



ESSENTIAL OIL MARKET UPDATE



ORANGE OIL

Drought conditions, combined with frost damage has resulted in the second year in a row of low orange production in Brazil. Contrary to most years where forecasts bob up and down, in 2021 every forecast has been less than the prior one. This is the year when the reality has been worse than the expectations. Sometimes it is the growers who forecast most accurately and we have read that growers believe the final production tally will be no greater than 250 million boxes. This means that Brazil will have experienced two well-below average crops in a row.

The consequence of low production in Brazil is that there is considerable demand for orange oil from all other origins. Not surprisingly, the cost of orange oil is up, and the availability of orange oil is low.

This is bad news for everyone. The optimistic estimates for production in Mexico have been tempered by successive hurricanes. It is now likely that the crop size in

Mexico will be average. Of course, production in Florida is still suffering from Citrus greening with numbers in the 50 million box range.

The spread between the value of orange oil and orange terpenes is so large that the cost of folded orange oils is at an all-time high. Given that the industrial alternative for d-limonene is petrochemical based, and far less expensive, there is little reason to expect that the gap between the value of cold pressed oil and terpenes will narrow significantly. As a result, the cost of folded oils may remain high through the spring of 2022.

QUESTIONS? WE'D LOVE TO HEAR FROM YOU!

Contact Rob Haedrich, Vice President of Purchasing

✉ rhaedrich@citrusandallied.com ☎ 410.273.9500

