

Market Update – February 2023

- **Globanone Supply Stabilized**

- Symrise has increased capacity in the facility that produces Globanone.

- **Clove Leaf Oil Supply Affected by Weather**

- Weather fluctuations in the main harvesting regions led to lower raw material output and lower eugenol content (below 70%).
- This is affecting the pricing of clove derivatives such as Eugenol.

- **China Anticipates Covid Surge After Ending “Zero Covid” Restrictions**

- A Covid surge has begun in China which is causing manufacturing delays and shutdowns.

- **Russia Banned Sales of Oil to Countries Imposing Price Cap**

- NATO and Allies bar shipping, financing, and insuring of Russian crude if it is sold for more than \$60/barrel.

- **Chinese New Year Celebration to Cause Supply Chain Interruptions**

- Manufacturing and shipping sectors will be closed from Jan 21st to Jan 29th to celebrate the Chinese New Year.

- **Costs of Packaging Materials Remains Fluid**

- Steel pricing has increased 10% in the past two months.
- Plastic/resin prices remain elevated.



Globanone Supply Stabilizes

Summary – Symrise increased production of Globanone in Q3 2022.

- **Detail**

- Globanone has been in short supply in the marketplace for over a year.
- Symrise increased capacity of the main manufacturing facility that produces Globanone.

- **Purchasing Comments**

- This increase in production solves a major supply chain disruption.



Weather Affects Clove Leaf Oil Supply

Summary – Weather conditions in Indonesia caused lower raw material output for Clove and created lower Eugenol content.

- **Detail**

- High rainfall in Java and Sulawesi, the main harvesting regions for Clove, led to lower raw material output.
- The weather also caused the Eugenol content to be lower than usual- below 70%.

- **Purchasing Comments**

- The price of Clove will remain stable but inflated. This will affect pricing for all Clove derivatives such as Eugenol.



China Anticipates Covid Surge After Ending Restrictions



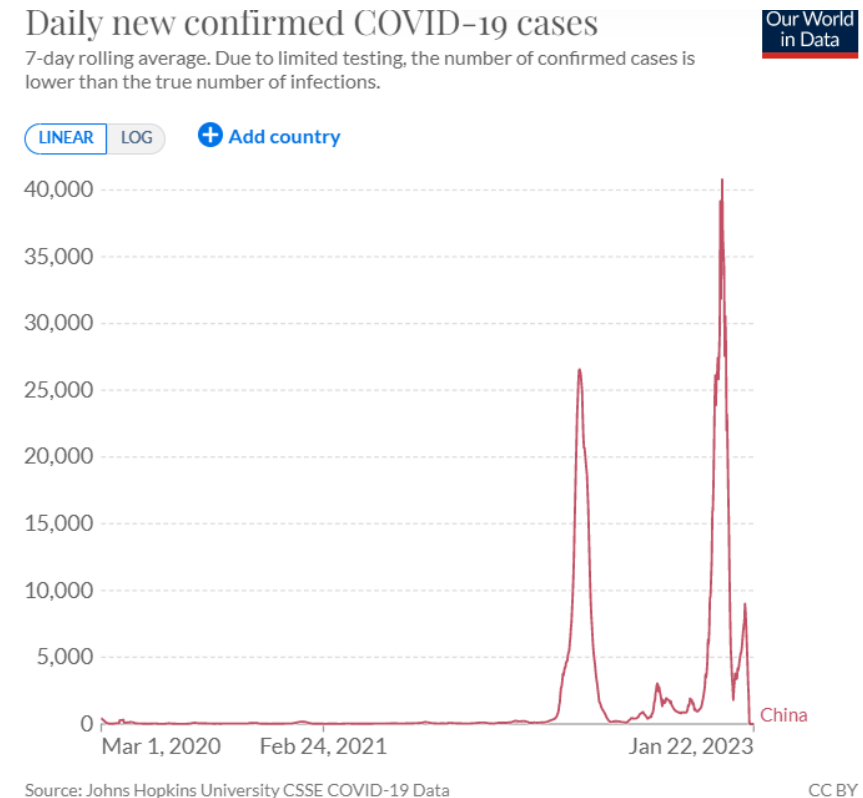
Summary – A Covid surge in China is causing sporadic manufacturing delays and shutdowns.

- **Detail**

- After China abruptly reverses its “Zero Covid” restrictions due to citizen protests, a Covid surge seems possible.
- After 3 years of “Zero Covid” policy, there is concern that a pandemic will surge through the country since few have been vaccinated or gained any natural immunity.

- **Purchasing Comments**

- A pandemic surge in China will likely cause manufacturing shutdowns and delays.



Russia Bans Sales of Oil to Countries Imposing Price Cap

Summary – Russia reacts to NATO's price cap and bans sale of oil to Western Europe.

- **Detail**

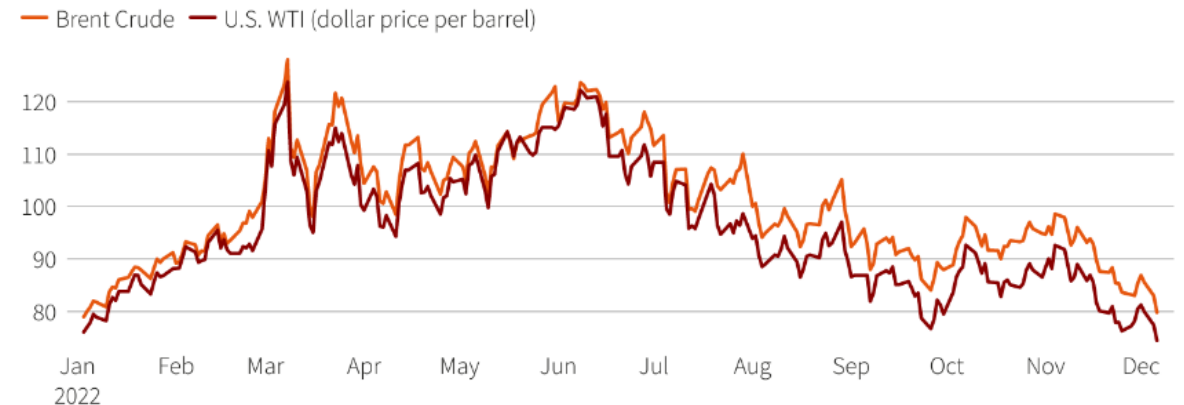
- NATO and Allies bar shipping, financing, and insuring of Russian crude for any price above \$60/barrel.
- This limits the amount of revenue Russia can collect on its oil.
- In response, Russia bans sale to Western countries that participate in this price cap.

- **Purchasing Comments**

- This could limit the energy supply to Europe which is already under pressure and create additional manufacturing cuts for large manufacturers there.

Crude prices weaken as cap on Russian oil launches

Benchmark prices near 2022 lows, hit by economic outlook worries, steady OPEC+ output plans, China COVID-19 curbs, anticipation of G7 \$60/barrel price cap on Russian seaborne crude



Note: Daily closing futures prices
Source: Datastream, Refinitiv Eikon



Chinese New Year to Interrupt Supply Chain

Summary – Chinese New Year is January 21st through 29th and many businesses shut down.

- **Detail**

- Manufacturing and shipping sectors in China shut down in observance of this national holiday.
- There is concern that as people visit with family to celebrate this important holiday the Covid surge will spread rapidly.

- **Purchasing Comments**

- Widespread business closures will affect all areas of manufacturing and shipping in China.



Costs of Packaging Materials Remains Fluid

Summary – Steel prices have increased 10% and plastic/resin prices remain elevated.

- **Detail**

- The supply of steel has generally stabilized since the shortage seen early in the pandemic.
- Current market volatility is related to concerns that China may soon need to shut down parts of the market sector due to the affects of Covid.
- Crude and natural gas, raw materials for resin, are in short supply due to foreign sanctions imposed on Russia.

- **Purchasing Comments**

- Our team works closely with suppliers to mitigate the affects this has on the raw material cost.

