

MARKET REPORT

Favourable weather with ample rain conducive of crops was observed. Government peg of Rupee against US dollar strengthened by 15%, which raised the prices across all exports. COVID-19 3rd outbreak which impacted production and logistics throughout the quarter, subsided considerably towards end of September.

- *The weather has been conducive of crops with ample rain via S-W monsoon rains beneficial for all crops.*
- *The Sri Lankan rupee value was pegged at 200LKR/USD which contributed to raise prices of all export products.*
- *3rd outbreak of COVID-19 negatively impacted production and export logistics as inter-provincial travel was restricted. However, towards the end of Q3, the situation improved significantly, which lead the government to relax regulations.*

Cinnamon Bark Oil



Cinnamon is nearing its off-season. From end November to early April is usually considered the off-season. Throughout Q3 abundance of raw material was observed.

Prices of raw materials at the beginning of quarter was lower relative to September end. Appreciation of the Sri Lankan rupee against USD is expected to apply upward pressure on the price of cinnamon bark oil.

Given the COVID-19 related restrictions, production and export logistic hurdles had a negative impact on the volumes. Impact of inorganic fertilizer have started to trickle down and raw material shortages are expected in the next season.

While Cinnamon bark oil trades locally around 245USD/kg in the local market, prices could be expected to grow firmer in the new season due to a combination of above factors.

Nutmeg Oil



A smaller mid-year crop was available till mid-August. Oil prices locally trade around 55 – 60USD/kg, which has been stable over the past few quarters.

Cinnamon Leaf Oil



Cinnamon leaf oil prices were observed to remain firm and stable throughout the quarter. Given the approaching off-season, production of leaf oil will seize till new season.

Cinnamon leaf oil trades locally around 21.50 – 22.00USD/kg in the local market. Prices are expected to rise. Sourcing large volumes will also be difficult till next season in end April 2022.

Clove Bud and Stem Oil



52USD/kg and stem oil at around 28USD/kg

Sources:

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

Citronella Oil



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

Over the quarter, sudden increase in demand led the prices to grow stronger, which is healthy for the industry.

By the close of quarter, citronella oil traded locally around 23.50USD/kg, up by a 1.50USD/kg relative to the previous quarter.