

RAW MATERIAL MARKET FORECAST

QUARTER THREE

JULY 2025

Agenda



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Logistics | Packaging

02



Vanilla | Vanillin

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Citrus

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Alcohol | Cis-3 Compounds
PG | DPG

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Cocoa | Coffee

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Introduction

Overview of the main objectives

Q2 US tariff negotiations seemed to stabilize around 55% for China and 10% everywhere else. The EU is racing against a July 9th tariff deadline to deal with the 10% baseline rate and 50% rate on steel and aluminum with little hope of resolving it before that deadline. The expectation for the US market is that these two major trading partners will drive inflation up for producers which will likely get passed along to consumers. Overall, inflation was up only slightly at 2.4% with May being more favorable than expected due to energy costs improving which puts the assumption of regular rate cuts in jeopardy. The February CPI for food ticked up to 2.9% overall with food at home increasing slightly to 2.2% and food away from home was still much higher at 3.8%. The largest contributors to food inflation are meat and eggs at 6.1%. Energy prices are continuing to trend down; however higher housing and transportation costs are keeping consumers from realizing real wage gains. Energy prices are likely to be influenced by the current Iran/Israel conflict and whether there is a quick resolution or not.

Consumer confidence improved in May after five months of decline but still sits in the range of an expectation for a recession. Some of the improvements can be tied to the improvement in the stock market while consumers still seem to be concerned about inflation and job prospects.

The EU area's inflation fell in May to an annualized rate of 1.9% and is forecast to stay in that range with the notable caveat that trade negotiations with the US could impact GDP growth.

Supply Chain Management

→ Logistics

We are seeing some challenges in the ocean freight space where we are finally catching up from a shortage of vessel availability. This situation is consistently improving and should be resolved within Q3.

→ Packaging

Packaging prices have begun to level out and we expect them to remain stable over the next quarter. The one caveat is the resolution of the US steel and aluminum tariff issue with the EU.



Aroma Chemicals and Solvents

→ Vanilla

- Vanilla Beans - Madagascar crop yields may be slightly down due to weather conditions in the Sava region, but quality is expected to be high. June harvest typically starts the market bids in July. After this time, it will be more obvious if excess supply from prior years is still weighing down pricing that will impact 2026.

→ Vanillin

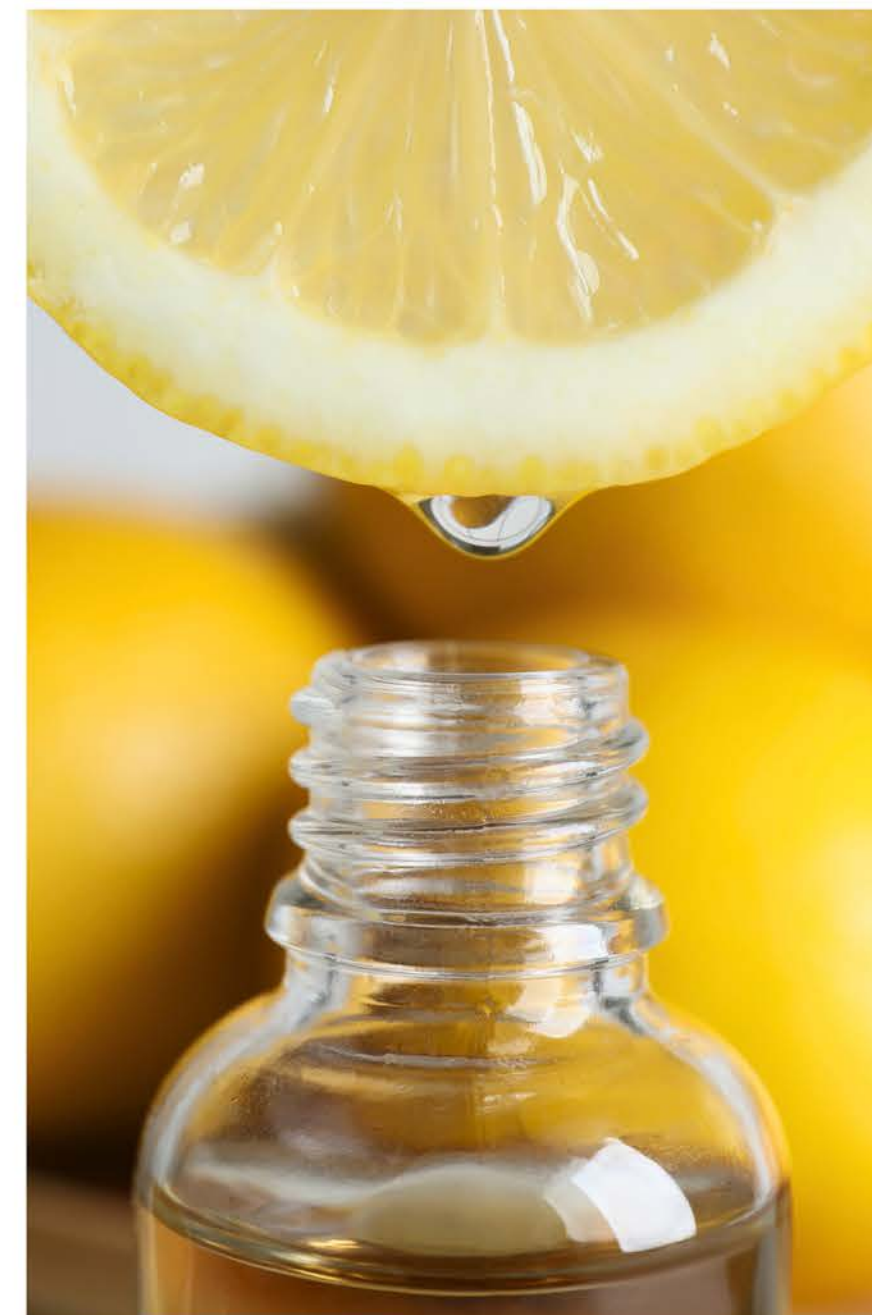
Vanillin/Ethyl Vanillin - The Antidumping duty was recently imposed on Chinese-origin Vanillin and Ethyl Vanillin. This has caused prices to rise heavily again. We still have a final ruling in late-July for the remaining Countervailing duty which will wrap up the investigation and finalize the values of both Countervailing and Antidumping duties. We expect pricing to remain on the rise for the remainder of this year and into next year as challenges arise with Chinese manufacturers willing to sell to the American market.



Aroma Chemicals and Solvents

→ Citrus

- Orange Oil - Orange Oil prices have remained at an elevated stable level. We have not seen the impact yet for the most recent harvest season but expect to see the entrance of fresh material in the market during Q3. This should alleviate some pressure on the market.
- Lemon oil pricing continues to be firm, and we expect this to continue.
- Lime remains stable as fresh material enters the market. We expect pricing to remain stable to a slight increase.
- Grapefruit/Tangerine/Mandarin - Processing for Red and White Grapefruit Oils is decreasing due to shrinking demand and a higher return on investment by selling fresh fruit. Tangerine and Mandarin are readily available.



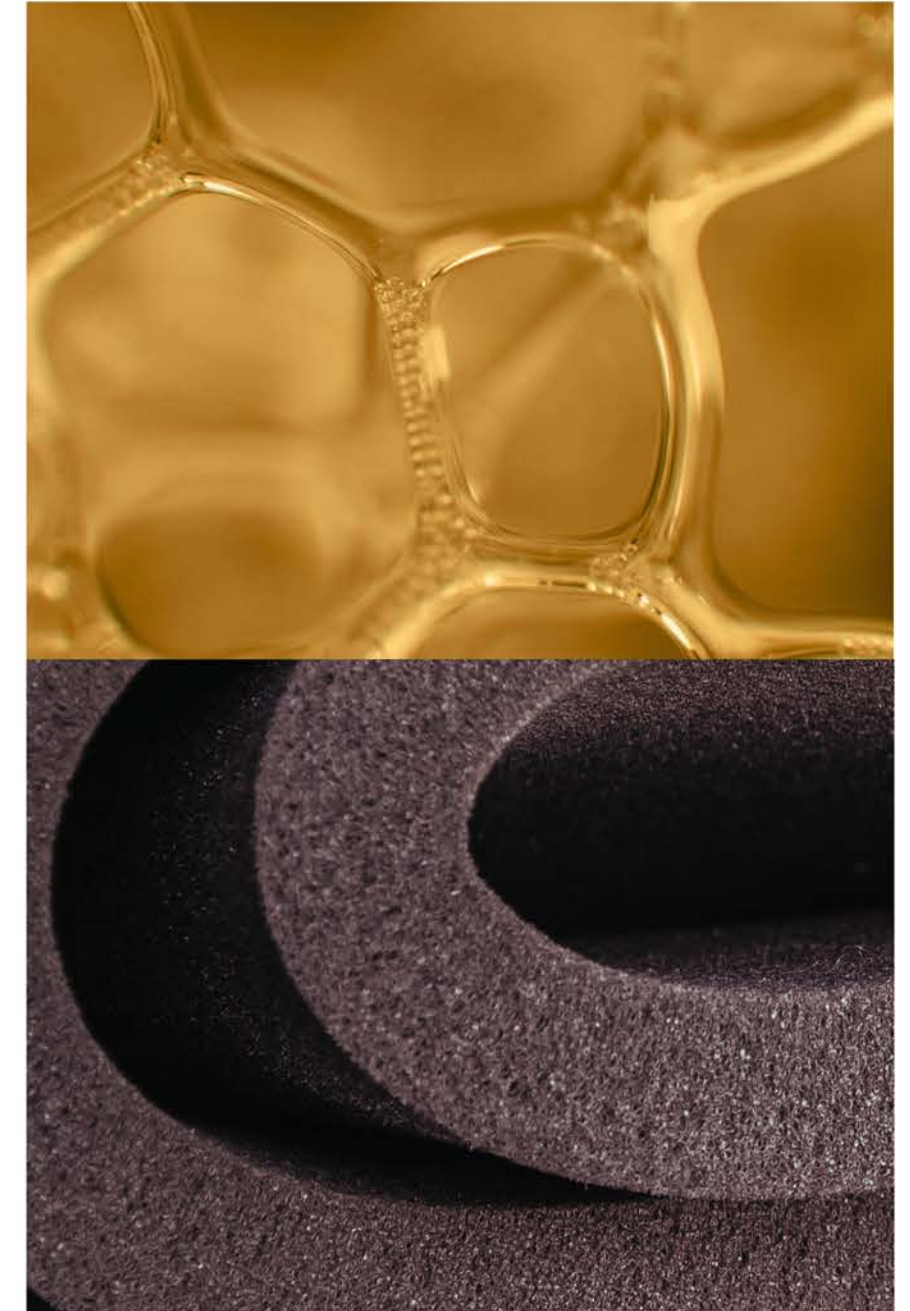
Aroma Chemicals and Solvents

→ Alcohol | Cis-3 Compounds

- The ethanol market remains stable thanks to corn prices.

→ PG | DPG

- Pricing has increased slightly, and we expect this to remain stable over Q3.



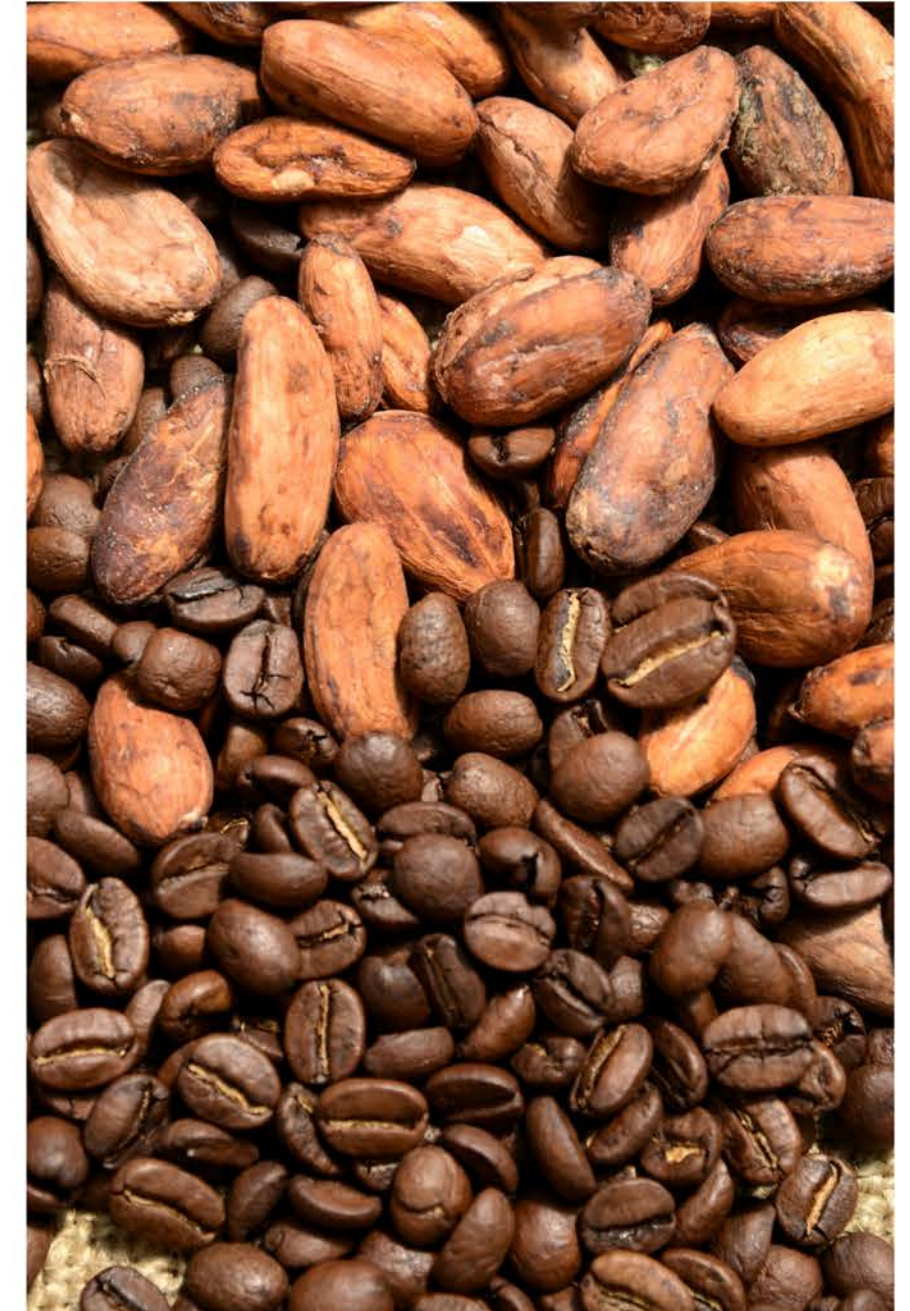
Cocoa | Coffee

→ Cocoa

- Cocoa is highly volatile and still trading at historically high levels. Ghana has experienced its third consecutive year in deficit. With Ghana and Ivory Coast together accounting for around 70% of the Cocoa growing region, this indicates that prices will remain high for most of 2025.

→ Coffee

- Coffee - the price of Coffee continues to rise due to a drought in Brazil, the largest growing region. This has had a knock-on effect on prices from all other regions. Meanwhile, the price of Robusta Coffee remains at a 15-year high. Expect pricing to rise again in Q3.



Starches | Sweeteners

→ Starches

- Sugar pricing has remained stable thanks to steady demand.
- Aspartame/Monk Fruit/Sucralose - Aspartame and Monk Fruit pricing has continued to be stable. Sucralose manufacturers in China have come together for a joint shut-down of their facilities for maintenance and to maintain pricing and supply. This should cause prices to rise but the US has a healthy amount of stock from China along with alternate sources outside of China so this may not affect the US market.
- Maltrin & Dextrose - Tariffs on foreign materials will cause the US market to begin buying more domestic material. For now, pricing is stable but we expect to see slight increases.

→ Sweeteners

- Corn Starch - Domestic availability remains in an advantageous position with pricing following suit. We expect stability in this through Q3.
- Gums - Xanthan gum had a short jump in price due to tariffs, but supply and pricing are both steady in the US. For Gum Acacia, availability and prices are staying stable for now but can change if the geopolitical climate worsens in the growing regions. There is an expectation that pricing could rise slightly in Q3 2025 due to this reason.



Essential Oils

→ Essential Oils

- Mint - We have seen pricing increases due to cultivation and labor costs. With less carryover stock than usual and farmers not motivated to plant due to low prices, we expect pricing to continue to rise for the rest of the year.
- Chamomile - We expect the market to remain stable.
- Citronella - Pricing has begun to firm as for both Chinese and Indonesian material. Harvesting and processing of fresh material has begun, and we should see the impact of that before the end of the quarter.
- Eucalyptus - Pricing is stable, and we expect it to remain this way through Q3.
- Lemongrass- Prices have increased as the cultivation area for this crop has declined. With low carryover stock and limited fresh production, we expect pricing to continue to rise as supply dwindles down.
- Nutmeg - Currently the market is stable.
- Soybean Oil - Pricing is expected to remain stable over the next few months.
- Rose Oil - The market is currently stable for this item.
- Patchouli Oil - Pricing continues to decrease slowly but is still well above normal levels. We have seen cultivation ramp up as the holidays have ended in the cultivation areas. Sulawesi material has had a quicker price decrease due to more availability compared to Sumatra. Demand remains high.





THANK YOU

FOR YOUR ATTENTION

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