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For the first time in a long time, the overall market for citrus oils is becoming buyer-friendly. Although there are facts that support the notion of continued high prices for a number of citrus essential oils, we don’t see it that way. In a nutshell, reduced supply for many citrus oils is being offset by weak demand.

When demand is less than robust, prices can go down, even in the face of insufficient supply. It is always good to remember that while there is certainly something called “market prices”, companies determine their own prices and sometimes those prices are based on forward outlooks and a measure of emotion.

Lime Oil

Let’s start with an easy product. In Mexico, the 2018 production season has come to an end. Prices were lower than in 2017 but not much lower. Production was reduced because of a decrease in demand. That lower demand probably reflected a desire among some companies to reduce their inventories. The vast majority of lime oil distilled is produced to fulfill contracts. If contract buyers decide to buy less, processors make less lime oil. This appears to be what happened during the past 6 months.

In 2018, we were happy to see plantings of new groves (ranches) of lime trees in Colima. The sharp reduction of fruit due to Citrus Greening seems to be leveling off and should turn positive as young trees mature and bear increasing amounts of fruit. To offset the effects of disease, growers are planting more trees per hectare in anticipation of a shortened life span for those trees.

Some of the major distillers in Michoacan were not very active this past season.

If demand picks up in 2019, we would expect more plants to produce distilled lime oil.

In terms of cold-pressed (expressed) lime oil from both key limes and persian limes, demand and supply were in better harmony than we have seen in the past few years. In the case of expressed lime oil produced from key limes, we suggest you stay ahead. That essential oil is best produced during the early and high season, particularly for customers who like oil with a green color. It does not make sense to hesitate purchasing cold-pressed lime oil based on the narrow window for production.

If your company needs reasonable quantities of lime oil, you should be okay. If your requirements are very large and you have not covered, you may have a hard time finding distilled oil. By very large, we mean, full container loads. C&A has produced beautiful lime distilled and lime cold-pressed and we maintain sufficient inventory to support our regular customers and companies who might like to come on board. We invite your inquiries.
The demand for grapefruit oil continues to be low. Prices have been high for so long, all of the reformulation work that could be accomplished has been. This is good because the availability of high quality fruit in Florida, where high quality grapefruit oil is produced, continues to decline. Just last week, the US Department of Agriculture estimated that the availability of white grapefruits will be 1.1 million boxes and the availability of red grapefruits is predicted to be 5.3 million boxes. These numbers tell the story of an industry whose supply has been reduced by 90% over the past 20 years. There is grapefruit oil with very low nootketone available in other parts of the world, but this oil is also in short supply due to a lack of demand for fresh grapefruits by local consumers. To a great degree, growers prefer to plant specific varieties of citrus fruits when there is a robust demand for the fresh fruit for that variety. The return on investment is much better when you can sell fresh fruit. The notion of growing citrus fruits to be sold to the processing industry for conversion to juice, oil and peel, is not very tempting.

C&A always has inventory of grapefruit oil. We will always support the demand for single fold and folded grapefruit oils from our regular customers and are happy to send samples if you would like to evaluate our products.

The stars are aligning for lemon prices to show a modest decline. While the size of the crop in Argentina was similar in 2018 to the 2017 crop, demand seems to have been reduced. That soft demand, combined with 2019 forecasts for good crops in Spain and Italy create a case for somewhat lower prices in 2019.

The only thing that could spoil this scenario would be terrible weather in the next couple of months. If we can get into January without anything bad happening with the weather in Spain, Italy or the producing citrus districts in California, price relief should be on the way.

Recently, fires have destroyed homes in Ventura County. We are advising customers to cover their requirements for lemon oil without going out too far. In 2019, March or April may prove to be the best months in which to contract lemon oil. Time will tell.

The demand for tangerine oil is steady as is the supply. The use of the essential oils from a number of varieties of mandarin fruits, such as tangerines, continues to be important for flavorists who like to blend tangerine oil with orange to create orange flavors that are not simply based on orange oil, orange essence oil, and their folded derivatives. A little tangerine can make an orange flavor taste more complex. The market price for tangerine oil is steady and there is not a good case to be made for a move in prices to either the up or the down side. As always, we invite your inquiries.
If you are a regular reader of our market report, you are aware the market price for orange oil has more to do with conditions in Brazil than any other factor. In the absence of horrible weather conditions that result in drought or deluge, excessive heat or freezing cold, the crop in Brazil ebbs and flows in multi-year cycles resulting in good and bad years.

Florida continues to be a factor and the most recent forecast from the USDA is positive. For the upcoming season, they estimate production of 77 million boxes, down 3% from the October forecast but much better than the 45 million boxes produced in 2018 which was severely impacted by Hurricane Irma when it made landfall in Florida in September 2017.

In Brazil, production has ended on the downside with the volume of fruit used for processing falling from just shy of 400 million boxes last year, to 272 million boxes. Based on that significant reduction, you would think the most likely scenario would be for continued high prices for orange oil.

However, there are other factors that need to be considered, and our opinion is, those factors outweigh the impact of reduced production in Brazil. The first factor is demand, not only for orange oil, but also for d-limonene, an important by-product from processing orange peels and also in the form of orange terpenes which are the primary by-product from folding orange oil. Today, there is soft demand from industries outside of the flavor and fragrance industries including the demand in the solvent, petrochemical and other industries. This weak demand has pushed down the price for d-limonene to the point where the difference in the price of orange oil and d-limonene is approximately 30%. The normal spread has been closer to 15%. In the past, when the difference between the price of orange oil and d-limonene has gotten far apart, it mostly foretold lower prices for orange oil. Based on our read of the situation we believe that this is going to happen again.

We have suggested to customers that they cover their orange oil requirements for the short-term.

While production in Florida is still going to be small due to the Citrus Greening, it will be significantly larger than last year. This is going to improve the supply of orange oil and should put downward pressure on prices. Unless something terrible happens with the weather in the US, like a freeze in Florida, we see lower prices for orange oil on the horizon.

As always, C&A maintains considerable inventory of orange oil, as single fold and folded oils, including terpeneless oils. We are here to provide for your needs for orange oils from many origins.

New crop Bergamot started early November this year due to rainy weather and mild temperatures in the production area. There is a strong demand for fruit in the fresh market and prices are tending higher than last year. It is estimated that the total production could be down by 20–30% this year. With little to no carry over from last season, prices are expected to increase when the oil comes to market in January.

New crop Mandarin is well underway and Green and Yellow Oil is available. The Red Oil is expected to come to market in January. It is reported that the overall production this year could be 20 to 40% less than last year due to tired plantations and lack of reinvestment over the last few years. The Red Mandarin may be the most affected as many farmers are tending to process more unripe mandarins in order to make profits early. We will be watching as the crop progresses over the next few weeks and invite your inquiries on all qualities in order to secure your requirements for 2019.
The reports from our Vietnamese sources are grim. The recent heavy rains killed many of the plants and negatively affected the July harvest. Fortunately, C&A contracted early and maintains a solid position to support your requirements.

Anise oil, grown primarily in the Yunnan Province of China, is distilled from April to June and again from October to December. As we reported in April of 2018, prices increased due to last year’s winter snow and the frost damage to many trees in the main planting areas. During the peak October harvest season, it was reported that the output was below normal. As a result of the lower output and devaluation of the Chinese Yuan, prices remain increased. We suggest covering your needs for the next 6 to 12 months. C&A continues to be basic in both anise oil and natural anethole. We can support your needs.

Bay

As we reported in April of 2018, bay oil is a disaster. Over the last few years, the island of Dominica has been devastated due to hurricanes and detrimental government policies. This has crippled producers and disrupted the supply. The immediate future for bay oil is not promising.

In an effort to keep bay oil in everyone’s portfolio, C&A offers a bay WONF (with other natural flavors). Additionally, we continue to encourage our Caribbean sources to reap bay from other nearby origins. While our supplies are extremely limited, we are cautiously optimistic that the future will improve. Please contact us as we are keeping a close eye on this now-cherished essential oil.

Bitter Orange

The Brazilian bitter orange crop experienced a very difficult year. The lack of rain caused a delay in the growth and ripening of the fruits. This resulted in lower yields in oil extraction and lower productivity, making the harvest cost prohibitive. News from the Dominican Republic is even worse. The availability of fruit to process is becoming more and more labor intensive, which is drying up the already limited supply. The cost to produce oil is extremely high. C&A continues to be active in both the northern and southern hemispheres to source this unique oil. We have excellent quality in single and folded strengths manufactured in our Belcamp, Maryland facility. Please inquire soon before availability becomes scarce.

Buchu

The severe wild fires and drought in South Africa have seriously affected the 2018 buchu crop. Supply decreased by over 50% and prices dramatically increased. As we said in our last report, we suggest only covering your needs until February 2019. We hope to see prices and availability return to normal in 2019. We strongly suggest contacting us soon with your needs to ensure coverage.
We have seen a significant volume increase in recent years. If your volumes are large enough to necessitate contracting, we urge you to contact us so we can provide accurate information to our distillers. If you are a spot buyer, we recommend staying an order ahead. We welcome your inquiries, large and small.

**Caraway**

Caraway seed oil is harvested in the summer and distilled in the fall and winter. Caraway seed oil is totally sold out at source. In fact, it was sold out weeks after the June harvest. The reason is a big drop in yields last year, which is also expected this season. Again, like bay, buchu & cardamom we strongly urge you to give us your annual volumes so we can contract for you at the right time.

**Carrot Seed**

Carrot seed is harvested in the summer and distilled in the fall and winter. Carrot seed oil is totally sold out at source. In fact, it was sold out weeks after the June harvest. The reason is a big drop in yields last year, which is also expected this season. Again, like bay, buchu & cardamom we strongly urge you to give us your annual volumes so we can contract for you at the right time.

**Cardamom**

In Guatemala, the collection of seeds has begun. Our suppliers, whom we visit frequently and communicate with often, tell us that seed prices have increased due to flooding that rampaged the cardamom growing areas in Kerala, India. Additionally, Ramadan (in June) put pressure on seed prices. We believe now is the best time to contract and obtain the most favorable prices. Interestingly and uncharacteristically, the best prices last year were obtained in January, shortly after my visit. If you want to contract, we feel it is imperative that you contact us by December 15th. It has been our experience that the window of opportunity for this coveted spice condiment is often less than two weeks. Similarly to last year, we expect Indian prices to be well above Central American prices. Again, we strongly urge you to give us your annual volumes so we can contract for you at the right time.

**Cassia, Natural Benzaldehyde and Natural Cinnamic Aldehyde Old Method**

The June to August crop is completed and reported to be a good one. The weather in China and Vietnam was favorable. Cassia is stable but with a bias to softer prices due to demand and the devaluation of the Chinese Yuan. It could be argued that any meaningful purchases may cause prices to firm up. Therefore, we recommend our customers give us their 6-12 month volumes so we can help obtain the best prices on their behalf.

**Celery Seed**

Celery seed oil continues to be short. It was reported that this was due to last year’s steep price declines. The old adage, high prices leads to low and vice versa, comes to mind. Since C&A has such a global presence in the spice arena, we took an advantageous position and are here to serve your needs at favorable prices.
Coriander seed oil has rebounded noticeably in Russia and Eastern Europe after two years of depressed prices. We have seen a run up in prices since the August harvest. If you have not covered your requirements yet but wish to take advantage of our good position, now is the time to act.

Coriander Herb (Cilantro)

Same report as last time. This specialty crop has been competitively priced this year so we recommend locking in prices at today’s attractive rates. Our prices today continue to be less than half of the long-term average.

Cumin Seed

The April harvest is complete in Egypt. It is interesting to note that even with the Egyptian pound weakening close to 300% in the past 18 months, the Egyptian essential oils have increased modestly. Citrus and Allied stocks excellent quality cumin seed oil for your immediate needs.

Cinnamon Leaf

Prices have softened, in part due to the devaluation of the Sri Lankan rupee. Now is a good time to take a position. If prices firm over the next month, we believe the first quarter of 2019 will be the next window to lock in annual volumes. However, we want to reiterate that prices today look quite favorable.

Clove and Eugenol

It looks like we called this right in our April Crystal Ball. We are experiencing higher clove prices due to a combination of reasons. They include (1) a high demand from the aroma therapy community, (2) a decline in growing due to the desire of growers to seek more profitable and less risky crops, (3) an extended rainy period at the wrong time of year, and (4) a fluctuation in the Indonesian rupiah currency. This being said, prices today are more favorable than they have been during the last 6 months. We are currently in the peak harvest time (October-December). If you can wait until December-January to buy, you may see prices soften. However, this requires the weather to cooperate. We suggest giving us your volumes for 2019 so we can work with our suppliers to contract at the best time for you.

The April harvest is complete in Egypt. It is interesting to note that even with the Egyptian pound weakening close to 300% in the past 18 months, the Egyptian essential oils have increased modestly. Citrus and Allied stocks excellent quality cumin seed oil for your immediate needs.
The Chinese price remains stable with the recent harvest. The much less expensive Egyptian oil is expected to increase given the price spread between both oils and because the crop is down 30% due to the low prices in 2017. The Chinese crop was excellent this summer and there was another small harvest in November. This is likely a good time to cover your 6-12 month requirements.

Geranium

The Chinese price remains stable with the recent harvest. The much less expensive Egyptian oil is expected to increase given the price spread between both oils and because the crop is down 30% due to the low prices in 2017. The Chinese crop was excellent this summer and there was another small harvest in November. This is likely a good time to cover your 6-12 month requirements.

Davana

The davana plant is very sensitive and requires weather conditions to be just right in order to produce a high yield. The March harvest produced a higher yield due to a combination of good weather and the amount of acreage planted. It became evident shortly after the harvest that too much davana acreage was planted, which led to softer prices. Our suggestion is to cover material now for the next 15 months since it is likely the farmers will severely cut back on acreage, given the depressed prices, and plant other crops to whittle down the excess inventories from 2018. We believe prices are at a real low and it is a good time to cover your long term requirements.

Garlic

Having returned from an extensive trip in China, we concur that, for many reasons, it is difficult to understand garlic oil. However, the most compelling reason to be well-covered is that the Chinese Government is taking a more hardline stance on pollution control. This policy severely limits the amount of reputable processors able to distill garlic. In recent months the prices have continued to soften. However, today our recommendation is to seriously look at contracting your annual needs now as prices may have just bounced off this year’s low.

Dill Weed

The harvest was completed in the fall. The crop in North America was average-sized with above normal d’carvone levels. However, the crop in Eastern Europe was noticeably short, which could put slight pressure on prices in the first half of 2019 (prior to the next crop in North America). Given our wide-ranging presence in the mint regions, dill weed is a basic oil for C&A and a popular crop rotation for our mint farmers. We are happy to help our growers and our customers by offering oil of dill weed in large or small volumes.

Ginger

Ginger prices continue to zig-zag due to the torrential rains, which caused havoc in the fields. C&A has a good volume in stock, at competitive prices, given our customer demand. The environmental constraints continue to plague this oil and consequently prices could easily spike should multiple processors be instructed to cease operating stills. We recommend contracting with us and being slightly long with your own inventory.
Prices are stable at present; however, this is another product closely watched by the Chinese government. We suggest staying a few months long in case production slows down due to environmental processing constraints.

**Ho Wood (Natural Linalool)**

Prices are stable at present; however, this is another product closely watched by the Chinese government. We suggest staying a few months long in case production slows down due to environmental processing constraints.

**Lavender**

Lavender strikes again! While the planting of this popular oil continues to grow, the drought conditions during the growing season coupled with heavy rains just prior to harvest have devastated the production and severely hampered the yields. In a normal season, around 300MT of oil is produced in Bulgaria. This season the reports coming from origin are that the total yields are 45–60% less than usual. Given the growing demand of lavender in the aroma therapy community and the continuing shortages in lavandin varieties, we find the price of lavender skyrocketing. Our recommendation is to cover just what you need until August 2019. In the meantime, we are here to support you at pre-skyrocketing prices!

**Lemongrass**

We see meaningful spikes in volumes which cannot be covered without planning 6 to 9 months in advance. This is due to the shortages of litsea cubeba, used to make natural citral. We continue to contract in Guatemala for slightly larger volumes each year to support our growing customer base. We thank our customers for their long-term and continued support.

**Litsea Cubeba (Natural Citral)**

On the crop side, litsea berries in the Hunan Province looked to be in good shape for an excellent harvest. Unfortunately, Mother Nature had another plan with a July storm wielding heavy rains and floods that damaged the berries. The availability was so poor that many pickers fled to the mountains to pick the berries on high ground. Today, prices are at high levels with extremely limited availability of litsea cubeba oil and natural citral. It is reported that litsea volumes are down 300MT from even last year’s off-crop. If this wasn’t bad enough, the plant-closing fire at BASF in the fall of 2017 (which makes synthetic citral) has caused synthetic buyers to turn to natural to stay afloat during this double disaster. Citrus & Allied manufactures natural citral from listsea cubeba oil and is protecting its long term customers with supply. We suggest locking in volumes and prices now since availability could become much worse over the next 10 months until the new crop. If the reasons above are not compelling enough, it is very likely that natural citral will be a highly tariffed product which would put Citrus and Allied, as a USA manufacturer, as the best place to trust and rely on for a steady supply. We hope that the next harvest in August–September 2019 will yield better news and that the BASF plant will be up and running 100%.

We are cautious that newly imposed duties could have a significant downstream lasting effect.
If I were you, I would book annual volumes at today’s prices. I must also note that C&A manufactures the natural massoia lactone in Belcamp, Maryland. Please inquire for the best quality around!

This year, like last year, the larger agricultural commodity crops were not cost-attractive but some specialty crops like grass seed, onion seed, etc. are compelling reasons to pull out peppermint or spearmint and go with other less risky crops. This is a growing trend and it could put future pressure on mint prices in the seasons to come.

In my opinion, prices have firmed a bit over the past year due to the lack of carryover of peppermint in the Pacific Northwest and the fact that quality peppermint oil is near an all-time low.

Indian peppermint oil prices from June 2017 to May 2018 receded to levels just slightly below the North American. The main factors contributing to the price are (1) the growing domestic and foreign demand of the Indian oil, (2) the confusing Indian GST – general sales tax, and (3) new currency changes in 2017-2018. The Indian rupee continues to weaken against the US dollar. One year ago it was 63 rupees and today 74 Indian rupee’s equal 1 US dollar.

All in all it is too early to know anything concrete but my crystal ball thinks prices should remain around the levels of today but are positioned to firm in the New Year.

**Spearmint:** Overall, prices are similar to last year with a modest firming due to many factors, good and bad, that are offsetting each other. Please inquire.
Palma Rosa Oil, Geranyl Acetate Natural and Geraniol Natural

Palma rosa oil has been severely limited in India. We now have a stream of new oil which we manufacture into beautiful aromatic geranyl acetate and geraniol natural. Please inquire with us.

Pimento Leaf

At present, the level of oil at source is lower than we have seen in many years. This is unnerving, given the fragile nature of Jamaica’s infrastructure which can so easily be severely damaged by a hurricane. C&A remains in an excellent position to help with your needs.

Petitgrain Cordillera Paraguay

The weather continues to hamper the supply of this beautiful oil from Paraguay. This difficult-to-find essential oil is best purchased by staying 6 months ahead since the availability, while better, is still difficult with transit times often measured in months, not weeks. C&A invites your inquiries.

Rosemary

The availability of rosemary oil has not improved. Recent harvests in Morocco and Tunisia have been problematic in the face of increasing demand for the antioxidant qualities derived from rosemary. We believe good quality oil will remain difficult to find. Please contact us to satisfy your needs.

Sandalwood

This beautiful aromatic oil from India is available from C&A. During the past year, prices have stabilized due to competing qualities from various origins.

Tagetes South African

Price and supply seem to be in balance at present. We will provide more information at a later date.

Wintergreen

Pricing for wintergreen harvested in July and August is stable. This is another small volume essential oil for which limited supply often dictates the need for contracting forward. The best time to contact us to cover is in June.