



[www.aqua-oleum.co.uk](http://www.aqua-oleum.co.uk)

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## Aqua Oleum Newsletter October 2009

### Currency fluctuations and uncertainty

I may well have been wrong regarding the strength of the Euro in relation to sterling as expressed in the last newsletter. Along with sterling the US \$ has also been falling in value against the Euro. Rumours abound about talks between Russia and some OPEC members about the desirability of the Euro replacing the US\$ as the oil trading currency. The Chinese hold huge reserves of US\$'s and if they decided to increase their reserves of Euros it could de-value the US\$ further. If they decided to reduce their reserves of US\$'s they would crystallise their loss and possibly decrease the value of the US\$ and their remaining reserves further. So why is this relevant to essential oils? The answer is uncertainty and during those times some people do nothing whilst others speculate.

### Harvest updates

**Lavender** harvests are down and brokers have started buying the oil as a commodity. Under normal market conditions only those oils used in huge volumes by the pharmaceutical, food and fragrance industries are treated like commodities.

The crop of **Chinese geranium** was poor due to adverse weather conditions so the Egyptians are pushing their prices up. Bulk prices had already doubled over the past six months and there will simply not be enough to meet demand so we can expect to see even more compounds posing as geranium than usual.

**Patchouli** prices fluctuate to a seasonal rhythm and as it grows quickly and can be cropped twice a year production can respond quickly to any shortages. Last year high prices took longer than usual to come back down so farmers responded with over producing. On the ground prices have fallen to a level which will encourage many growers to switch to cash crops. At present we are not fully aware of the effects of the tragic natural disaster in Indonesia but we expect to see a spike in prices.

### Synthetic Rose, Jasmine and Gardenia being sold as absolutes

The world's demand for essential oils is still growing but with limited supplies the availability of 'nature identical' and compounded oil also increases. We have become aware of a UK source of a range of absolutes which are largely synthetic – they include rose, jasmine, gardenia, frangipani, carnation, and neroli. At source they cost between £500 and £600 per Kg. Many are being sold as genuine on the UK market but they are also finding their way into Japan and the US where there is high demand for such exotic beasts.

### Our position

Aqua Oleum's long standing relationship with producers means that we have been able to take the necessary steps to guarantee supplies of quality oils but prices will have to rise as we refuse to compromise on quality. We will continue to offer our commercial grades of essential oils, which many of you use for soaps and candles.



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## Brazilian Rosewood update

Brazilian rosewood has been pillaged for over a century. The main consumers have been the Japanese for posh chopsticks and Spanish guitar makers who not only value the appearance of the wood but its density can project the sound to fill a large concert hall leaving sonority and timbre intact. Indian rosewood is now used instead but it is not quite the same. The Brazilian authorities have paid lip service to protecting the trees for decades but the oil has been 'smuggled' into the US from where it goes onto the international market. Ten years ago it was trading for about £8 per Kg and since then the price has been rising steadily. The Brazilian economy has been booming for the last fifteen years and its debt to the World Bank has hampered internal investment. However, it seems that the balance is now swinging in their favour and as they are beginning to emerge as a first world economy they can finally manage their resources appropriately. It looks like the clampdown on taking rosewood from the rainforest is finally beginning in earnest so consequently prices have rocketed. Rosewood is highly prized as a top note by natural perfumers and being about 80% linalool is theoretically fairly easy to replicate from other natural sources of linalool, no wood for example. However, nature is inimitable and those of us that know how the real stuff should be will miss it. Aqua Oleum stopped selling rosewood oil several years ago for ecological reasons. Its expense will increase the temptation of the unscrupulous to re-label synthetic linalool.

## Finally...Aqua Oleum in the press

Our organic fragrance free base cream was featured by the News of the World "Fabulous" magazine – who could have predicted that ten years ago?

<http://www.newsoftheworld.co.uk/fabulous/beauty/529620/beauty-advice.html>

With best wishes from all at Aqua Oleum.

Alec Lawless.

Partner.