

Malledijk 3H, 3208 LA Spijkenisse, Netherlands

ultra@ultranl.com

# **MARKET REPORT**





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# **ABOUT ULTRA**

Established in 2007, Ultra International B.V. is an essential oil specialist based out of Spijkenisse, Holland. Initially set-up to support organic growth in Europe for our parent company, Ultra International Ltd, New Delhi, we are today recognised as one of the most dynamic company's in the natural oils market.

Operating with the 2nd and 3rd generation of the Sanganeria family plus the addition of a number of prominent industry specialists, Ultra International B.V. covers the complete spectrum of the supply chain from sowing seeds to the delivery of the oil at your warehouse door.

The Sanganeria family name has a long and illustrious reputation for ethical business practices and for support of the grassroots industry. For today's team those values remain our paramount focus.

Whether it be through bringing our own essential oils directly from the farm to your door, working with our many co-operatives around the world or providing stock, quality control, regulatory, logistical or cost solutions, our company's objectives are to add value to any supply chain, making Ultra International B.V. a valuable part of your business.

Ultra International B.V. is part of the Ultra Group that consists of Ultra International Ltd., India, Ultra International Inc. USA, Ultra International (Far East) Pte Ltd., Singapore and our sister company PT. Van Aroma, Indonesia.

Lemon Oil USA Orange Oil South Africa Tagetes Oil



Lavandin Grosso Lemon Oil Rosmary Oil Thyme Oil Red

**SOUTH AFRICA** 

Eucalyptus Oil Radiata



Grapefruit Oil Florida Lemon Oil California Orange Oil Florida



## Argentina

# Lemon Oil

Citrus limon (L.) Burm. F.

weeks after a quieter period since July. During this time markets have remained stable with producers seemingly happy with the current export positions. The final fruit crop this year was around 1.2 million MT, a significant increase on 2014. However that increase didn't have the type of downward price effect on the market some had originally predicted. Much of the crop was pre-sold to major end-users and with supplies remaining tight from other origins prices have remained firm but stable.

Demand has been increasing in recent

Market prices USD 34.00 - 36.00 /kilo

Over the past 40 years Argentina's processed lemon volumes have increased significantly decade on decade,

from an average annual volume of

80 000 MT / 1970s



200 000 MT / 1980s



540 000 MT / 1990s



900 000 MT / 2000

This is why today its contribution is very important to our markets.

#### Australia

# Buddawood Oil

Eremophila mitchellii

Production has re-started after a 2-month shutdown for relocation works, which will increase capacity over the coming months. Although there is a small backlog to overcome it isn't thought that this will cause too many delays. Wood availabilities remain good.

Market prices AUD 525.00 /kilo

# **DESCRIPTION** Eucalyptus Radiata Oil

Eucalyptus Radiata

Supplies remain in short supply as demand continues to rise as the relative poor economies involved in producing this oil remain restrictive.

There are noises of some new investments, which the market would welcome, but any benefits would not be short term.

Expect supplies to remain firm for the foreseeable future

Market prices AUD 38.00 /kilo

# Kunzea Oil

Kunzea ambigua

Production has been slow throughout the winter with wetter than usual conditions preventing harvesting.

New distillation equipment at one major producer will help improve capacities over the coming months with harvesting set to start late October.

Market prices AUD 220.00 /kilo

# Ultra International

# Rosalina Oil

Melaleuca ericifolia

New wild harvesting of this tree will start on Flinders Island (near Tasmania) in the coming weeks bringing more supplies into the market.

Recently this essential oil has found its way into a number of boutique products in the cosmetic and aromatherapy markets while the it is hoped that the new production will attract new users from the fragrance sector.

Market prices AUD 190.00 /kilo



for ev



# ING AT SOURCE

erything Australian



(Far East) Pte Ltd.

ential Oils, Fragrances & Flavours

# Cypress Oil Blue

Callitris intratropica

Supply is just managing to keep on top of the growing demand for this product, despite recent improvements to the production facilities aimed a increasing capacity. Prices remain stable.

Market prices AUD 450.00 /kilo

# • Tea Tree Oil

Melaleuca alternifolia

90% of this year's harvesting is complete and generally farmers are reported to have had a good crop.

Good farming practices have resulted in approximate 15% gains in the growing regions of Port Macquarie and Casino, but other areas remain unchanged. Some producers are reporting significant increases in yields but overall we expect the number to average around 10% (an extra 50 MT of oil this year).

> It appears most producers are now sold out for the year, so one would expect price increases in the final quarter of the year and the 1st quarter of next year. This seems to have been the pattern in recent years as demand and supply are finely balanced.

In local price terms the price of tea tree has increased. However, the weak Australia Dollar is masking this to such an effect that export prices now seem lower. This is unlikely to remain so it is worth taking advantage of current price levels.

We would recommend that if you haven't yet covered until the 2016 season (June 2016) you take the necessary steps over the next few weeks to do so as prices will not soften.

Market prices AUD 49.00 /kilo

# Sandalwood Nut Oil

Fusanus Spicatus Kernel Oil

There are good raw material stocks available at origin, which can be processed anytime to keep up with growing demand. There has generally been a good uptake from the market with more and more brands and end-users finding novel ways to include the benefits of this oil in their personal care or healthcare products.

Market prices USD 150.00 /kilo

## Sandalwood Oil WA

Santalum spicatum

Prices have stabilised at record high levels as it appears supply is limited and demand continues to increase. There are contradictory stories of this in the market and many believe this is the work of one group's decision to deliberately cut off supplies to force up market prices in the short-term.

The better news is that more supply options are coming and the first should be seen in quarter 4 this year, albeit on a small scale. It is widely expected that in the first half of 2016 a new major producer will come online with their own sustainable oil from plantation wood. This should in turn bring market prices down to more comfortable levels.

It is also expected that the introduction of new suppliers will improve the quality of material we are currently seeing today. There is evidence that santalol levels of spicatum as a market standard have fallen in recent years to the bottom of the ISO requirements, perhaps a result of a lack of competition rather than a shift in raw material qualities.

Market prices AUD 1,850 /kilo

# **Check our Elementary essential oils this month**



#### **Brazil**

# Lime Oil CP (Persian)

Citrus latifolia

Prices softened slightly in recent weeks more due to a reaction of a quitter period during the holiday season rather than for any major change in market conditions.

The last season's output was still considered disappointing and combined more suitable fruits for the fresh market than usual, processing volumes had been relatively small.

Brazil produced between 240-250MT this year, still smaller than the Mexican production but with Mexico's overstocked position on lime juice becoming a problem we could see Mexico produce less over winter which may again put new pressure on the market.

Market prices USD 35.00 +/- /kilo

# Orange Oil CP

Citrus sinensis

The picture remains fairly sad with no good news to report. As previously mentioned, the crops are suffering due to the presence of Citrus Greening (HLB) and the heavy rains that caused a lot of blossoms to fall earlier in the year.

In addition, late rains in July delayed harvesting, which has been attributed to this year's El Nińo event.

We expect around 245 million boxes to be processed this year, down from 290 million in 2014.

Market prices USD 7.00 /kilo

# Kumquat Oil

Fortunella japonica

Capacities are slowly increasing and availability is improving after a wet period during June/July.

There continues to be a growing interest in this for fine fragrance applications with the Far East market particularly receptive to its unique character.

Market prices USD 170.00/kilo



1929 1969 1977 1985

#### LAKSHMI BOTTLE STORE

#### RADHA SALES CORPORATION

#### FOUNDING OF IFEAT

#### KEY PERSONNEL JOIN

Ultra's roots date back to 1929, when Mr.Prahalad Roy Sanganeria (father of Mr. Sant Sanganeria & grandfather of Mr. Ravi Sanganeria) started perfumery compounding, and selling raw materials as LAKSHMI BOTTLE STORES

Mr Sant Sanganeria established RADHA SALES CORPORATION (1969-2000), importing and trading essential oils and aroma chemicals Mr Sant Sanganeria was a founder member and previous Chairman of IFEAT (1993-1995). His son, Ravi Sanganeria now sits on the IFEAT Executive Committee and plays a lead role with the annual conferences and study tours.

Ms Bhuvana Nageshwaren and Mr Prasenjit Mazumdar join Ultra International. Two leading figures who still play an instrumental part of everyday business. Ms Nageshwaren heads our Technical & Creative team as 'Director F&F' whilst Mr Mazumdar is our 'Marketing Director' for India and the Group 'General Manager'.



# Bulgaria

# • Lavender Oil

Lavandula angustifolia

The season is over and the output was very good in comparison to previous years, but to what extent is hard to predict. Contradictory numbers from different source confuse the picture, especially when it seems the market has absorbed most of this production with some now struggling to find good quality oil. Interpreting the numbers we estimate production at between 140 MT and 150 MT but some say it's higher whilst

being unable to substantiate this. If these interpretations are correct then it will be a 30-35% increase on last years figures, which will help the global position as the market lost volumes from elsewhere this year.

As a result of the crop, prices have remained stable. Some buyers were able to take advantage of some early crop offers but as time settles and volumes subside, prices are now starting to rise again.

Market prices USD 90.00 -95.00 /kilo

# Rose Oil

Rosa damascena

There is little to no material currently available in the market, which is forcing prices upwards from those traders fortunate to have stocks.

The Bulgarian crop ended with up to 50% less petals than in 2014, which yielded approximately 650-750 kilo of oil. 10,500.00 /kilo

It is too early to see if there will be any lasting damage to the plants ahead of next year's crop but it is clear to see that between now and then finding sufficient volumes will be a challenge.

Market prices Euro 9,500.00 -

1987 1989/1992 2000 2003

#### ULTRA INTERNATIONAL LTD

ICEOFF ('89)/ ICEOFF ('92)

#### MR RAVI SANGANERIA JOINS

SANGANERIA FOUNDATION FOR **HEALTH & EDUCATION (SFHE)** 

ULTRA INTERNATIONAL LTD was established by Sant & Asha Sanganeria in Sahibabad to manufacture essential oils, aroma chemicals, fragrances and flavours at a purpose-built factory.

Instrumental in organizing the 11th ICEOFF ('89) Congress in New Delhi with a record 1,200 delegates attending the event.

Mr. Sant Sanganeria became the Chairman of IFEAT at the Vienna ICEOFF'92 Congress.

Mr Ravi Sanganeria joins the business as Director for International Business Development. Today Ravi is Managing Director of Ultra Intl' B.V., Ultra Intl' Inc. & Ultra Intl' Far East Pte Ltd.

The SANGANERIA FOUNDATION FOR HEALTH & EDUCATION was established as a non-profit organisation focusing on improving the lives of millions of children and elderly citizens in India.

#### China

# Cassia Oil

Cinnamomum cassia Blume (Lauraceae)

Prices have been low and stable since early in the year and remain so despite being out of season.

The second crop, which starts mid-October, generally yields better quality oil with some buyers waiting on this quality before securing their 2016 contracts.

It could be that this quality commands a premium but it is still expected that material will be available for the foreseeable future at today's low price levels.

Market prices USD 33.00 /kilo





# Clary Sage Oil

Salvia sclarea L.

Clary sage production was inline with most expectations at 140 MT but as always the predominant use of the harvest is the production of clary sage concrete, with very little oil being produced.

Historically the flowers were harvested and distilled to produce oil with the residues used to make concrete. Now with the added demand for concrete (to produce ambroxan) farmers changed their process to make the concrete directly from flowers to get a higher concrete yield.

We expect the output of oil to be similar to last year with export prices higher than those of other origins

Market prices USD 240.00 + /kilo

# Eucalyptus Oil

Eucalyptus globulus

There is some pressure on supplies due to the high rain levels over the July harvest period, which in turn has added around \$0.50 - \$1.00 /kilo to export prices. This is likely to continue to pose problems until later in the year when more harvesting begins.

Market prices USD 13.50 /kilo



# Garlic Oil

Allium sativum L.

There is strong pressure on supply at the moment and this is only likely to get worse as we move further away from the season, which finished in June, with prices increasing month on month.

Market prices USD 180.00 + /kilo

2004 2005 2007 2009 2010

#### NEW DELHI CREATIVE **CENTER OPENS**

Ultra opens a new 35,000 sq feet Creative Centre for the development of flavours and fragrances across India and Asia.

# P.T. VAN AROMA

Ultra in a partnership establish P.T. VAN AROMA in Padang, Indonesia for the processing of local essential oils.

Today Van Aroma is one of the largest exporters of patchouli oil, clove oil and other native Indonesian naturals and their derivatives.

#### ULTRA INTERNATIONAL B.V.

Two years after Ultra India established a trading office in Holland, ULTRA INTERNA-TIONAL B.V. was established to distribute essential oils to the European and North American markets.

#### SAP

**SANGANERIA JOINS** 

Mrs Priya Sanganer-Implemented SAP across the husiness.

ia joins as Executive Director across the Ultra Group of companies.

MRS PRIYAMVADA



# Ginger Oil

Zingiber officinale

No change from July with stocks at origin still low. Most factories are only producing against firm orders, which are increasing lead-times and keeping prices stable. This is expected to continue for the rest of 2015.

Market prices USD 70.00/kilo

# Citronella Oil

Cymbopogon winterlanus

The season is ending late September but whilst output has remained constant the quality has been a problem. This, along with competition from Indonesia, has slowed exports down in recent weeks.

Market prices USD 17.50 /kilo

## • Tea Tree Oil

Melaleuca alternifolia

Markets are stable and there is good supply. The weak Australian Dollar has meant generally that export prices for Australian oil are cheaper in US Dollars, which in turn has a downward impact on demand for Chinese oil as it is primarily used for blending with Australian oil.

When Australian prices are high demand for Chinese oil increases as it's a cheaper alternative for some applications.

Market prices USD 25.00 /kilo

# Geranium Oil

Pelargonium graveolens

The market price has fallen 15-20% since the turn of the year but that downward trend seems to have slowed as the season comes to a close.

This time last year prices stabilised and it is thought that this year will be a similar story, tracking just a few dollars under last year's

Market prices USD 155.00 /kilo

# Natural Citral ex Litsea

Litsea cubeba

Price remains relatively weak during this stage of the season as output is larger than last year. More planting was done in 2014 and today we are seeing the net result of

That said, it is unlikely that prices will fall much more as there are no signs of a major oversupply and with the season ending in October, material has to suffice until July 2016.

Market prices USD 19.00 /kilo



2011 2013 2013 2014 2015

#### NEW DELHI PRODUCTION **FACILITY OPENS**

Ultra opens a new production facility in New Delhi with automatic dispensing for the compounding of flavours and fragrances. Arguably one of the best and most modern facilities across India and Asia.

#### MR JONAPUL HOWARTH IOINS

Mr Jonpaul Howarth joins Ultra International B.V. as Vice President as part of the company's growth strategy across Europe, the Baltic countries, Australia and New Zealand.

#### **ULTRA INTERNATIONAL** (FAR EAST) PTE LTD

Ultra establish ULTRA IN-TERNATIONAL (FAR EAST) PTE LTD in Singapore as part of the group's expansion into SE Asia. Warehouses in Sydney (NSW), Melbourne (Vic) & Perth (WA), Australia also open.

#### MR COLIN RINGLEIB IOINS

Mr Colin Ringleib joins Ultra B.V. as Vice President for the Americas, Given his vast experience Colin acts as the group's global ambassador for new business development.

#### ULTRA INTERNATIONAL INC

Ultra establish ULTRA INTERNATIONAL INC. in New Jersey, USA as part of the group's expansion into the North American

#### Egypt

# • Basil Oil Linalool

Ocimum basilicum L

The first cut from the new season was in August with disappointing results. Yields were low due to an unknown disease in the plant, which has put an immediate stress on supply. The second cut will be ready early October but this isn't expected to bring much relief to the market with prices already rising.

Market prices USD 95.00 + /kilo

# Chamomile Oil Blue

Chamomilla recutita (L.)

There are some stocks still available from the 2015 crop but they are reducing with time and it is expected that prices will rise on the back of the decreasing volumes available. This is likely to be the pattern until the new crop in March/April 2016.

Market prices USD 1350.00 + /kilo

# Croatia

# Helichrysum Oil

Helichrysum angustifolium

The short summer season closed on August 15th. Although productive, the total volumes produced are unlikely to keep the market satisfied and with a government ban on harvesting at all other times pressures will remain on the market for the foreseeable future.

Currently limited stocks are available but are unlikely to remain available for long.

Market prices USD 2,500.00 /kilo



# Geranium Oil

Pelargonium graveolens

The new crop is over and supplies are very healthy. As a result, prices have dropped as exporters look to get any small advantage over their competitors. In general, it is thought the global market for geranium oil contracted last year.

Today you are sure to be able to pick up a good price but as always you should be conscious that this product has a history of speculation so the dynamics can change any time. Enjoy this one whilst it is available.

Market prices USD 70.00 /kilo

# Parsley Leaf

Petroselinum crispum

Supplies are limited as we're off-season at the moment with little oil being produced this year due to weak demand.

Market prices USD 200.00 /kilo

# Neroli Oil

Citrus aurantium

All 2015 season material has already been sold and as a result prices in the market are rising. We are unable to get any firm offers from origin.

Market prices N/A

# Cumin Seed Oil

Nigella sativa

This remains stable with the general balance in the market being good and any price increases are unlikely at this stage. It is again worth noting that other 'cheaper' qualities continue to be sold from some Egyptian producers/traders at prices around 20% under today's market. We feel if you are paying under our guide price you may not be buying pure oil.

Market prices USD 110.00 /kilo



# Jasmine Absolute

Jasminum grandiflorum L.

New crop is available and in general the yields were satisfactory. That said, demand remains firm and prices have again started to rise and are expected to continue to do so over the coming weeks.

Market prices USD 4,200.00 /kilo

# O Coriander Herb Oil

Coriandrum sativum L.

Limited stocks remain available after the crop earlier in 2015 but remain higher priced than those from other origins. That said, with other origins now sold, the market might be more prepared to accept the prices from this origin.

Market prices USD 130.00 /kilo

#### France

# Oclary Sage Oil

Salvia sclarea

This one can be summarised as 'crazy'! Prices had already been firm and speculation leading into this year's harvest suggested problems with the crops and higher prices to follow. They weren't wrong!

After the drought in spring the flowers never really developed and the hot summer just compounded the problems. Total output is thought to be around 18 MT, down significantly on expectations.

Today demand is extremely high and prices are following that trend. It is expected by mid-October all quantities will be sold and to the highest bidder.

Market prices Euro 255.00 +/- /kilo.

# **1** Lavandin Grosso

Lavandula hybrida

After a promising start the 2015 crop ended with lower than expected yields, primarily due to the high temperatures experienced during summer, meaning the harvest simply could not be finished in time before some loss of yield.

Overall it is anticipated that the crop is around 1,050 tons, down 5% on 2014.

Prices from the farmers remain similar to those of 2014, although due to some increase in manufacturing costs there has been a small increase in price.

Prices in the market are now firming with availability reducing as a result of increased market demand.

Market prices Euro 30.00 +/- /kilo.

# Lavandin Super

Lavandula hybrida

The crop fell short of expectations leaving the market looking for oil. As a result the farmers commanded higher prices to compensate for the yield losses causing the end-user markets to firm quickly. Supplies are likely to be exhausted in the coming weeks.

Market prices Euro 40.00 /kilo

# **1** Lavender Maillette Oil

Lavandula Officinalis

Generally it was a good season for lavender in France with some species reporting a 20% increase in yields.

For Maillette the news wasn't as good but it is thought that there will be no less oil than last year.

As always demand for pure French lavender remains firm with prices stable or increasing slightly on 2014.

Market prices Euro 170.00 + /kilo



# Occupant Oil

Mentha arvensis

The market is currently stable but with output much lower than last year, any spikes in demand could see prices rise.

There was a deliberate design to produce less this season as market demand and with it prices, had fallen.

Market prices USD 16.00 /kilo

# Lemongrass Oil

Cymbopogon flexuosus

This year's crops have been poor, down almost 30% on last year which is causing inferior qualities to become more present in the market. Buyers need to remain vigilant on qualities and compare like for like when reviewing quotations.

Prices for good quality oil have risen and may continue to do so in the coming weeks.

Market prices USD 17.00 /kilo

# Lime Oil Distilled

Citrus aurantifolia

Supplies are stable with market interest growing. The current economies with this origin means that prices are a little higher than the market but it should be said that this is a superior quality to some origins and given recent investments a future increase in supply could see the Indian quality be more competitive soon.

Market prices USD 48.00 /kilo

# Davana Oil

Artemisia Pallens

We're off-season with no real availability at source. This will remain until the new season which starts in February 2016.

Market prices USD 560.00 /kilo

# Basil Oil Holy

Ocimum sanctum

There are limited stocks available today with prices stable. The season will commence late November and last until late lanuary where it is expected availability will improve.

Market prices USD 70.00 /kilo

# Spearmint Oil

Mentha spicata

The crop has been lower than 2014 by round 35%, returning the total output to those of 2013. Demand has been constant with no major changes expected in the near future.

Market prices USD 22.00 /kilo

# Pepper Oil Black

Piper nigrum L.

Prices have now been stable for a few months and are expected to remain so for the foreseeable future. Supplies are healthy and for reasonable volume shipments there are some good prices to be seen.

Market prices USD 80.00 +/- /kilo

# Peppermint Oil

Mentha piperita

The market demand has been fairly flat which in some ways could be seen as positive. There was less planting last year but after a disastrous crop which yielded 40% less than expected there would be an immediate pressure on prices should demand return. This one looks finely balanced so it is recommended buyers cover their requirements soon rather than later to ensure they don't pay any premium later in the year.

Market prices USD 36.00 − 38.00 /kilo











#### Italy

# Mandarin Oil Green

Citrus reticulata

At this stage we expect some stability in the mandarin market although it should be noted that in general the hot summer has caused some damage, which is likely to have an impact. To what extent it is too early to see.

■ Market prices N/A

# Orange Oil Blood

Citrus sinensis

Although it is a little early to predict it is hoped that the new crop will provide us with some relief after last year's disappointing output. Down around 45% on 2014, this year was particularly bad but we are hopeful that come February/ March 2016 there is better news for us

Market prices N/A

# Lemon Oil

Citrus limon (L.) Burm. F.

We are still in the closed season with the winter crop commencing early November (depending on weather conditions). Whilst there has been little available information as to the conditions of the trees and fruit there is known to be a high demand in the market for fresh fruits which is likely to keep prices high at the start of the new season.

Market prices EURO 34.00 /kilo

# EL NIÑO

You may have heard about this on the news and forgot to think about the possible **EFFECTS ON OUR MARKETS** but there is almost no doubt that during this particular event we will see some **DISRUPTIONS TO OUR SUPPLIES.** 

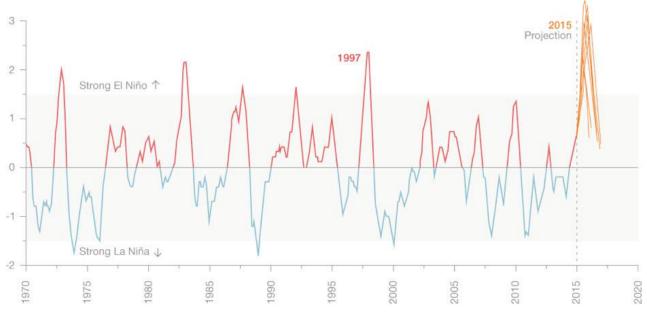
When and where El Nińo strikes is hard to predict. Generally, it brings changes to rainfall and temperatures averages around

the world but other recent El Nińo events can show us some patterns. Said to be THE LARGEST EVENT SINCE

**1996** the UK are predicting heavy snow this winter; already it is said to be the hottest year globally on record; Australia and Indonesia have droughts; South America too much rainfall; Southern Europe experienced extremely high temperatures

this summer and America are expecting severe tropical storms in Florida over winter. These to name just a few conditions weather authorities around the world are altering us to as a side effect of this El Nińo.

This year's El Nińo is expected to last until April 2016 so we have another possible 6 months of possible disruptions ahead.



The Oceanic Niño Index (ONI)

#### Indonesia

# Cananga Oil

Cananga odorata

Raw material supplies have started to return albeit slowly, with a small waiting list of those looking to secure fresh oil. As a result prices remain firm and are expected to remain so for the immediate future.

Market prices USD 56.00 -58.00 /kilo

# Citronella Oil

Cymbopogon winteranus

The local currency is supporting Indonesian exports on Citronella along with some additional volumes available from the domestic market.

The global market has recently woken up to this and demand is shifting from Chinese to Indonesian origin.

Market prices USD 14.50 - 15.50 /kilo

# • Vetiver Oil

Vetiveria zizanioides

Raw material prices remain very high and continue to increase. Total output has been low for a few months keeping pressure on the market. If it wasn't for the favourable exchange rates the export prices would be even higher and whether it is a swing in the exchange rates or the continuing lack of raw material availability, it is safe to say that this oil continue to rise in price and remain difficult for the foreseeable future.

It is hoped that the prices being able to be commanded by the local farmers may encourage others to reinvest in new plantations but this will take time to yield any positive results.

Market prices USD 175.00 - 225.00 (Crude - MD)

# Clove Oil

Eugenia caryophyllate

Supplies are a little slow due to the clove bud season being in full flow, limiting raw materials for oil processing. That said local producers are keeping up with current demands and with the favourable exchange rates the export pricing looks favourable to international buyers. Our advice is to take advantage of the exchange rates and plan your Q4 shipments now.

Market prices - Leaf 85% Rect. 14.25 ■ USD /kilo | Bud USD 21 /kilo | Leaf Crude 73-82% 10.25-13.25 /kilo | Stem USD 17.00 / kilo | Eugenol USD 15.50 /kilo

It is estimated there is in excess of

440 000 ha

producing around

# 80 000 tones

of Clove buds, predominately in the islands of Java, Sulawesi and Sumatra

# Nutmeg Oil

Myristica fragrans Houtt.

Prices now appear more stable at these very low rates as supplies slow down in response to the new market price levels. As previously discussed, whilst offering an attractive situation today for many buyers then long-term situation could be somewhat different with today's low prices discouraging farmers and investors from future plantations.

It is expected that over the coming months the market will find a new balance and with it a new 'normal' price level. Given some of the attractive prices available today it could well be that prices will rise not fall into 2016.

Market prices USD 40.00 − 50.00 /kilo

# Massoia Bark Oil

Cryptocaria massoia

Securing raw materials remains very challenging with any available supplies also very expensive. It is unlikely we will see any reprieve in this situation for the foreseeable future.

Market prices USD 300 - 750 (C10 50%-

# Patchouli Oil

Pogostemon cablin

Export pricing has fallen but primarily due to the exchange rates and not the actual raw material prices at origin. The prolonged dry periods have reduced supplies and locally prices are actually rising. As a result of the poor yields some farmers have opted to harvest younger plants which is now yielding poorer qualities of oil. The overall situation looks finely balanced as traditionally August/September represents a good time to buy ahead of the traditional rainy seasons starting in November. If raw material supplies continue to slow, we could see prices start to climb. To what effect the global market sees this will depend on how the local currency performs against the international currencies.

Market prices USD 42.00 - 65.00 /kilo

Indonesia exported around 350-400MT of oil in both 2013/2014 which accounts for around **80**%

of global production.



Our progressive planning quickly led us to expand our services to other products like Clove Oil, Vetiver Oil and several other extracts from Java and Sulawesi. In 2009, we added our second facility in Jakarta to keep up with the growing demand for our products.

This helped us in focusing on the production of further refined products like the many different derivatives of Clove Oil and Patchouli Oil.

Today we have expanded our workforce and broadened our infrastructural capabilities to include Reaction units, Solvent extraction unit and Steam distillation unit.

Our facilities are equipped with state-of-the-art infrastructure and technology including Fractional Distillation Units, Molecular Distillation Units, Reaction Units, Solvent Extraction Units, Steam Distillation Units and a long list of specialised apparatus needed to provide premium grades of essential

oils that have gone through the gamut of our stringent processes to make sure that the quality of the extracts are optimal and consistent. These units are engineered specifically to extract, purify, rectify and treat crude essential oils for various different uses in the Fragrance and Flavour industry.



#### Mexico



# Lime Oil Distilled (Key)

Citrus aurantifolia

In general, 2015 has been a reasonable year in terms of output and most recently, in July and August, more fruits available than normal.

However, the demand from the fresh fruit markets in Mexico and North America remains strong, as do prices, ensuring that

prices for oil have not fallen as many would like.

Now we are in the closed season, fruit availability will decrease, along with the fruits available for processing. This could mean that in the short-term we see some firming in price until we get a better assessment of the winter season, which

starts in January.

As mentioned in our last report, we still believe this one is better to cover now rather than take the risk of waiting to see what prices will do next.

Market prices USD 42.00 /kilo

# Nepal

## • Basil Oil Linalool

Ocimum basilicum L

This year's crop, which ended this month, has been reasonable but the availability of oil stocks remains low, as most of the harvest was pre-sold.

As a result, we expect to see prices remain firm and possibly increase later in the year.

Market prices USD 120.00 /kilo



# Chamomile Oil

Matricaria chamomilla (L.)

Stocks are almost depleted at origin and will remain so until the new season starting in February 2016. Prices over the past months have increased around 20%.

Market prices USD 775.00 /kilo

#### Morocco

# Rosemary Oil

Rosmarinus officinalis

The crop has been difficult this year with output significantly reduced. This is having a direct impact on pricing, which today is at an all time high. More material should become available in Q4 but this will only give some temporary relief to those who have pre-booked.

Market prices USD 55.00 /kilo



# Manuka Oil

Leptospermum scoparium

The situation remains as it did in our last report with inventory levels now at an all time high. This doesn't reflect an over supply situation but instead a more controlled approach to meeting the growing needs of the market.

Market prices NZD 550.00 /kilo



# **MANUKA OIL**

New Zealand Manuka is a shrub that can grow in the wild as high as 8 metres tall. Known as Manuka it can also be referred to as Red Manuka or Kahikatoa locally. The botanical name is Leptospermum scoparium. Many mistake Manuka for Kanuka, as Kanuka can be known as White Manuka. However, this is Kunzea ericoides another product offered growing in Tasmania, Australia.

The oil is extracted from the aerial parts of the plant by steam distillation. East Cape Manuka is known for its many unique properties and is grown and harvested wild. Harvesting can be difficult as the better quality oil comes from plants situated in coastal hillside areas exposed to wind and salt where the soil can at times be both very wet and dry.

Manuka Oil has exceptional scientific pharmacological efficacy. Scientific research on New Zealand East Cape Manuka oil (MTK™ (Manuka Tri-Ketones) > 20%) is showing it has

unique and superior antimicrobial properties (amongst many others) compared with oil sourced from other geographic regions within New Zealand; this is attributed primarily to the high \( \mathbb{B}\)-triketone content. In particular, there is very strong antibacterial (against Gram-positive bacteria), antiviral and anti-parasitic activity.1

The oil itself consists of over 100 individual chemical components. The majority of the chemical components (molecules) that constitute Manuka essential oils and other essential oils are terpenoids; namely monoterpenes (C10 terpenoids), sesquiterpenes (C15 terpenoids) including oxygenated hydroxyl and carbonyl derivatives (aldehydes, alcohols and esters).2

Terpenoids are the largest class of natural products, while terpenes have a variety of roles in mediating antagonistic and beneficial interactions among organisms. They defend many species of plants, animals and microorganisms against predators, pathogens and competitors, and they are involved in conveying messages to conspecifics and mutualists regarding the presence of food, mates and enemies.3

Genuine pure New Zealand East Cape Manuka oil is also remarkably high in another defined group of compounds known as \( \beta\)-triketones. *In general Manuka oils from different* geographic locations around New Zealand can be simplified into 3 basic chemotype groups based on the ratio of the monoterpenes: sesquiterpenes: \( \beta\)-triketones. Further chemotype groupings can be defined based on individual compounds within the oil.4

Ultra are pleased to offer oil from the East Cape of New Zealand containing high Manuka ß-triketones harvested and distilled by 'Manuka Oil Triketones<sup>TM</sup>′ <sup>1,2,3&4</sup> Manuka Oil Triketones™

# **AUSTRALIAN ROAD TRIP!**

I need to know more about these 'other' essential oils emerging from Australia, don't you? We all know about Tea Tree and Sandalwood. Both have a fantastic history and a story that you feel is still developing (read our other Elementary articles), but what about these other unusual names that we keep hearing about? 'Budda' something, 'a lavender and tea tree oil', 'Blue' this, 'green' that and oh, 'Manuka' from New Zealand! Isn't that just for honey?

Well let's get to know the story together and go on an Aussie **Essential Oil Road Trip!!** 

WESTERN AUSTRALIA

First of all, let's land in Perth, work our way clockwise and should time allow, pop over to New Zealand. Perth is the capital of Western Australia (WA) and WA is home to sandalwood. Now the sandalwood traditional growing area is the 'Wheatbelt', an area

towards the central and southern parts of WA. Many of the newer plantations are also in this region to keep the trees growing in their natural habitat. Distillation is done either in and around the Perth region or in Albany, along the South West coast.

Sandalwood Oil WA (Santalum spicatum) is a desert type of tree native to Australia and found predominantly in the middle and southern parts of Western Australia.

Since the late 1990s many long-term plantations have been established covering around 15,000 hectares. Plantings are set to continue at 1-2,000 hectares per annum. These will be harvested when the trees reach an optimum maturity but not before

they are 15-20 years old (some will be this age very soon).

Sandalwood is obtained through steam distillation of powdered sandalwood mainly from the lower parts of the tree with the better quality oil coming from the butts and roots.

Given its sweet, wood notes sandalwood is used in many modern and traditional fragrance applications as both a base note and a natural fixative. In aromatherapy it can be used for relieving throat and chest conditions as well as being used to ease stress and depression.

Sandalwood Nut Oil (Fusanus Spicatus Kernel Oil) is a new oil emerging in the market, derived from the nuts of the same spicatum tree. It is going to be for the high-end cosmetic market given

> its unique property of a component called ximenynic acid. Apparently many leading cosmetic companies have tried many times over the years to find and isolate

a natural source of this chemical as it is thought (and clinical trials confirm) to be one of the best anti-aging products available - once referred to as 5 times more powerful that Q10!

Given all the sandalwood growing in plantations and the fact the nuts continue to coppice we now find ourselves with a sustainable source. In addition, many trials have taken place to assess the best method of distillation and it was found to be by super-critical CO2 extraction. This keeps the integrity of the ximenynic acid allowing it to be stored and used effectively in a variety of

I'm sure this will be one to watch in the future as none of us want to look too old too quickly!!

As we head North in WA (about 1,800 kms)

we find what many seem to have been talking about for decades – row upon row of plantation sandalwood, but this time the 'Indian' type, Santalum album.

Sandalwood Oil Indian (Santalum *album*) is well known in the industry as it has been used in fragrances for generations. However it is more commonly know as being from India but after years of deforestation and no replanting, India as a source is no longer viable. Plantations have been established now for 20 years and finally we are seeing small volumes of oil emerge from this species in Australia.

The Indian sandalwood plantations are in areas that are not typical of the traditional growing areas in India, but rather in tropical environments, which speeds up growth. While the benefit is that the trees grow quickly, the down side is the requirement for increased weed management to keep the trees alive.

The first significant harvest to produce Indian sandalwood oil on a commercial scale was undertaken in 2014. The good news is that the quality and odour profile of the oil is quite good and very acceptable to the fragrance industry. While the volume produced in 2014 was small, believed to be less than 1 ton, future years will see significant growth, with many forecasting annual oil production in excess of 150,000



Quee

kg if 50% of the heartwood is converted to oil. This is estimated to be four-times greater than current total production of Indian sandalwood oil in India itself. This is likely to change the dynamics of the Indian sandalwood market for many years to come.

So that's WA's contribution. Big place! Did you know Western Australia covers one third of Australia's land mass - over 2.5 million square kilometers!!

There are other products coming like *Eucalyptus Horistes* and another wonderful aromatherapy oil called Fragonia (Agonis fragrans), but we need to leave something for our next visit.

Now let's move further east and to the Northern Territory......

# **NORTHERN TERRITORY**

We arrive in Darwin, the capital of the Northern Territory (NT) after 2 days of driving the 2,600 kms, seeing very little civilisation along the way. The Northern Territory is home to one of Australia's famous landmarks, Ayres Rock (Uluru to the locals), but that's literally another 2,000 kms south of here so we won't be passing soon!

Essential oils from this territory are little



nsland Gold Coast bordering New South Wales



Ayres Rock (Uluru), Central Australia

known, in fact there is only one to note, but it's a good one! Its Blue Cypress oil.

**Blue Cypress** (Callitris intratropica), is a large tree, growing up to 40 metres high. The oil is produced by steam distilling the wood and bark, which after 5 to 7 days delivers a rich blue oil. The oil is classified in the woody family and is high in guaiol.

Today Blue Cypress oil is finding its way into many modern perfumes as an alternative woody base note to that of vetiver, sandalwood and maybe guaiacwood, particularly for men's fragrances and cosmetics. There is one single producer who has recently invested in a new boiler ensuring that there are not any issues regarding sustainability.

As a therapeutic product it is already well used as the oil is known to have excellent anti-inflammatory and pain-relieving properties, particularly against insect bites / stings, which is very useful in these parts!!

We're on the boarder of Kakadu National Park, which reminds me of another interesting product, known mainly in the beverage market called Kakadu Plum (Terminalia ferdinandiana). The product, freeze dried from the fruit of the Kakadu tree, is one of the highest sources of vitamin C known in the world – over 60 times that of orange and 50% more than rosehip.

Managing the process of collecting the fruits from remote parts of NT and WA has complicated the commercial viability of this product. The fruit has to be picked in a tropical climate, then stored, chilled, transported across Australia and freeze dried to ensure the vitamin C doesn't break down. If accomplished this is a fantastic health nutritional health product and is also viable as a skin-whitening agent in cosmetic applications. Maybe more on this another time but as you can see there are lots of interesting products down here!

So we're leaving Northern Territory and heading to Cairns in Queensland. Just a short 2½ flight to start our tour of the Tea Tree plantations. Hang on, you thought Tea Tree came from New South Wales (NSW) didn't you? Well you're half right as around 75% does, but we shouldn't discount the contribution from Queensland.

# **QUEENSLAND**

We're now at the top of the Great Barrier Reef area, heading west to visit many former tobacco farmers who amongst other crops produce a high quality Tea Tree oil. Here a co-operative consisting of 17 farmers collectively produce around 80 MT per annum. It's low cineol (a favourite for Europe) and due to the climate they can often get 3 harvests every 2 years.

Tea Tree Oil (Melaleuca alternifolia), needs no introduction to most, but as Australia's largest volume export of essential oils (500 MT) we should cover some basics again.

Steeped in history, this therapeutic oil is nature's answer to a natural first aid kit, and most Australians know this and grow up with it in their houses, their cars and their basic travel kits, but why? Well, its combination of constituents lends itself to many applications. In the personal care world its antimicrobial properties are used in treating acne. It's used as an anti-fungal in a number of feet and nail care products. You will find it in oral care products for treating cold sores and mouth infections but more often than not it is simply used as an antiseptic for bites and minor cuts.

Its use in the perfumery market is limited but that's taking nothing away from its unique odour. It is not unpleasant and used in combination with lavender (or other florals) or lemon & lime it has an uplifting effect often found in body wash products so it cleans well and smells good! Its uses don't stop here. Studies on more industrial applications have been on-going for years and it is expected that demand for tea tree will continue to grow. We will find more tea tree when we head further south towards the Gold Coast and New South Wales.

There are other essential oils produced here but over time either the commercial interest in the oils haven't materialised or other origins have taken over as the leading producers. For example, Lemon Myrtle oil (Backhousia citriodora) is a very interesting product. To use a reference to the other

one this is "more lemon than lemon", as it contains over 90% citral. As a therapeutic oil it finds itself blending well with other Australian natives, but commercially there are many more economic ways to produce and isolate citral both naturally and synthetically.

Another example is *Eucalyptus citriodora*. We are all familiar with this oil but associate it with production in Brazil and China. Historically Australia produced on a commercial scale but the costs of cultivation and processing here are far greater than those of other countries who have also invested over many years in larger plantations.

We're now heading south, via Queensland's capital Brisbane and down to the New South Wales via the border city of Gold Coast and after a few days enjoying the surf, finally arriving in northern New South Wales.

# **NEW SOUTH WALES**

The northern parts of New South Wales (NSW) are home to the traditional farmers for Tea Tree oil and it's where the story began. You can read this in one of our previous Elementary articles in November 2014, which gives you an insight into the oils discovery and history. Today NSW distils around 400 MT and is also home to some of the biggest producers.

South of NSW's capital Sydney we reach an area known for eucalypts. Among

other places in Australia, eucalypts grow extensively but you'll be surprised how few are cultivated for oil. There are many failed managed investment schemes 'MIS' (failed or bankrupt plantations) to be seen in these areas. It seems only natural that Australia should produce more eucalyptus oils but sadly the costs of manufacturing here make most projects unviable. That said, there are some interesting species amongst the several hundred known to us, a popular one being *Eucalyptus radiata*.

**Eucalyptus radiata** is unusual due its odour. Whilst similar in many ways to the more popular eucalyptus globulus (also common to Australia), the odour is much milder, almost fruity giving you an oil with the same benefits, but a more pleasant odour. Too good to be true? Well actually

Unfortunately, *E. radiata* isn't produced in high volumes and supply certainly cannot keep up with the market demand. The poor economies and supply dynamics push up prices to three times that of E. globulus, pushing the oil into the more specialist market.

We met one producer who had aspirations of expanding his operations with the right investment, but ascertaining the true market demand and price expectation is difficult. You need to remember there are hundreds of eucalypt species in Australia. Eucalypts make up around 80% of the forestry mass and cultivating such large trees is difficult, timely and expensive. Only managed plantations where younger trees are cultivated would make more economic sense but this seems is a long way away for the moment

Also growing in these parts is a product called Rosalina (Melaleuca ericifolia). Traditionally this has been cultivated and distilled on a small-scale. However, recent investments on islands off the Tasmanian coast means that this one now belongs to a story a little further on in our road trip! Jumping over to South Australia from Australia's capital Canberra, a short 1 hour flight, gets you to Adelaide.



Australia's Great Ocean Road (Victoria)



Wineglass Bay, Tasmania

## **SOUTH AUSTRALIA**

Home to some famous wine makers and some wonderful vineyards, South Australia (SA) is more known for 'Barossa Valley' or 'McLaren Vale' rather than essential oils. Whilst SA can't boast about any essential oils being grown there it is home to some processing, in particular one oil called Buddawood.

**Duddawood** (Eremophila michelii) is cultivated close to the borders of QLD, NT and SA, with the wood being shipped to South Australia for processing. This is a fascinating oil which may yet be one for the future in some modern fragrances.

It has been around for some time but never in a commercial capacity until a couple of years ago. Previous hexane extracted oil by producers in New South Wales never really got off the ground as sustainability was always an issue, including the price. Now with better technology and using steam distillation of a long-term secured supply, buddawood oil can be considered for perfumery applications today and in the future.

If you find yourself in this part of the world then don't just rush through – it's beautiful and if you like your red wine, then there is nowhere better. So after much wine tasting and a few slow mornings it is back to Melbourne in Victoria driving along the Great Ocean Road.

# **TASMANIA & ISLANDS**

We're actually not stopping in Melbourne but instead heading over to the airport for the short flight across the Tasman Sea to Tasmania. Although dwarfed by Australia's mass, at 68,000 km2, Tasmania isn't a small place. For comparison it's slightly bigger than Sri Lanka and slightly smaller than Scotland (or for the American's readers somewhere between West Virginia and South Carolina!).

I once read a quote from a Symrise VP for Scent & Care that Tasmania has "the purest air" and this is absolutely correct. You can be assured that whatever you buy here, especially a product steam distilled from nature, will be the best of the best for its

One product full of history here is Lavender (Lavandula angustifolia). The Tasmanian lavender story dates back to the early 1920s when an English perfumer migrated here and planted lavender seeds taken from the French Alps. The perfumer, C.K. Denny, named the estate where they made the plantation Bridestowe after his home town in Devon, England. The family owned the estate until 1989. Since then the estate has been under the control of many organisations but most recently the estate and still is owned and managed by Robert and Jenifer Ravens who have given the estate a new lease of life. Today they produce around 1,200 kilos of oil, which is

highly regarded within the fine fragrance and aromatherapy markets, commanding a premium price with some acclaimed references.

Another oil native to Tasmania and its surrounding islands is Kunzea essential oil. Kunzea (Kunzea ambigua) is derived by steam distillation from the terminal branches and is a member of the Myrtaceae family. Also called "White Cloud" this has been around in the aromatherapy markets since the mid-1990s but has recently been given fresh life as newer producers look to scale-up production.

We mention that Kunzea is from Tasmania and "surrounding Islands" and it's on one of those "surrounding islands' where production has been scaled up, an island called Flinders Island. Situated just off the North West Tasmania coast, Flinders is inhabited by just 800 people and is considered prime farm land. Here Kunzea and other native plants and trees grow wild and in abundance. A project here to set up distillation and plantations for plants in their native habitat means more capacity and better economies for this and other oils in the future.

The Australia Therapeutic Goods Act claims evidence to show it can assist with temporary relief of pain associated with arthritis and for the relief of muscular, tendon and joint aches and pains. This oil will also offer temporary relief for symptoms of influenza.

As a perfumery ingredient it is being recognised as something unique in the green herbaceous family and can already boast a number of references. Harvested at the right times it can enhance the content of viridiflorol which can also be isolated and sold as a single component.

Another oil discovered on Flinders Island is a product called Rosalina or as some call it "Lavender Tea Tree".

**Rosalina** (*Melaleuca ericfolia*) is part of the same family as tea tree, hence it's known other name, "Lavender Tea Tree Oil", yet its major component is linalool. It



East Cape of New Zealand

has existed in the aromatherapy market for around 20 years, having first been identified in the 1950s but this recent investment in cultivation on Flinders Island has increased production and brought with it some new positive economies. As a result Rosalina is now finding its way into many new applications - and why not?

There are many body care and personal care products in the market combining the odour and benefits of lavender and tea tree, yet this special oil offers both the linalool and 1,8 cineole components that highlight those respective oils. Typically, linalool is found at concentrations of 45% and 1.8 cineole around 20%.

Combining these attributes makes rosalina a popular product in the aromatherapy / natural health market. Topically applied it is known to offer good antiseptic benefits, helps with respiratory problems, and is calming and soothing. It is also a gentle oil so is good for use with children, sometimes even referred to as 'soft tea tree'.

The people of Flinders Island along with their support team are looking at a number of essential oils, once common to Australia or with the potential to break into new markets. These could include other eucalypts and peppermint which over recent years have been lost to other

producing countries or upscaling these more specialist oils that to date have only been wild harvested.

We've just about covered Australia but given our proximity to New Zealand it seems like we should continue our adventure as there is one particular oil that is a particular interest, so back on board the airplane and off to Auckland!!

# **NEW ZEALAND**

Perhaps saving the best until last a visit to the north island of New Zealand is in order to discover more about Manuka Oil.

Manuka Oil (Leptospermum scoparium) can also be referred to as Red Manuka or locally Kahikatoa. Over recent years 'Manuka' has become more familiar as a honey, known to be high in antioxidants as well as being damn tasty!

Honey is good for us due to its hydrogen peroxide properties, which make it a good antibiotic but manuka honey offers even more components, which act as an antibiotic making it a 'super strength' product. This component is methylglyoxal (MG). Often applied externally on sores and burns manuka honey also has inner health benefits to treat infections. So powerful

some experts believe this to be one of the only natural products to fight the hospital superbug infection MRSA (Meticillinresistant Staphylococcus aureus).

It's as a possible superbug antibody that the oil production comes into its own. Maintaining these antibiotic properties through its ß-triketones balance the oil is making its way into the healthcare markets at an interesting pace. Although still wild harvested from areas along the East Cape of New Zealand, recent improvements in the collection and extraction process (steam distillation) have increased capacity and with it the producer's ability to offer a more sustainable product. Capacities are now thought to be tonnes and not kilos as the market continues to take a great interest in this hidden treasure.

So that's it for this road trip. It's been long but fascinating and I'm sure we'll be back again one day to discover even more. For now, more details on each can be found on our website where we keep adding literature and new products every week. You will be able to keep track of how the market is developing for each of the above-mentioned products in our regular market reports.



#### Paraguay

# Cabreuva Oil

Myrocarpus frondosus

There is no change to previous reports, as supply still remains very tight. This is expected to continue into the foreseeable future.

Market prices USD 45.00 /kilo

# Petitgrain Oil

Citrus aurantium ssp.

The situation remains unchanged. The markets remain difficult, as supply cannot get back ahead of market demand. There are waiting lists for volume at the moment and market prices are increasing as buyers' struggle to secure their short-term needs. Pressure is likely to remain in place so it is advisable to plan ahead.

Market prices USD 60.00 /kilo

# Quaiacwood Oil

Bulnesia Sarmientoi

Production continues to improve with good stocks now available at origin. This should remain in place for the rest of 2015.

Market prices USD 23.00 /kilo



# **ULTRA'S SOURCING**

The key to our success lies in our ability to support, manage and develop the infrastructure needed to have controls over supply. Without the guarantees of supply our model would not work for our clients or us. Sustainable supply is paramount to being able to provide our clients with the confidence needed to trust us as a long-term partner. Various projects are simultaneously in place to ensure that year-on-year, and season-onseason our vertical integration into our supply

chain gets ever stronger.

Our greatest success is with P.T. Van Aroma in Indonesia. A sister company established to ensure these controls are in place from the procurement of raw materials, right through the processing, quality control and delivery of goods to our clients fit for purpose and ready

Today Van Aroma covers all our Indonesian essential oil requirements. Elsewhere we have similar stories of investment, joint ventures

and co-operatives ensuring that products like lemon oil, lime oil, coriander seed oil, clary sage oil, lavandin grosso and lavender oil continue to be products in which we can guarantee consistency and long-term supply to our clients.

If you are a farmer or processor looking to benefit from the opportunities a partnership with Ultra can provide then please do not hesitate to contact us.

#### Russia







# Coriander Seed Oil

Corriandrum sativum L.

Supplies appear to be on top of demand with oil prices falling after a good crop. That said it isn't without some confusion, as the fresh seed market prices still remain high. This suggests there is a price battle between the processors rather than a major change in the raw material situation but however artificial the reasoning for the downward price movement, it is very welcome for most.

It is hard to speculate as to whether this pattern will continue or can be maintained at these levels. It could be that this price war continues or that oil prices reflect the raw material input costs and again return to higher levels.

It is perhaps prudent to close 2015/16 contracts now knowing you're making a good saving on early 2014 pricing rather than risk loosing out should prices start to increase again.

Market prices USD 90.00 /kilo



# Coriander Herb Oil

Coriandrum sativum L.

This year's production was a little late which was good news as demand also came late. In the end there was a good balance between supply and demand but if anything a little more oil would have been nice to ensure sufficient cover for the year.

This spike in demand came by surprise as before the harvest began there appeared to be some volumes still available from the 2014 production.

Today the markets are quieter with all material at origin sold.

Market prices N/A

# Fir Needle Oil

Abies sibirica Ledeb.

There is an increasing shortage in the market as changes to local forestry laws have restricted harvesting. As a result, the major producers are only running at 50% capacity so with each passing month the situation appears to be getting worse.

This is expected to remain the case for the immediate future until changes can be made in local legislation to increase the quotas for harvesting.

Market prices N/A

# Lavender Oil

Lavandula angustifolia

There was little production across Russia this last season as earlier frosts damaged the plantations back in April.

That said, there is still plenty of interest in oil from this origin and the small supplies that remain are likely to be sold soon.

Market prices USD 90.00 /kilo

# Artemisia Taurica Oil

Artemisia vulgaris

Supplies have been limited but are available as harvesting and processing was completed recently.

However, that said it is unlikely that these volumes will remain for long at origin with market demand strong.

Market prices USD 55.00 /kilo



Russia



# **Olary Sage Oil**

Salvia sclarea L.

Demand remains very strong and despite a good crop there remains limited supplies available at origin. This is likely due to the growing demand, the lack of output from other producing countries and the increased demand for sclaireol.

Today the major producers are stating that they are sold out with all material shipped or pending shipment to those customers who booked ahead.

It is clear that prices will remain firm this year and into 2016 when it is hoped that by this time next year both Russia and other origins could be producing more to bring some relief to this situation.

However, this is more wishful thinking at the moment and should there be any long term benefit to recent investments they are still a long way away and buyers should plan accordingly.

Market prices USD 180.00 /kilo

#### **South Africa**

# Eucalyptus Oil Radiata

Eucalyptus Radiata

There is a sustained shortage of material from all origins, including South Africa, with very little likely to change in the near future. South African harvests have been few and far between this year due to a series of issues with the next planned harvest not until February 2016. This will bring some temporary relief to those who have already booked material but until more plantations are established the shortages are likely to continue.

Market prices USD 38.00 /kilo

# Lemon Oil

Citrus limon (L.) Burm. F.

The new season will start late August with many anticipating an OK crop, with perhaps a small increase on last years fruit harvest. This perhaps won't transpire into a significant change in the volumes of fruit processed but the South African crop will certainly be welcome for those who have become accustomed to their quality.

Market prices N/A

# Orange Oil

Citrus sinensis

There has been a small amount of harvesting this season, which will intensify over the coming weeks. With the global market looking for more competitive solutions this is South Africa's opportunity to step up. Having said that, their total oil volumes are very small in comparison to other origins but they will still provide many clients with alternative supply options. It is expected that this season South Africa will produce between 420-450 MT of orange oil.

■ Market prices N/A

# Tagetes Oil

Tagetes erecta

Price is stable and there remain some healthy supplies despite being in the closed season. The next crop will take place in May/June 2016 and it's expected that prices will remain at today's levels until closer to this date.

Market prices USD 180.00 /kilo





# Lavandin Grosso

Melaleuca alternifolia

The crop was disappointing as expected with Spain becoming a net buyer rather than a seller.

As a result prices remain firm and are expected to remain firm for the next few months.

Market prices Euro 40.00 /kilo



# Thyme Oil Red

Melaleuca alternifolia

This year's crop was poor and demand is outstripping supply by a number of multiples. This is putting pressure on prices, which have risen significantly over the past 12 months. The next crop won't take place until June 2016 so take cover soon!

Market prices USD 200.00 /kilo



# Rosemary Oil

Rosmarinus officinalis

The Spanish crops have been terrible of late as to have other origins. The global situation for rosemary is difficult, which is likely to continue for the foreseeable future.

Market prices Euro 55.00 /kilo

# Lemon Oil

Melaleuca alternifolia

This year was a record year for Spain with production reaching 1,065,000 MT. Spain now controls the fresh lemon market in Europe and also has the biggest influence on the oil market. Good crop management and stable weather conditions have put Spain in control of fresh fruit and processed lemons.

The markets have started to be more active following the European holiday season and

harvesting of the 'Verna' type will start late October.

Despite the good Spanish outlook, demand globally remains firm and, as such, oil prices are not expected to fall significantly, especially while fresh lemon prices remain firm.

Market prices Euro 32.00 /kilo

# There are TWO SEASONS

in Spain giving them around 9 MONTHS of HARVESTING

during the year. The 'Fino' and 'Primafiori' type runs from November to March and the 'Verna' type from April to July.



#### USA

# Grapefruit Oil Florida

Citrus paradisi

With the crops down almost 20% this year the pressure on supply remains in place today and for the foreseeable

Whilst the area of fruit bearing trees has only reduced by 2-3% this year, the number of fruits per tree has fallen at a rate between 15-20%, largely due to the presence of HLB (Citrus Greening).

The scenario is likely to stay with us for some time as the recovery process can take years and often it has to get worse before it gets better as the only answer can be to destroy infected trees and a large surrounding area - even if these tree today are healthy. Today the production volume for 2015 remains at 12.95 million boxes.

The net results are having a string direct impact on pricing with limited amount of oil currently available.

Market prices White \$45.00 /kilo Coloured (Pink) \$35.00 /kilo

#### Vietnam

# Basil Oil Methyl Chavicol

Ocimum basilicum L

This year's production was low due to unfavourable weather conditions resulting in a number of crops dying. This will have both a short and long term impact on the availability.

▲ Market prices USD 64.00/kilo

# Lemon Oil California

Citrus limon (L.) Burm. F.

The lemon harvests were completed for the year in July and final numbers show a 6% increase in fruits from last season. It is expected that a similar volume of fruits to last year will be available for processing which is around 260,000 MT. Prices remain stable.

Market prices USD 38.00 - 40.00 /kilo



# Orange Oil Florida

Citrus sinensis

The situation remains unchanged from our last report.

Having experienced their worst crop in almost 50 years, supplies remain difficult and prices firm. This is likely to remain the situation until well into the new season starting in February 2016. This year's crop is expected to total 96.4 million boxes down on 104.7 million boxes last year and 133.6 million boxes in 2012/13.

Market prices USD 7.00 /kilo





# **CITRUS GREENING**

The incidence of Huanglongbing disease (HLB) has expanded by 159% in Brazil's citrus belt over the past three years according to the results of a new citrus disease survey announced by Brazil's Citrus Production Defence Fund (Fundecitrus).

Greening is now present in nearly 18% of the orange groves in São Paulo state and the regions of Triângulo Mineiro and south-east Minas Gerais, which jointly form the citrus belt.

This corresponds to 35 million sick plants in the field, including 44% with severe HLB symptoms that can cause a fruit production loss of around 50% due to smaller fruit size and premature fruit drop.

The most affected micro-region is south São Paulo and its sub-regions of Limeira, Porto Ferreira and Casa Branca where around 42.5% of plants show HLB symptoms. Central São Paulo, which encompasses the sub-regions of Matão, Brotas and Duartina, follows with 23.5% of orange trees affected.

The results were obtained from a survey of a stratified sample of 24,200 citrus trees in the entire citrus belt, conducted in June and July. Fundecitrus also revealed that the incidence of citrus variegated chlorosis (CVC) fell by 82% since 2012 when Fundecitrus conducted its previous survey.

Currently only 6.77% of citrus trees show symptoms of CVC, down from 37.57% in 2012.