



July 2010 Volume 1

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Grapefruit Oil



The small crop of only 20,000,000 boxes in Florida has led to a paucity of oil from white fruit.

Although there does seem to be enough oil from Red Fruit, the production in Texas has declined.

Lemon Oil



Production in Argentina will be down over 25%. This is due to hot, dry weather. Since Argentina represents over 50% of the world's supply of oil, any significant event in Argentina has consequences.

Fortunately, the rest of the world is not in the same dire straights. As such, while we expect the price of lemon oil to rise, we are not convinced that it will rise to the levels of 2008.

Lime Oil



Lime Oil production in Colima Mexico was delayed due to cold weather at night that has kept the lime from sizing up. This has caused an increase in small fruit and a reduction in yield. It is too early to know whether this will have any affect on overall production as the season may simply be moved forward. There is strong demand for cold pressed oil and a shortage of oil produced from Persian fruit due to cold weather and too much rain on the East Coast.

Orange Oil



We visited Brazil during June and met with the large producers. Everyone is saying the same thing, which is that production is late and yields are down. Based on the information, we expect a short period of higher orange prices and limited supply of Brazilian oil. According to the producers, they will not be offering new crop oil in quantity until they fulfill last year's contracts. In addition, it is reasonable to assume that they are waiting to see whether hurricanes play a role in the Florida's weather this year. With the shortest crop in Florida since the 1940s, it is hard to paint a positive picture.

Tangerine Oil



The supply of good quality tangerine oil is always an issue. Somehow it usually works out. This year appears to be following the normal pattern and we expect to get by with only slightly higher prices.

Rob's Crystal Ball

Overall we have seen somewhat lower production of many essential oils. While this is not due to any one factor, there are a number of factors that have contributed. Of course, the number one factor has been weather. As a consequence of the Great Recession, it is difficult for many essential oil farmers to secure the loans to finance their purchases of raw materials. We also detect a certain wariness by suppliers due to last year's unreliable projections.

There is also uncertainty regarding currency valuations. While the current demand for flavor and fragrance ingredients is robust, many savvy buyers wonder if it will continue. Is the current demand due to real growth or is it due to inventory replenishment? When reading about the following essential oils and Oleoresins please pay special attention when we suggest **covering** your needs.



Essential Oils

Eucalyptol/ Geranium/ Wintergreen/ Citronella Oils

The province of Yunnan has experienced the worst drought in 60 years. This drought continues to scorch southwestern China. This disaster is likely to linger until at least July. 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. As of July the prices of these items continue to be firm.

Essential Oils

Ho Wood Oil

Over the past couple of years poor maintenance of trees has resulted in less production and firmer prices. While new plantings have begun we believe prices will remain firm for some time.

Mint Oil

Unreasonably cold and damp weather persists in some of the Pacific Northeast growing areas. If the traditional hot temperatures days are not forth coming, we see reason for concern, particularly for double cut peppermint. This is due to the reduction of the costs of some of the important factors of production, including energy and some fertilizers as well as the reduction in the prices for alternative crops such as wheat, corn and soybeans. We have multiple trips planned to visit all of the growing regions and will report back.

Petitgrain Oil

Crop was very slow due to constant rains (Climatic Phenomenon EL NINO) 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.

Spice Oils

Cardamom Oil

The 2009 Cardamom crop began in August 2009 and was marked by high prices that continue 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 the 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 will keep you updated on the 2010 production, but we suggest **covering** what you need until October-November.

Clove Leaf Oil

In addition to our last report of the weak US dollar and strong demand, we see 15% less production due to the El Nino effect, which resulted in a dry monsoon season. The prices remain on the high side with some difficulty in availability.

Coriander Seed Oil

After years of dwindling coriander seed stocks and higher prices, this oil has begun to soften prior to the upcoming crop. It is anticipated the prices will remain at the current levels for the next few months, with the new crop due in July and August.

Garlic Oil

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. In our opinion, if we look at Garlic from a historical perspective, the traditional price is closed to recent levels, and we predict that this market will remain firm. With the recent June/ July poor harvest underway, we anticipate a shortage of material and higher prices.

Spice Oils

Ginger Oil

The majority of gingers roots are processed into flakes and powder both of which are in short supply. We predict increasingly higher prices until the next crop in June/July 2011.

Nutmeg Oil

While the US dollar 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. We see firm prices going forward.

Pimento Leaf Oil

Pimento leaf oil is stable but the predictions for Gulf hurricanes have the producers nervous. If bad weather does strike it could easily cut this season's harvest time in half.

Star Anise Oil

The anise seed oil market is active. Seeds used for the production of oil are in short supply due to the ever-increasing demand by the pharmaceutical industry for flu vaccinations. Peak harvest time is July-October. In recent weeks while the prices have been high they have remained steady.



Black Pepper Oil/Oleoresin

Due to the shortest crop in the past decade and supply constraints in the global marketplace, the price of black pepper oil has risen. Given the reports from India, Vietnam, Indonesia and Brazil, it appears all sources are experiencing shortages and are sold out.

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 inquires.

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.

There is unusually strong demand from both Thailand and Korea. We recommend that you **cover** your needs as soon as possible.



OLEORESINS



Celery Seed Oleoresin

The celery harvest, in May, has been reported to be shorter than expected with much firmer prices than anticipated. Being basic in Oleoresins Celery, we invite your inquiries and suggest **covering** in July or August to cover your annual requirements.

Fennel Oleoresin

Fennel Oleoresin-Prices stable.



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 20% loss in Chinese production. China is a major producer of paprika, particularly for its domestic market. We anticipate 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 versus the Indian Rupee.



OLEORESINS



Turmeric Oleoresin

In our last update, we recommended that the customer wait until February – March for the new crop before covering. Due to unusually low carry-over coupled with unusually high demand the prices have not fallen as anticipated, but risen over the 2009 levels. Please contact us sooner rather than later to cover your needs over the next 12 months. We have also heard that no offers are coming out of Indonesia and Vietnam. The Indonesian crop begins in July.

Oleoresin Nutmeg

A short supply for extraction nutmeg is continuing in the markets. Due to the dry weather in Sri Lanka, the crop is very poor. This Oleoresin is destined to be considerably higher and could be a problem. Please contact us to **cover** your needs before the supplies are exhausted.



AROMA CHEMICALS

Aroma Chemicals

The Aroma Chemicals market is experiencing a resurgence in demand following last years' industry down turn. There is a number of supply interruptions form China that are causing shortages, which have extended lead times. In addition, we continue to experience shortages of linalool citral, geraniol's (and derivatives) and a variety of lactones.