

MARCH 2021

**MARKET
REPORT**



**THE INGREDIENT
WAREHOUSE**

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ESSENTIAL OILS & EXTRACTS

Almond Oil

It's a dazzling time of the year in the Central Valley with blooms prospering. Blooming conditions are utterly perfect, cool nights (around 17-21 degrees Celsius) with full sun. The last shipping report from the Almond Board of California is showing the 2020 crop to be over 3.1 billion lbs but demand for the nut is increasing and prices remain rigid. The usage of almond oil as a household ingredient for almond butter is rising as a replacement of peanut butter, due to the allergenic concerns peanut butter contains.

Aniseed Oil China Star

Currently prices remain steady but are expected to hold it's historic high prices until the next crop season in April. The lack of yield of fruit per tree and available labour force causes a strain on the market and are not enough to make up the shortfall.

Buchu Oil

Due to the long-standing shortage, prices are expected to match the demand which remains increasingly high. New produce is selling out fast as a consequence to the lack of available harvest from the previous year.

Cassia Oil Chinese

April holds the new crop season with no improvement to prices due to a low yield from the 2020 harvest. Demand still remains high.

Coriander Seed Oil Russian

Demand is expected to remain high for both the oil and seeds as a result of dry weather conditions for farmers and their crops in the origins. Harvests prior to 2020 recorded better output than presently and aren't expected to improve as 2021 crop won't enter the market until roughly October.



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Davana Oil

Some areas required re-planting and late-sowing due to the crop damage caused by heavy rainfall last Autumn. As a result, harvesting in these areas will occur later in the season with the possibility of lower Davana levels. Harvests and distillation in the unimpacted areas are expected to continue until mid-April with crop figures to be determined at the end of March. With low davanone quantities remaining from 2020 crop, prices are expected to increase in the coming months.

Eucalyptus Oil

The global demand remains low for Eucalyptus Oils, and dropped further in January once the winter crop entered the market. Since then, the demand has increased moderately and prices followed ahead of the Chinese New Year festival.

Lemongrass Oil Indian

The spring 2020 harvest was unable to take place due to the impact of COVID and considerable demand built up during the extended lockdown in India which caused a significant increase in prices. The 2021 Harvest has commenced although it comes with a reduced cultivation area therefore prices are expected to increase from the already high level. The distillation process is expected to begin in April, yields will be determined from this time.

Lime Oil Distilled Mexican

The recent demand has increased the Lime prices since early 2020 due to decrease in crops from both Mexico and Peru, and high fruit prices.





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Litsea Cubeba Oil/ Citral EU Natural

An surge of prices occurred in 2020; the rise in demand caused Litsea stock to sell out. The poor weather conditions triggered a decrease in the summer crop by 25%, impacting the carryover supplies, resulting in higher prices.

Olive Oil

February production of olive oil in Spain was around 219,000 mt. So far from the 2020/2021 harvest, roughly 1,330,000 mt of olive oil has been produced. Production in March is generally lower, so a total of 1,440,000 mt is the expected production output. Current stock are roughly 1,190,000 mt. Monthly outflows are about 130,000 mt, showing stocks will be relatively low by the end of October. Simultaneously, the demand in the USA will increase as customs temporarily suspend importing Spanish olive oil into USA. Ideal weather conditions forecast a promising effect on the coming harvest taking place in May. If the olive trees prosper in bearing a multitude of blossoms this year, a good harvest can be expected from November onwards, calming the market.

Orange Oil/d-Limonene

With the Brazilian crop expected to be at least 30% down, Orange oil prices are continuing to rise. High demand is also pushing prices up further and is expected to run through to the coming months. The gap between orange oil and d-limonene is significant which has driven up pricing for folded orange oil.

Peppermint Oil Indian

Prices remain at a historically high level compared to the peaks of the recent years. This has encouraged farmers to increase the area of agriculture for the 2021 crop. Currently the market is stable and is anticipated to remain steady as the coming crop season in May-June approaches.

For arvensis: similar cultivation area from 2020 is predicted and offers a good sign of carry-over. June-July marks harvesting season and if yields are bountiful, we may see prices come down at this point.

Soyabean Oil

Market participants have increasingly switched to soybean oil due to the decreasing availability of sunflower oil and rapeseed. Argentina have also recently closed a large contract, although there are fears of warmer weather conditions which could affect the harvest. Brazil also faces negativity as experts feared crop loss by heavy rainfall, resulting in a consequential soya oil price increase for over 65% in the last 10 months. Similar figures were last forecasted in 2007 & 2011 when mineral oil prices were remarkably higher and not comparable to the situation.



AROMA CHEMICALS

2-Acetylpyrazine

Due to the license of production expiring, the largest manufacturer of the raw material which used to produce 2-acetylpyrazine was shut down. No production taking place during the Chinese New Year festival accompanied with the unpredictability of future supply has led to a shortage of material and prices have increased accordingly.

Alpha Terpineol EU Natural

Low raw material availability pushed prices to harden and pushing prices for synthetic alpha-terpineol to expand, resulting in extra supplying pressure of EU Natural quality.

Cis-3-Hexenol And Derivatives

Supply remains crucial with limited volumes being offered outside the fixed contracts.

Methyl Cyclopentenolone

After a long period of supply stability, a medium sized factory in China has ceased production in January, creating a rise in pricing and tight supply.

2-Methyl-2-Pentenoic Acid

For some time, this product has been difficult to source as various factories stopped producing due to issues of pollution. Prices linger high and availability restricted.

Sulfurol

Prices are continuing to increase and lead times for material are extremely long. Industrial grade sulfurol, which is refined to produce the higher purity grades used within the F&F industry, remains in very short supply.

Vanillin/Ethyl Vanillin

Availability is tight as production commences in China and the factories work through the backlogs of orders. As a consequence, prices remain high and are not anticipated to come back down momentarily.

Ethyl vanillin availability has been extremely limited since the end of 2019 as one of the main factories closure.

