

## MARKET REPORT JUNE 2015

### BULGARIA

#### Lavender Oil

We're continuing our European tour and arriving in Sofia late June to take a closer look at this year's Bulgarian lavender crops, where there was a sense of hope after much disappointment regarding lavender news from other growing regions.

To date we've heard of China's and Russia's problems with snow and frosts earlier this spring and more lately news from France and Moldova of a lack of water threatening to reduce yields this season. With the market seemingly waiting in anticipation after what was known to be a disappointing 2014, the pressure is on Bulgaria to deliver.

However Bulgaria has already posted an amazingly disappointing season for Rose. The season finished early June but the number of petals collected in many areas was as low as 70% down on last year. Not that last year was anything special, this year's is significantly down and pressure is already on those who are yet to cover.

One statistic that soon rang alarm bells on the lavender was the belief that last year Bulgaria's crop was significantly down, when in fact this was massively over estimated. We, as others believed that Bulgaria's crop last year was around 80MT when data later collected showed exports nearer 110MT. That isn't so far away from the 120MT we would expect in any good year so what is Bulgaria's real capacity and is it growing, as it seems the demands from the market certainly is?

It was very pleasing to see 2-year-old plantations looking so full and healthy. New plantations continue to be invested and you can see why. The perfect soil, mild winters and warm, dry summers make Bulgaria an ideal environment for growing lavender and the support is there locally for new farmers to also invest in the agricultural industry.

So now as we're heavily dependent on this region for the world's lavender oil, all eyes are on Bulgaria's weather over the next 10-20 days, where in different parts this season's lavender harvesting will begin. We must remember that these next days are critical to optimise yields. Rain at this time would be detrimental so the farmers are praying for sunny, dry and warm conditions.

During this past few days we've seen a great variation in conditions and the readiness of the crop to be harvested. Careful evaluations will take place daily to ensure the optimum time for harvesting is met. If we are to be pessimistic we could say that right now the crop looks like last year. If we are to be optimistic we could say that good weather in the next 2 weeks could ensure we have a good crop, better than last year. Either way, the fate of this is now with the weather Gods and only time will tell what results we will have. When all said we must remember that today the market is short. Other producing countries production will be down and Bulgaria's output last year was much more than we first thought. It would probably take something very special and very unlikely over the next couple of weeks for Bulgaria to take all the pressure away from this market but it is for certain that whenever harvesting does begin, it will be very welcome for most.