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Aroma Chemicals

Grapefruit Oil

It is hard to believe that only 10 years ago grapefruit production in Florida was over 50,000,000 boxes. The forecast for 2010 is 19,000,000 boxes in aggregate for both white and red grapefruit. Based on the anemic demands for grapefruit oil, this may be sufficient. Prices, which bottomed in 2008, continue to drift higher but they certainly are not running away.

Lemon Oil

Production in the United States should resume with normal and expected yields, While the amount of fruit processed may be down from last year, this should be offset by better yields. The crop in Argentina will be down by over 20%. This is due to very dry weather. Since Argentina is the most important growing area, the reduced production will undoubtedly impact the global supply of lemon oil. The price of lemon oil is influenced by the requirements of the buyers, as much as it is driven by supply. With the volume for carbonated soft drinks slightly down, it is reasonable to assume the demand for lemon oil will not be robust. This sets up an equation in which there is more than one unknown. Our opinion is that the price of lemon oil will be higher during 2010 but we would not be surprised if carry-over inventory accumulates in the warehouse of any processor who prices their oil too high.

Lime Oil

Rain in Colima in February? Not possible you say? In fact, the normal desert appearance of the ranches (no groves in Mexico) was transformed to lush green by the considerable rain that has fallen. While the rain is said to have knocked off 6% of blooms, the trees are grateful for a long drink of water. We expect production to rebound from the low level in 2009. The cost of the fruit will continue to be driven by the robust demand for fresh fruit. Our opinion is that the lime prices will be up, but only slightly. This should keep lime in position as the most dependable and consistent of the citrus oils.

Orange Oil

The most recent forecast by the USDA estimates the size of the orange crop in Florida at 131,000,000 boxes. This is the smallest forecasted crop since World War II. Processing for the forecasted crop is late. This is a shame as the pause between early season orange production and the recovery of oil from Valencia oranges is unusually long. After all of the excitement about the cold weather in Florida, the actual reduction in fruit is less than 5%. Based on the lower estimate for orange production in Brazil, it is clear that orange oil will continue to have a higher value. Hopefully, last year's overcorrection to the down side will not be followed by an equal reaction to the up side.

Essential Oils

Eucalyptus Oil

The province of Yunnan has experienced the worst draught in 60 years. This draught continues to scorch southwestern China. The region's meteorological center has issued its highest level alert for severe drought. This disaster is likely to linger until at least May. Distillation has been prohibited by the local government due to the serious water shortages. This is pushing up prices as it is believed the size of the crop will be reduced by more than 40% when compared to last year. Without rain, this situation could get worse.

Lavender Bulgarian

Due to poor weather, disease, no carry over and a drop in production of 50%, Lavender Bulgarian is expected to be significantly short. Citrus and Allied has a good position and welcomes your inquiries as the availability of pure and natural oil will become scarce well before next year's August harvest.

Petitgrain Oil

Crop was very slow due to constant rains (Climatic Phenomenon EL NIN0) resulting in a dismal production cycle during the traditional high season in December / January. In addition, the same workers are employed by a few industries. This interruption will shorten the harvest and production season. In a repeat of so many situations, the US dollar is weak and this has increased prices offered in US Dollars

Tangerine Oil

There has been little processing of tangerines in Mexico because of the rainy weather which interrupted production. Material from other origins seems to be adequate. While we saw an increase in the prices of Tangerine during 2009, the prices are steady for now. We maintain our suggestions that you stay ahead and provide us with forecasts.

Rob's Crystal Ball

Rob's Crystal Ball

The Continued weakness of the US dollars and uncertainty amongst producers has led to lower production of a variety of essential oils and higher prices in US dollars. If aggregate demand continues to be lower than normal, we may continue to enjoy modest prices by historical standards. If demand returns to normal, we may experience selective shortages with price movements to the upside.

Spice Oils

Cardamom Oil

The 2009 Cardamom crop began in August and was marked by high prices that continued to rise throughout the fall. By the time production came to an end in December, the price had more than doubled. This steep increase in prices was due to a 20-30% decline in spice production in both Guatemala and India. With a steady demand for Cardamom seeds, the essential oil producers found themselves in weekly bidding wars for their raw material. Most of the seeds produced in Guatemala were exported. We anticipate a more normal production season in 2010.

Clove Leaf Oil

In addition to our last report of the weak U.S. dollar and strong demand, we see 15% less production due to the EL Nino effect, which resulted in a dry monsoon season.

Coriander Seed

After years of dwindling coriander seed stocks, this oil too is expected to increase in price and also anticipated to be in short supply. We recommend covering your needs now or contracting your annual requirements. The next crop is seven months away.

Garlic

This year's crop was down due to unfavorable weather. In addition, there has been greater Asian demand for garlic due to the reputed health benefits for staving off the Swine Flu. In our opinion, if you look at Garlic in a historical perspective, the traditional price is close to recent levels and I would predict that this market remains firm going forward.

Ginger

The majority of gingers goes into flakes and powder which are in short supply. We predict increasingly higher prices until the next crop in June / July 2010.

Nutmeg Oil

While the USD has strengthened somewhat in recent weeks against the Euro, it has not strengthened against the Indonesian Rupiah. However, this is not the only factor in determining the price. Unfortunately the cost of the nutmeg spice has crept up due to recent shortages. Moreover, the higher operating costs have risen due to recent inflationary pressure.

Pimento Leaf

Similar to coriander seed oil, the harvest time for pimento oil is over. In Jamaica the interest rate for business loans is above 20% percent. Therefore, the distillers will only harvest what they believe is sold. Currently the prices are slightly soft, but expect prices to firm in the near future, with limited availability until September 2010.

Star Anise

The aniseed market is active. The fruit seed for oil is limited due to the ever increasing demand of the pharmaceutical industry for flu vaccinations. Peak harvest time July October.

Black Pepper Oleoresin

Due to the shortest crop in the past decade and supply constraints in the global marketplace, the price of black pepper oils has risen. The harvesting of Sri-Lankan light pepper started in October but early rains have affected the harvesting and drying of light pepper berries. The next harvesting season for light berries will start in the middle of May 2010. The Oleoresin manufacturers mainly depend on the Sri-Lankan pepper because of its high piperine and volatile oil content. We predict steadily firmer prices on both Oleoresins and oil prices in 2010. We invite your inquiries.

Capsicum Oleoresin

As predicted, last season's high prices have declined to more normal levels during the peak harvest time. However, we understand the prices will slowly advance as the Chinese crop is forecasted to be down, and, there is unusually strong demand from both Thailand and Korea. We recommend that you cover your needs as soon as possible.

Celery seed Oleoresin

The celery market, unlike others of late, has remained stable. The crop is in May.

Fennel Oleoresin

Fennel Oleoresin –Prices stable. The next crop is in May–June.

Ginger Oleoresin

Due to tribal strife in Nigeria, the production is down and prices are under great pressure. We understand speculators have entered the scene and the rush for product has begun. It should also be noted that gingers from North Africa & Ethiopia are in great demand.

Paprika Oleoresin

As predicted, the paprika market has firmed due to a variety of reasons. One reason is the slow down in the world economy which resulted in less Paprika production in 2009. In addition, the heavy monsoons did affect the paprika crop in India. This news was compounded by a 30% loss in Chinese production. China is a major producer of paprika, particularly for its domestic market. We continue to see firming prices as the 2009 carryover positions were discovered to be at very low levels. We also understand that high color unit paprika is in short supply. Once again, currency is an issue, as the US Dollar is weak verses the Indian Rupee .

Turmeric Oleoresin

In our last update, we recommended that customers wait until Feb-March for the new crop before covering. Due to unusually low carry-over coupled with unusually high demand, the prices have not fallen as much as was expected. Please contact us sooner rather than later to cover your needs over the next 12 months.

Aroma Chemicals

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The Aroma Chemical market is experiencing a resurgence in demand following last year's industry down-turn. There are a number of supply interruptions from China that are causing shortages , which have extended lead times.