



RAW MATERIAL MARKET FORECAST

QUARTER FOUR

OCTOBER 2025

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Introduction

Overview of the main objectives

The tariff news is now focused on India and Brazil that got hit with a 50% rate (as of the date this was written) while Mexico and China are on pause for a hike until October 29th and November 10th respectively. The EU was able to settle at 15%. Canada got raised from a 25% rate to 35% rate on August 1st. Inflation in the US market has been slow to be realized from these moves, but many suppliers are citing that they expect to pass them along as they come in. Overall inflation increased to an annual rate of 2.9% with August showing the most upward movement driven by food and energy prices. The August CPI for food ticked up to 3.2% overall with food at home increasing to 2.7% and food away from home was still much higher at 3.9%. The largest contributors to food inflation are meat and eggs at 5.6%. Energy prices reversed an overall downward trend in August as the twelve-month average moved back to above zero percent with a spike in gas prices. Despite inflation being above the 2% target, the Federal Reserve is signaling that the job market is more concerning than inflation and may look at reducing the federal funds rate at its next meeting.

Consumer confidence has been relatively stable but dropped 1.3 points due to concerns over the labor market and tariffs. This was particularly a concern of consumers under 35 years of age. Overall sentiment for a recession increased to the highest level since April.

The EU area's inflation is stable and in the range of the European Central bank target at an annualized rate of 2.1% and is forecast to stay in that range or slightly lower going into 2026.

Supply Chain Management

→ Logistics

Overcapacity in this space has led to continued decline in freight rates. This has been evident in shipments from China and India coming to the US and Europe. Shipping demand is being driven by tariff activity now instead of seasonal patterns, which makes forecasting future rates and space availability increasingly difficult. Longer lead times due to low water levels in the Panama Canal and conflicts in the Red Sea continue and we do not expect to see any significant changes in Q4.

→ Packaging

HDPE Resins will increase by a few cents to align with current CDI and IHS index movements. This mirrors rising feedstock costs, lowered domestic production, and growing global export demand. Tinsplate-based items will also see an increase due to tariffs affecting raw materials.



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. Excess supply will compete with government pricing controls to determine pricing as we enter October when vanilla bean cuts enter the market.

→ Vanillin

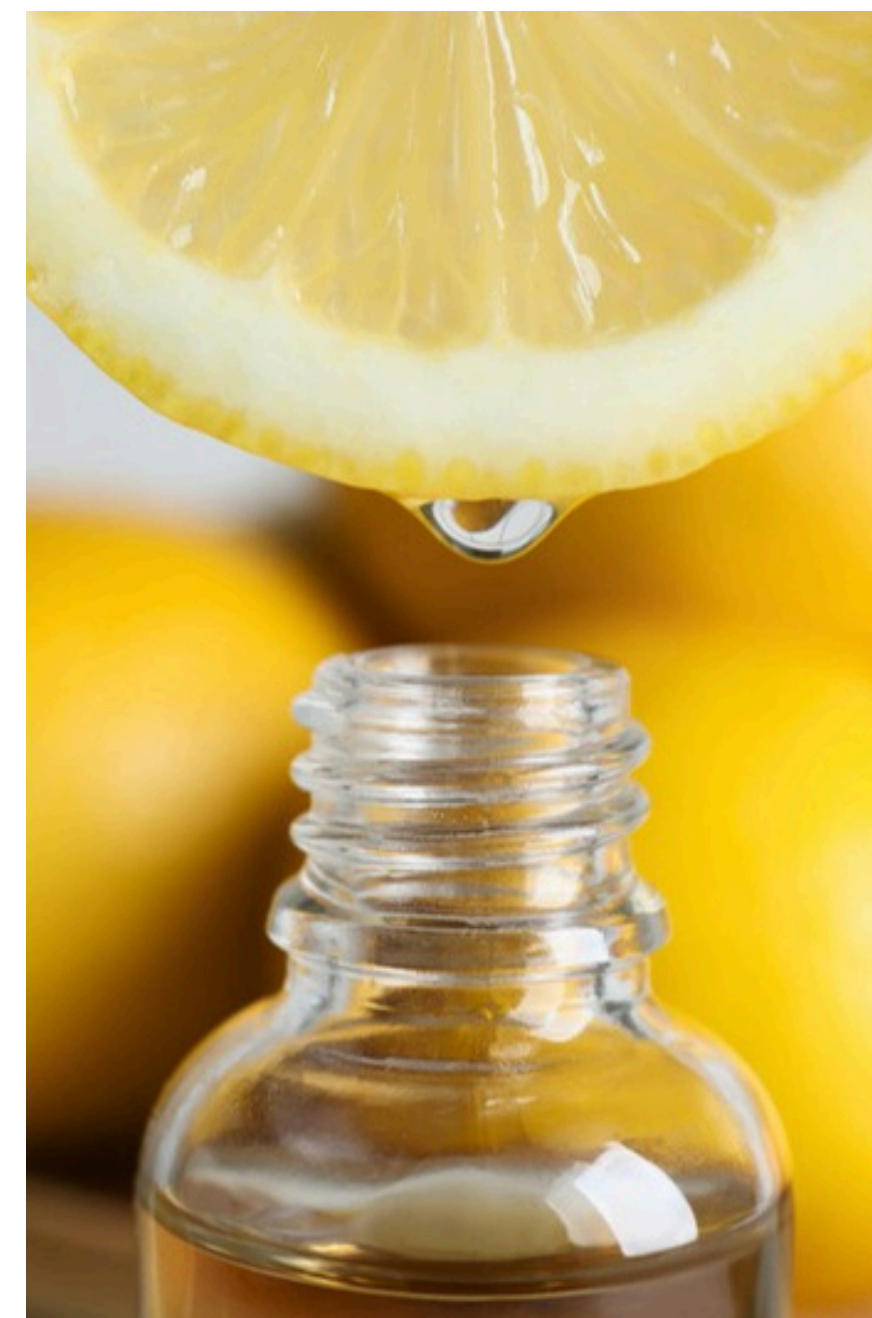
- Vanillin/Ethyl Vanillin - Vanillin and Ethyl Vanillin are facing severe import challenges due to the anti-dumping and countervailing duties, along with the numerous other tariffs imposed on these items. This has resulted in Chinese material not being viable for the US market anymore. Unfortunately, the current manufacturers in India and the US do not have enough capacity to support the current market. No mitigation strategies by distributors are expected to bring prices to previous levels.



Aroma Chemicals and Solvents

→ Citrus

- Orange Oil - Although we saw excellent crop reports from the major growing region, the tariffs imposed on Brazil will affect Orange Oil pricing (and its by-products) significantly. Along with pricing remaining elevated, we may see producers holding material meant for the US, which could lead to a shortage in the market. For now, we do not see any issues with supply.
- Lemon oil prices are returning to historical median levels, and we expect pricing to remain in the current general range for Q4.
- Lime oil pricing and availability is stable with relief from crops in Mexico and Peru entering the market.
- Grapefruit/Tangerine/Mandarin - White Grapefruit remains a challenge as producers are either harvesting less or not harvesting at all. Pink/Red Grapefruit is firm in price now. Mandarin oils from Italian origin (high-quality) have seen a spike in pricing due to poor harvesting in the last crop cycle. Lower quality oils from South America are more readily available, helping keep pricing from increasing further. Tangerine oil remains short in supply and expensive.



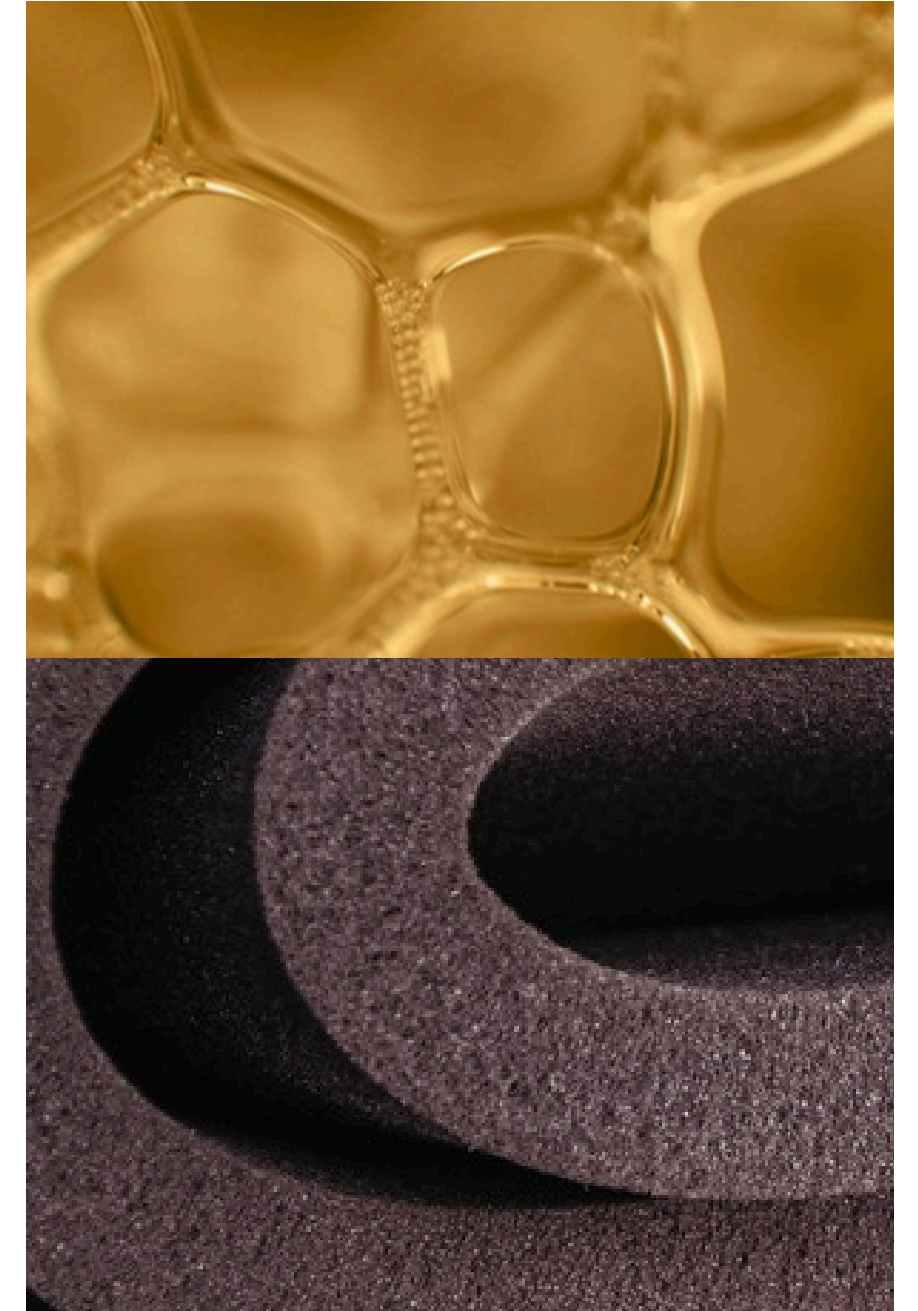
Aroma Chemicals and Solvents

→ Alcohol | Cis-3 Compounds

- We expect Ethanol pricing to remain stable or slightly decrease due to the decrease in corn pricing.

→ PG | DPG

- We expect pricing to increase in Q4 as a major US producer has extended an outage through October. There are currently only 2 US producers making products which may lead to supply imbalances



Cocoa | Coffee

→ Cocoa

- Cocoa remains a difficult item as pricing is still relatively high, but instability in the growing regions coupled with poor bean qualities from this year's crops will likely leave pricing elevated.

→ Coffee

- Coffee The drought in Brazil is still affecting this item and we are seeing pricing continue to rise.



Starches | Sweeteners

→ Starches

- Sugar market conditions continue to be favorable backed up by strong levels of stock and consistent imports. We expect the market to remain steady for Q4.
- Aspartame/Monk Fruit/Sucralose - Aspartame has seen a decline in global demand and pricing will remain at a low level for the duration of 2025. Sucralose market is expected to grow steadily due to increasing health consciousness providing a greater demand for low-calorie sweeteners. Pricing is currently rebounding from a historic low due to large carryover stock from 2024. We expect pricing to stabilize in Q4 as production capacity is geared toward current demand. Monk fruit demand is rising globally, with the US and China being the leading consumers. After reaching historic lows last year, pricing has rebounded due to strong demand and tightening supply.

→ Sweeteners

We expect this situation to remain in the same state if demand growth does not exceed manufacturing capacity.

- Maltrin & Dextrose - Pricing has remained stable for domestic materials as tariffs hit imported materials from China. We are expecting a slight increase as we move toward 2026.
- Corn Starch - We are seeing a stable market with a good amount of supply and expect this to continue into next year.
- Gums - Xanthan gum pricing remains stable after the tariff was imposed and there are no challenges in the market at this time. For Gum Acacia, availability and prices are staying stable for now but can change if the geopolitical climate worsens in the growing regions.



Essential Oils

→ Essential Oils

- Mint - Corn mint and Peppermint oils have begun to stabilize compared to last year, but Spearmint oil has seen an increase in pricing due to monsoons delaying the cultivation and processing.
- Chamomile - The market continues to be stable for this item.
- Citronella - We have seen a seen the market stabilize after the new crop and imposed tariffs were introduced.
- Eucalyptus - Price has increased slightly due to tariffs imposed on India but there are no major concerns in the market on pricing or availability.
- Lemongrass - Prices continue to increase as demand is exceeding supply.
- Nutmeg - Currently the market is stable.
- Soybean Oil - We expect this market to remain stable for Q4.
- Rose Oil - We have not seen any major changes in the marketplace for this and expect this to remain firm.
- Patchouli Oil - We have seen supply increase along with continuing decreases in pricing recently which may cause farmers to halt Patchouli planting.





THANK YOU

FOR YOUR ATTENTION

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