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Update on Market Conditions

Frankincense

Due to piracy and civil unrest in Somali and Yemen and just in time for Christmas frankincense prices are rising. Somali and Yemen are the main production areas for frankincense tears but most of the trading is done in Oman because of its stability and the fact that its infrastructure is more developed making it better suited to international trading. It is taking much longer for the tears to get to market from the troubled areas. The extra travelling time means more oil evaporates from the tears before they are processed. As a consequence yields are down by about 30% and the quality could fall too as more inferior gum is likely to find its way into the still.

Vanilla

Historically, Mexico and Madagascar controlled the vanilla market. The US tried to break the monopoly by introducing the bean producing vines to Costa Rica, Guatemala, Hawaii, Tahiti, Fiji, La Reunion, the Seychelles and the Comoro Islands. Twenty years ago there were large plantations on Sumatra 100 miles long and twenty miles wide. The vines are susceptible to a fungus called fusarium which establishes itself in the soil and attacks the roots of the vines. It is almost impossible to eradicate the fungus once it becomes established. In densely planted colonies the fungus spreads quickly and once the soil is infected susceptible species can no longer be grown in that area. Fusarium can also affect coffee, mangos and palms. Most of the old production areas are no longer able to grow vanilla.

Fusarium has arrived on Madagascar from where we get our vanilla absolute so there is great cause for concern. Most crops on Madagascar grow around the coastal areas so the lack of intensity will at least slow the speed of infection down. There is a variety called *vanilla pompona*, which appears to have greater resistance to the fungus and it has been suggested that creating a hybrid with *planifolia* may be the answer. This is a similar solution to that used by vineyards to combat the deadly nematode *phylloxera devastatrix*. Time may well be the problem with vanilla and there is a strong possibility that vanilla prices will climb very much higher as the supply dwindles. Vanilla absolute is a must have in natural perfumery so we have stocked up and are awaiting a shipment.



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Lavender

Lavender prices are galloping because there is a shortage. Adverse weather conditions have led to lower yields. The perfume houses won't pay the prices but will have 'lavender' soups made up to maintain their margins. The dramatic rise in price plays into the hands of the unscrupulous brokers and companies already selling cheap adulterated lavender based on lavandin. The qualities of many oils on the High Street have deteriorated over the years and we can expect to see the trend continue. These high prices are unlikely to correct until the next harvest although before then growers will have some idea of predicted yields.

New absolutes and concretes

We now have stock of gardenia concrete, gardenia absolute. I have also recently approved frangipani absolute from Haiti and will have stock soon. This is completely different from the Indian examples, which I have never been impressed by due to their cloying nature. This is rich, warm, deep, complex and subtle creating impressions of jasmine, orange blossoms and hints of gardenia.

With best wishes from all at Aqua Oleum.

Alec Lawless.

Partner.