

**April 2013 Volume
3 In this issue:**

Page 1

- Orange oil
- Lemon oil
- Lime Oil

Page 2

- Grapefruit Oil
- Tangerine Oil

Page 3

- Robs Crystal ball

Page 4

- Anise
- Bitter Orange
- Cassia
- Cardamom
- Citronella
- Clove

Page 5

- Coriander
- Cumin Seed
- Davana
- Eucalyptus
- Garlic
- Geranium
- Ginger

Page 6

- Ho Wood
- Lavender
- Lemongrass
- Litsea Cuebeba
- Mandarin Petitgrain
- Mint Peppermint

Page 7

- Nutmeg
- Palm Rosa Oil
- Pimento Leaf
- Wintergreen

Orange Oil

Two developments of note have occurred in Orange since our last update. For one, the estimated size of the orange crop in Florida has been reduced a number of times by the USDA to the point where this year's crop is forecast to be smaller than last year's crop. In addition to less fruit, producers are reporting lower yields. That is always a bad combination. As such, the lower prices for orange that were being quoted at the end of 2012, have turned around. Orange Oil from Florida is now almost double its cost in December. Not surprisingly, the producers in Brazil have withdrawn from making offers until they can access the consequence of the smaller crop in Florida combined with a 20% reduction in their own crop. While we are prepared for higher quotations, as always the increase in cost will only last if there are buyers at the higher price.



Lemon Oil

The lemon market is stable to a bias for higher prices. From what we have learned, most of the surplus oil inventory has been worked off. While early to know for certain, our guess is that lemon oil prices will increase by about 20% by the time the new crop in Argentina is extracted, de-waxed and is ready for shipment.



Lime Oil

LIME – Production in Michoacán has begun. Fruit prices are high which is to be expected at this time of year. Most of the current demand is being absorbed by inventory put into stock last summer. The crop is estimated to be normal but there is unrest amongst the workers in Colima due to the perception that their wages are not keeping up with the cost of living. Since the government of Mexico is always a player in industry, we are keeping our eyes open with regard to future fruit prices. Another consideration is that flat pricing for lime has made it less interesting for the growers to maintain their ranches. This has happened before and it is a bad sign. It will certainly lead to lower box counts per hectare and eventually have an effect on prices.



Grapefruit Oil

The availability of grapefruit oil continues to be sufficient to cover the modest demand. Pricing is completely dependent upon quality with issues such as nootketone content, color and the presence of agricultural residues as the major considerations when deciding what to purchase.



Tangerine Oil

We are reasonably well covered with inventory to satisfy normal demand. Because there is a limited amount of tangerine oil produced throughout the world, we continue to encourage all our customers to do their best to project their requirements and so advise us.



Rob's' Crystal Ball

Over the past six months, the United States has re-elected its President. The so-called fiscal cliff has been avoided but sequester has occurred. The US stock market has retraced all of its 2008 losses while at the same time the economy has experienced anemic growth.

Over the past twelve months, in my travels to China, India, Sri Lanka, Singapore and Europe I have seen great reluctance of both suppliers and customers to look to far into the future. Maybe everyone is sensing what I believe is being revealed by the crystal ball that is, the future is unclear.





Spice Oils and Essential Oils

Star Anise & (Natural Anethole)

This price of essential oil, grown in the southwestern Yunnan province of China, has gradually softened over the past year due to the availability of synthetic anethole and a lack of demand. The farmers prefer to produce from the star anise fruit rather than the leaf because they can earn more money. It is worth noting that we have seen a few different qualities. The next peak crop time is in November/January. We continue to be in a strong position with excellent quality oil in stock and welcome your inquiries.

Bitter orange

The new crop in Brazil is just underway with the ripe (orange-yellow) quality expected in June. Unfortunately, the lack of demand a few years ago led to the eradication of many groves. Accordingly, this lack of interest, and poor returns has now led to a shortage. Price remains firm with little availability. To compound the situation, the availability and rising costs in the Dominican Republic has added more pressure on price.

Cardamom

The crop in India is reported to be down from last years' bumper crop. Guatemala's season (October to March) is now over and the season went well. The price of oil from Guatemala has remained stable. We invite your inquiries as we have a good position on this spice essential oil.

Cassia

At present we are being told that prices look to be stable as we get into the spring crop in May. This is one we are monitoring weekly as any news could sway this price in either direction.

Citronella

With the new crop due in April, this almost commodity-like essential oil looks to be stable in the short term. Barring any weather issues the global demand and the economy will likely drive prices.

Clove Leaf/Eugenol

Clove Oil is limited due to the typical rainy season in Indonesia (November to May) and prices have firmed since hitting a recent bottom late last year. It is reported that if the weather is dry in July/August the prices will stabilize. We welcome your inquiries. Considering that clove used to be so inexpensive, it is difficult to describe the recent prices swings as including a bottom but the price for clove and its derivatives has been reset to a new plateau.



Coriander

Last July/August, the coriander crop was reported to be down 30% compared to 2011. However, this shortfall had no immediate impact on prices as carryover stocks of seed at origin and oil in the hands of re-sellers have kept the market calm. As carryover stocks dwindle and demand continues, we recommend our customers to cover and take advantage of the favorable pricing. We welcome your inquiries.

Cumin Seed

Again, with the strife in the Middle East, including the political instability in Egypt, we recommend that you cover your needs for the next year. To make matters worse, wheat, a cash crop, competes with cumin and as a consequence, the production continues to diminish. New crop production begins in April so now is the time to look at your expected volumes. Keep in mind the prices and availability can take a dramatic turn in the face of turmoil.

Davana

Distillation is just beginning in the state of Karnataka, India. During my recent visit to all regions in India we learned that there are fewer farmers and less sowing as recent below-cost pricing has made this beautiful oil less interesting. As such, the 2013 crop will be significantly reduced. This has already led to increased prices. In addition, the growers cite irrigation problems, high labor costs and expensive land prices. We suggest covering your needs while limited supplies last.

Eucalyptus (Eucalyptol)

Even with the bad weather (frost & fire) in the Yunnan Province and a decrease in the labor pool, more oil was processed than expected. This increase in production led to soft prices though they have just recently stabilized. This is one we are keeping our eyes on.

Garlic

After years of little to no processing it appears the stocks of good quality garlic oil is becoming limited. As stated in our last report, for reasons we still do not precisely understand, the production of garlic oil has not met the physical specifications of the FCC. We believe this has been due to atypical weather but we are not certain and neither are any of our suppliers. Unless the price of fresh garlic bulbs comes down it is reported that almost no production will commence in 2013 as well and prices will start to advance. Again, we suggest that our customers begin covering sooner than later.

Geranium

The raw material geranium is on the rise. Thus, the price of the oil is increasing modestly. However, it is reported that supply will meet demand which should give us some future stability.

Ginger

With fresh ginger prices rising, coupled with weak demand it is reported that prices are as low as they can go. Given this information we are covering good quality oil and monitoring offers at source.



Ho wood (Natural Linalool)

While the price had softened last year, like many Chinese essential oils, Ho wood oil is now in short supply which has firmed the price in recent weeks. We continue to have ample supply.

Lavender

The 2012 news for lavender was better than the news in 2011. Finally, the production went up, not down as in previous years. C&A has taken positions on specific lots of excellent quality oil and we look forward to your inquiries.

Lemongrass

In a repeat of our last report, we see Lemongrass in Guatemala slightly higher than last year. We continue to take solid positions to cover customer contracts, on this modest-volume essential oil from Central America. As previously noted, it has become necessary to contract in advance to insure enough is planted and processed into oil each season. Please send us your inquiries.

Litsea Cubeba & Natural Citral

With the peak season starting in late July and favorable weather, the price of Litsea/Natural Citral looks to be stable. It is said that the overall supply will be reduced from previous years, labor is difficult to obtain, so this, along with lower litsea prices to farmers and steady demand on natural citral should provide price stability.

Mandarin Petitgrain (Mandarin Petitgrain Terpeneless)

Processing in Egypt has been in full swing since January. Prices are lower than last season. We recommend you cover your needs for 2013 and take full advantage of favorable pricing. Considering the inherent instability in Egypt we would not take these lower prices as a given.

Mint - Peppermint/Spearmint Oil

In our last report we reported that Mother Nature was alive and active in some of the growing regions. The severe heat, for the most part, caused the quality of the oil to be geographically confused. This quality predicament has created a challenge that we have resolved thanks to our expansive grower base all over the United States. While we have heard the cumulative acreage will be down, demand seems to be as well. We will continue to talk to our farmers and report back when the peppermint season is well underway. In contrast to peppermint, spearmint prices are firm due to continued good demand and smaller crops in China & India.



Nutmeg

The news remains the same, as we last reported. The sourcing of quality nutmeg continues to present a challenge. While the prices may have stabilized, disease, immature trees, new planting regions (with varying qualities) and excellent demand on ground spice are the reasons for the limited availability on good quality nutmeg oil. Many large spice buyers often ask me why the oil price is always increasing rather than follow the pricing for the raw spice. In many cases, the immature spice nutmeg is best for processing into oil. In previous years, the immature spice sold at a lower whole spice price, now the immature (oil-content rich) spice commands a premium price.

Palma Rosa oil

Prices have bounced back up from their short-term recent lows. This was in part due to extremely dry weather that caused the distillation to cease for 2 months. This news, along with little to no irrigation, has distillers and traders holding onto limited stocks. The next crop is August/September. We recommend covering your needs now.

Pimento Leaf

As it turns out, Hurricane Sandy did affect the Pimento leaf crop as the infrastructure (roads) in Jamaica made the collection and distillation of the leaves near impossible. We will continue to keep our customers abreast of all our long-term processors in Jamaica and hope this year's late summer crop is plentiful. At present prices are higher and the oil very limited at source.

Wintergreen

New crop processing at source will commence in May. This is good news as no material is available and prices are up.