prices have risen due to the lower production volumes and increased labour costs; however, demand remains steady. The market is still recovering in the aftermath of the pandemic and the



ongoing war in Ukraine, so prices are expected to continue to rise which may force some end users to switch to rose water as a cheaper alternative.

### Tea Tree Oil

ECHA RAC have proposed the reclassification of Tea Tree Oil as a Rep 1B reproductive toxin based on para-cymene, this is being fought by a task force made up of industry bodies, including ECHA and IFEAT, as it is believed that data to support this decision has been misinterpreted.

The RAC opinion on p-cymene is expected shortly and the data will be reviewed by CARACAL. The task force has one more opportunity to fight this reclassification by submitting a dossier to support an exemption for use of tea tree oil in cosmetic products. Should the reclassification go ahead, it will be devastating to the industry.

Many growers of tea tree are already in the process of repurposing land previously used to grow tea tree to grow alternative crops, in anticipation of the ban going ahead. The impact will be felt well beyond just tea tree oil with para-cymene being a major component in many other oils.

## AROMA CHEMICALS

### Furaneol

One of the main factories in China has been temporarily shut down by the authorities in response to a complaint from a competitor. Pricing has increased around 10% as the remaining producers are less competitive and do not produce sufficient volumes to plug the gap in supply. The situation is expected to be short-term.

### Maltol/Ethyl Maltol

The main producers in China met at the FIE in March and agreed to increase their prices from the previously low level as the products were being sold below cost. The market is stable at the new price level, with no issue with availability.

### Vanillin/Ethyl Vanillin

On 24th May, the European Commission received an anti-dumping complaint from Syensqo. The investigation will determine whether exports of vanillin, ethyl vanillin and natural vanillin from China have been sold below market value and subsequently have impacted sales of these materials produced within the EU. If this is found to be accurate, an anti-dumping duty will be applied to these products when importing into the EU.

Similar action has been undertaken in the USA by Solvay USA LLC.

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# Talk to us

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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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