



Rob's Crystal Ball • APRIL 2018

C&A CITRUS MARKET REPORT



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Orange

The alternating bloom phenomenon

The staggeringly large 2017 Brazilian orange crop will be followed by an excellent crop in 2018, though of smaller size. This is primarily due to alternating bloom phenomenon, a common condition in the plant kingdom where a heavy yield in one year results in a lower yield or lower intensity the following year, as the plant recovers.

With the decline in the demand for orange juice, orange oil prices could

be similar to what we experienced after Hurricane Irma in Florida. Before Irma hit, orange prices looked to be on the verge of declining because crops were strong. For the first time in many years, the size of the orange crop in Florida was on the increase and Brazil was processing a very large crop as well. After Irma, the situation was very different.

If the 2019 orange crop in Florida rebounds, and knowledge of that rebound is obvious, then there is a reasonable expectation that orange oil prices could decline in the late Fall.



Lemon

Lemon prices remain firm

There are plenty of lemons in the world. The geographical distribution is excellent and demand for fresh fruit at high prices keeps the owners of groves reinvesting and replanting. This is good news for companies who have a steady demand for lemon oil. The price of lemon oil is mostly a consequence of the size of the crop in Argentina, the amount of carry-over, the value of the US dollar and the weather in other producing regions. This year, the price has remained firm, mostly due to a decline in production in Spain and Italy. We keep very good track of what is happening all over the world and believe that there is sufficient demand and sufficient supply to support current prices.



Lime

Currently, prices are steady with a slight downward bias

Pricing for lime oil depends on production in Michoacan and Colima, Mexico. Every year, Michoacan goes first and this year, production is down. One of the by-products from producing lime is lime peel, which is either sold wet or dry to manufacturers of pectin. At present, the pectin manufacturers are not purchasing peel due to sufficient inventory. While the cost offset does not drive the price for lime oil, if the peel has no home, processors of juice and oil are less motivated to make oil. This is where we are today. Fortunately, lime business is often contracted, especially for significant volumes. If the large flavor and beverage companies need to buy, the processors will produce oil. If the

processors do not receive contracts, they will still process oil, but less. Currently, prices are steady with a slight downward bias. Production will begin in Colima the Monday after Easter and its overall size will depend on the amount of rain that falls in early July. Since only a small percentage of oil is produced in April, May and June, the market is on hold. Citrus and Allied is basic in Lime Distilled and Lime Cold Pressed from Key Limes and Persian limes. We manufacture lime oil of all qualities in our Tultitlán, Mexico facility, and are here to serve your needs.



Tangerine

Supply and demand are in balance

The supply and demand for tangerine oil are in balance. As a modifier for orange flavors, tangerine is usually not used as a stand-alone oil. We keep sufficient inventory to take care of our regular customers with a little extra in case there is a new win on the horizon. Prices are steady.



Grapefruit

Production has reached boutique levels

High prices and low supply have caused the demand for grapefruit oil to decline. Production has reached boutique levels with oil often being offered at prices over \$100.00/kg. It is hard to fathom how grapefruit oil, which is a weak oil (compared to spice oils) can continue to enjoy any demand whatsoever based on the poor value proposition. As a folder of grapefruit, we continue to offer and have modest but appropriate inventory on hand. If you need grapefruit oil, we can provide it at competitive prices. After 85 years of offering citrus oils, including grapefruit oil, we live in hope with an optimistic attitude.



Mandarin

Demand is strong this year

A new crop for mandarin started in October 2017 with the green and yellow qualities being produced during November. Red mandarin production started in December with oil coming to market in January and now coming to an end. The crop in both Calabria and Sicily has been similar to last year however the price for the fruit this year has increased, which has moved the price up slightly for the oil. Demand is strong this year and we invite your inquiries.



Bergamot

Availability and production down, demand is high

The bergamot crop this year started off slowly in November. There was difficulty in obtaining the fruit for processing due to a large increase in demand for fresh fruit as consumers are now drinking bergamot juice for health benefits. The production of bergamot oil is estimated to be down about 20% as a consequence of a reduction of availability of fruit for processing. With little to no carry over of oil from the previous crop, the price is increased and demand for the oil is strong. The crop has now ended and we recommend you contact us sooner than later to cover your needs.