



Australian Botanical Products

Specialists in the chemistry of essential oils

JULY 2008 MARKET REPORT

Over the past 2 years the shifts in the oil market have been dramatic and erratic, with the past 6 months proving to be the most chaotic. The impact of climate change, rising fuel prices and changing economic communities has resulted in a completely different market place.

While this may be something that you have read before, we have really tried to maintain a sense of balance and continuity between supply and price changes. Unfortunately we are now finding that both availability and pricing are changing rapidly, often within a 24 hour period when we are advised that a crop has failed, the price sky-rockets and demand dries up. Unfortunately, these erratic patterns have left us with little choice than to move with the market.

LEMON OIL

The lemon oil supply remains extremely difficult as the shortage of product becomes more apparent, this truly is a global problem due to unusual weather conditions in all of the key growing areas.

Despite increasing pricing, the demand for the product has not declined due to additional demand from emerging economic countries.

It is a global expectation that this oil will remain firm into 2009.

ABP have taken a position on this oil to ensure a continual supply to our customers and would ask for forward requirements so no-one is left disappointed.

BERGAMOT OIL

Over the past 18 months adverse weather conditions have had a huge effect on the quality and quantity of bergamot oils being offered on the market. Heavy frosts in winter and un-seasonally high temperatures in summer lead to a poor yield.

For the remainder of 2008, this product will remain difficult.

LIME OIL

Lime Oil has remained steady.

GRAPEFRUIT OIL

At last we can report on a citrus oil that has improved, we have seen the price and availability of this oil come back to historical levels, which has led to an resurgence of usage by perfumers across the globe.

MANDARIN OIL

The damage to the fruit of bergamot oil is mirrored in the mandarin oil supply; the effects on this oil are less available product and higher prices.

Again ABP have managed to cover forward to ensure a continual supply but would request that our customers do not wait too long before ordering their requirement.

LAVENDER OIL

It is too early to confirm the 2008 lavender crop but early indications are that the product available for supply will be comparable with the volumes reached in 2007; with no carryover it is safe to assume that the pricing will remain high.

ROSE OIL

Indications are although the volume of flowers this year is healthy the yield of oil has been reduced, this has led to an increase in price for the 2008 crop.

MOROCCAN OILS

It has been reported that the supply of Moroccan oils is going to be low from the 2008 crop with the main problem area being Chamomile Oil Wild.

Indications are that the supply of material will be 10 - 20% of its normal volume.-



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CARROT SEED OIL

The crop for this oil was completed in April / May and indications are the production is 50% lower than that in previous years. This has led to a firming in price which will continue until April 2009 crop.

CORIANDER OIL

At this time, there is little oil available in the market. There is a conflict of requirement between seeds used for the spice industry and seeds used to distil oil so essential oil supply will be dependant on the winner.

ANISEED OIL

Heavy rains and flooding in the key growing provinces have kept the supply of this oil low, which has had an effect of increasing the price. At this inflated price, farmers will be more attracted to grow and supply, therefore hopefully we should see an improvement.

TEA TREE OIL

The growers have been very reluctant to advise price and availability but the situation should become clearer towards the end of July.

Organic Oil remains difficult but we have been able to obtain some product. Any interest is welcome.

AROMA CHEMICALS

High Crude Oil pricing has effected the supply and pricing of many aroma chemicals. The supply chain has been hit hard in regards to both Raw material cost and additional transport costs, manufacturers have no alternative but to pass on many of these costs.

Some of these prices are moving on a daily basis and our suppliers are currently offering quotes with short validity. Unless we see a major change in the price of crude oil, the firming of many key aroma chemicals will continue

VEGETABLE OILS

Many key vegetable oils have been affected by the food shortages around the globe with several countries banning the export of vegetable oils and seed for food applications.

We have also seen an increase in demand on organic vegetable products; in some instances the demand has increased 2 times the historical quantities

At this time, the markets are changing on a daily and sometimes even hourly basis.

We have taken steps on key items to fulfil customer demands but would recommend forward ordering to avoid disappointment on the difficult products.

