Once again the registered attendees is in excess of 1,000 and it should prove to be another successful and busy conference.

Katrina Neale and Alan York will be attending and look forward to meeting all of our old friends and hopefully making some new ones.

OVERVIEW
The UK vote on June 23rd to exit the European Union has, as expected, created a lot of negativity about economic growth, not just in the UK and Europe, but also other world economies that supply to the UK and Europe.

It will take many months before we know the full implications of BREXIT and no doubt many negotiations will be taking place between government officials from the UK, Europe and the rest of the world to put in place new trade agreements, which hopefully will settle some of the uncertainty that now exists.

Limited supply and strong demand for many natural products is pushing prices ever higher. Some of the items are: Armoise, Bay oil, Blackcurrant Bud, Chamomile, Cinnamon Leaf oil, Clary Sage, Bergamot, Grapefruit, Mandarin, Orange, Eucalyptus, Eucalyptol, Neroli, Rose, Vetivert and Ylang-Ylang remain a big challenge and the supply situation during the next few months does not like good.

Just in the past week we have received information that Aniseed oil, Anethol, Ginger oil and Litsea Cubeba oil are also having some supply issues and prices are beginning to increase.

AROMA CHEMICALS
The crude oil price did break through the USD50/barrel in June, but with the major producing countries continuing to produce more oil than the world needs right now, prices have slipped back to around USD45/barrel.

This means that most aroma chemicals prices remain at low levels and profit margins remain under pressure, which is not good news for European importers who continue to pay the very high costs of REACH registration.

We already know of some importers who have decided to discontinue products as the cost of REACH registration far outweighs the potential profit that can be made. Ultimately this will restrict the choice of suppliers that customers will have in the future and it is important that customers work closely with suppliers to ensure that the products they need are being REACH registered and will be available.
ANISEED CHINESE
Growers and distillers are insisting on higher prices and are reluctant to sell at the current low levels. There has recently been some buying by Chinese traders who recognise the low prices will not continue and this could be the trigger for a rapid price increase. Availability for the leaf oil is quite limited.

ANEThOLE CHINESE
With many buyers switching over to synthetic quality, demand for the natural remains quiet, but steady. Price will follow the direction of Aniseed oil.

BERGAMOT OIL ITALIAN
With supply being so restricted we are now only able to supply to existing customers and cannot consider any new business until later this year. We hope that the new crop in November/December will bring some relief to both supply and price.

CINNAMON LEAF OIL - SRI LANKA
Production of the oil remains at low levels and demand remains strong, even with the price being at a record high level. This situation is expected to continue for the next few months.
CITRONELLA OIL 85/35% MIN
Demand has been very strong, but this has not impacted the price which remains quite stable as supply is good from Indonesia and China.

CLARY SAGE OIL
Availability has improved, but prices still remain high. This is probably due to the strong demand.

CORIANDER SEED OIL
This year’s crop of seed was not as good as expected and demand from the fresh spice market is strong and prices are firm.

With the price of oil looking very attractive (compared to the prices of 2015) we have recently seen good demand from buyers who want to take advantage of the attractive price level and in the past few weeks price has increased by approximately 20%, but still considerably below prices reached in 2015.
**Eucalyptus Oil Chinese**

The price reached during July was the highest level recorded and the price has continued to remain firm during August, with sellers reluctant to sell unless the full price is paid, but with the main processing period commencing we could see price soften a little. Availability in Europe is quite limited and demand is strong.

**Eucalyptus Citriodora**

Brazil - Availability is good and able to keep up with the strong demand. The price has remained stable during the first half of this year, but the recent (unexpected) strength of the Brazilian Real could push the USD/GBP price higher.

China - Price has declined but still remains uncompetitive against Brazil.

**Eucalyptol Chinese**

Demand is not as strong as Eucalyptus oil, but the price remains firm, following the Eucalyptus price trend.
GERANIUM OIL CHINESE
The Chinese material is now three times the price of Egyptian and whilst sales are down, customers that must have Chinese origin are reluctantly paying the price.

The 2015 crop was down about 30% compared to average and 2016 crop is reported to also be below average but we do not have any actual figures available at present. There are some reports that a number of farmers have switched to other crops, which give a better profit than Geranium oil, which if correct will reduce the supply.

GERANIUM OIL EGYPTIAN
The new crop is expected to be down by around 25% compared to 2015, but with a large carry over from previous years, this seems to have halted any attempt of a price increase (at least for now). Demand has been steady and buyers should be taking advantage of the current low price level, which is one third of the current price from China.

GINGER OIL CHINESE
Demand has remained strong and some customers were able to take advantage of the slight dip in price during June. Recently supply has tightened and prices have returned to more familiar levels. We have recently rejected a number of samples as quality was not in line with our standard.
GUAIACWOOD OIL PARAGUAY
Presently there are no reported issues with supply, price is stable and we have ready available stocks in Europe.

JASMIN ABSOLUTE
Availability is limited and price remains firm. Demand is steady.

LAVENDER OIL
The crops this year in France and Bulgaria were better than previous years, but with very little carryover supply/demand will remain reasonably balanced, but finally we are beginning to see lower prices.

The concern in France of disease in the Lavender still remains and farmers are reluctant to increase the growing area until they can be sure the disease is eradicated.

Lavandin Grosso – About 1200mt produced in France this year and this will help improve the overall supply situation.
GRAPEFRUIT OIL
Demand has been outstripping supply for the past 3-6 months and with the recent news that the Florida crop is likely to produce only 11 million boxes (12.9 million in 2015, already a very low figure) the situation is looking very difficult. There has also been a deterioration of the quality, where the previous standard of 0.2% nootkatone was the norm, this quality is now difficult to find. Prices look set to remain very firm for the next few months.

ORANGE OIL
With the on-going problems of the greening disease, plus a change in weather patterns it was widely expected that the news coming from the main growing regions would not be good and so it has proved.

The initial news from Brazil was that the volume from the up coming crop was estimated to be down by around 18% on last year (which was already a small crop) to around 245-250 million boxes, but this has since been revised downwards and the prediction is that the volume will be below 240 million boxes. This means that the chances of price reduction for the new crop is looking less likely and already many of the large buyers are looking to cover their demand.

Florida – The situation in Florida is also very bad with the forecast now at less than 80 million boxes, which is the lowest crop for 50 years, and this situation only adds to the lack of fruits predicted in Brazil.
LITSEA CUBEBA CHINESE
Heavy rains during the main growing and collection season has created a shortage of berries and recently the price for the oil has increased by over 15%. Demand is strong, especially from producers of Citral.

NUTMEG OIL INDONESIAN
Recent changes by the Indonesian Government to the taxation system has seen the Rupiah strengthen, causing the US Dollar price to increase. Also dwindling stocks and slightly better demand has also helped to maintain the higher price. Rains during the main collection period has delayed collection, but supply should improve during the next month or so.

PATCHOULI OIL INDONESIAN
The on-going improvement of the quality of the Sulawesi material and the strong demand, has helped prices bounce from their recent low levels (also helped by the recent strengthening of the Indonesian Rupiah) and it is likely that prices will remain steady to firm over the next few months.

PETITGRAIN OIL PARAGUAY
The supply situation remains very difficult with no carryover of stock. Availability for spot material remains limited and new crop is only expected to start again during 2nd half October, depending on the weather conditions. We are hoping that the supply situation will improve towards the end of 2016.
SANDALWOOD OIL
Australian - Recent Changes In The Way That The Wood Is Auctioned Should Remove The Monopoly Of Supply From Australia And Create A More Competitive Market Place And Hopefully More Attractive Prices. We Will Know In The Next Few Months How This Situation Unfolds.
Availability Remains Tight.
Indian - price has remained stable but the availability is erratic.

SPEARMINT OIL CHINESE
Demand is low, but price has remained unchanged for the past few months and it seems that the Chinese exporters are not willing to reduce the price beyond the current level.

TEA TREE OIL AUSTRALIAN
The new crop was delayed by about one month and the first harvesting began during July. Early indications are that the crop is good, but down about 50-100mt on last year (which was around 750-800mt) and as there is very little carryover from last year and demand continuing to grow, prices are likely to remain firm, possibly increasing.
DI ETHYL PHTHALATE (DEP)
Phthalic Anhydride price has increased slightly since the lows of May/June, causing a slight increase of the price for DEP, but it still remains a low level.

ETHYL VANILLIN
Demand remains steady, but over supply continues to keep the price under pressure.

Presently the price level is very attractive based on historical data and buyers should take advantage of the current price.

MUSK KETONE CHINESE
New production has helped to ease the stress on supply, but the Chinese governments pressure on factories to reduce their emissions means that the factories cannot operate at full capacity, so supply remains tight and price is stable and firm.

VANILLIN CHINESE
With the price already at a very low level there is very little room for further reduction, but with production exceeding demand price will remain under pressure.
GLOBAL ESSENCE INC
8 Marlen Drive, Hamilton, New Jersey - 08691
Tel: +1 732 677 1100   Email: info@globalessence.com

GLOBAL ESSENCE UK LTD
Parklands Business Centre, Leaden Roding, Dunmow, Essex CM6 1GF
Tel: +44(0)1279 876666   Fax: +44(0)1279 876646   Email: info@globalessenceuk.com