

# MARKET REPORT



P.T.C  
AGRO (PVT) LTD

Spring 2021, Issue 01



*Favourable weather was supportive of agricultural activity. Record low devaluation of Rupee against US dollar continues to make Sri Lankan prices appealing to buyers. Relatively strong containment of COVID and moderately high demand for Sri Lankan natural ingredients promoted healthy business activity in the industry during this quarter.*

- *The weather has been conducive for clove, nutmeg and citronella crops over the quarter, but the intermittent rain pattern had an adverse impact on cinnamon harvests.*
- *The Sri Lankan rupee hit a record low of 203.59LKR/USD and continue to remain low, which is helpful to compete with the more competitive players in the region.*
- *Relatively better containment of COVID cases and moderately higher demand than usual for Sri Lankan origin natural ingredients gave a more positive outlook for the local industry.*

## Cinnamon Bark Oil

Traditionally cinnamon is in offseason during the first quarter for which big distillers and exporters prepare by maintaining large stocks of oil and raw material.

However, given the COVID driven uncertainty and chaos in the country, no large stocks appeared to be available.

Raw material prices remain firm, thus oil prices.

Fresh material is not expected till third week of May; so it is advisable to postpone procurement till early June.

## Nutmeg Oil

Fresh crop continues to be available from the end of previous quarter. Raw material and oil prices have eased and trade locally around 55 – 60USD/kg.

Local market prices can be expected to remain low given the abundance of raw materials as well as competition from Indonesia, which has continued to impact the local Nutmeg oil industry.

## Cinnamon Leaf Oil

Cinnamon leaf oil prices held strong till end of previous quarter.

While raw material constraints had upward pressure, decline in demand has resulted in easing of prices.

Cinnamon leaf oil trades locally around 22.50 – 23.00USD/kg in the local market.

In contrast to present pricing, record low prices were reported in first quarter of 2019 where cinnamon leaf oil traded around 11USD/kg.

## Clove Bud Oil

Clove crop harvested end of 2020 was available till February. At present no fresh crop is available and prices appear to be tightening.

At present clove bud oil trades locally around 45 – 47USD/kg.

## Citronella Oil

Conducive weather had a positive impact on production of citronella oil.

Since end February, there appeared to be a moderate increase in demand for Sri Lankan origin citronella oil, which has pushed prices up from the previous quarter.

Locally citronella oil trades around 21.50 – 22.00USD/kg.

## Clove Stem Oil

Similar to clove bud, clove stem crops from fresh harvest of December 2020 were available till February.

No fresh material is received any more and prices appear to be tightening.

Locally clove stem oil trades around 22USD/kg.

## Sources:

1. Central Bank of Sri Lanka - <https://www.cbsl.gov.lk/>
2. Department of Meteorology - <http://www.meteo.gov.lk/>

*"We are a people centric company that aspires to be more socially and environmentally responsible in the coming months"*



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