

# RAW MATERIAL MARKET FORECAST

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QUARTER ONE

JANUARY 2026

# Agenda

→	Overview	01	→	Alcohol   Cis-3 Compounds	05
→	Logistics   Packaging	02	→	PG   DPG	
→	Vanilla   Vanillin	03	→	Cocoa   Coffee	06
→	Citrus	04	→	Starches   Sweeteners	07
			→	Essential Oils	08

# Introduction

## Overview of the main objectives

The news cycle on tariffs continues to evolve quickly with threats to European exports raised and then walked back by the US. The geopolitical environment is also having an impact as some materials like coffee are coming down from historical highs while Columbian coffee is increasing. Overall inflation closed the year at an annual rate of 2.6% with the last two months of the year consistently at 2.7%. Food inflation drove this number up with an average rate of 3.1%, driven by food away from home at 4.1%. Meats and Nonalcoholic beverages were the highest components at 3.9% and 5.1%, respectively. Energy prices spiked in November but slowed to an annual rate of 2.3% overall. With inflation close to the benchmark rate of 2%, federal funds rate is expected to hold until March after the third quarter-point rate cut of 2025 was enacted in December.

Consumer confidence declined again in December with negativity registered by consumers over 35 years old. This runs contrary to a strong Q3 growth rate of 4.4% (Q4 results expected February 20<sup>th</sup>).

The EU area's inflation is stable and in the range of the European Central bank target at an annualized rate of 1.9% and is forecast to stay in that range or slightly lower going into 2026.

# Supply Chain Management

## → Logistics

Shipping demand continues to be 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 Q1.

## → 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. Tinplate-based items will also see an increase due to tariffs affecting raw materials.



# Aroma Chemicals and Solvents

## → Vanilla

- Vanilla Beans - Madagascar crop yields are projected to be at levels consistent with demand which should continue the recent stable prices.

## → Vanillin

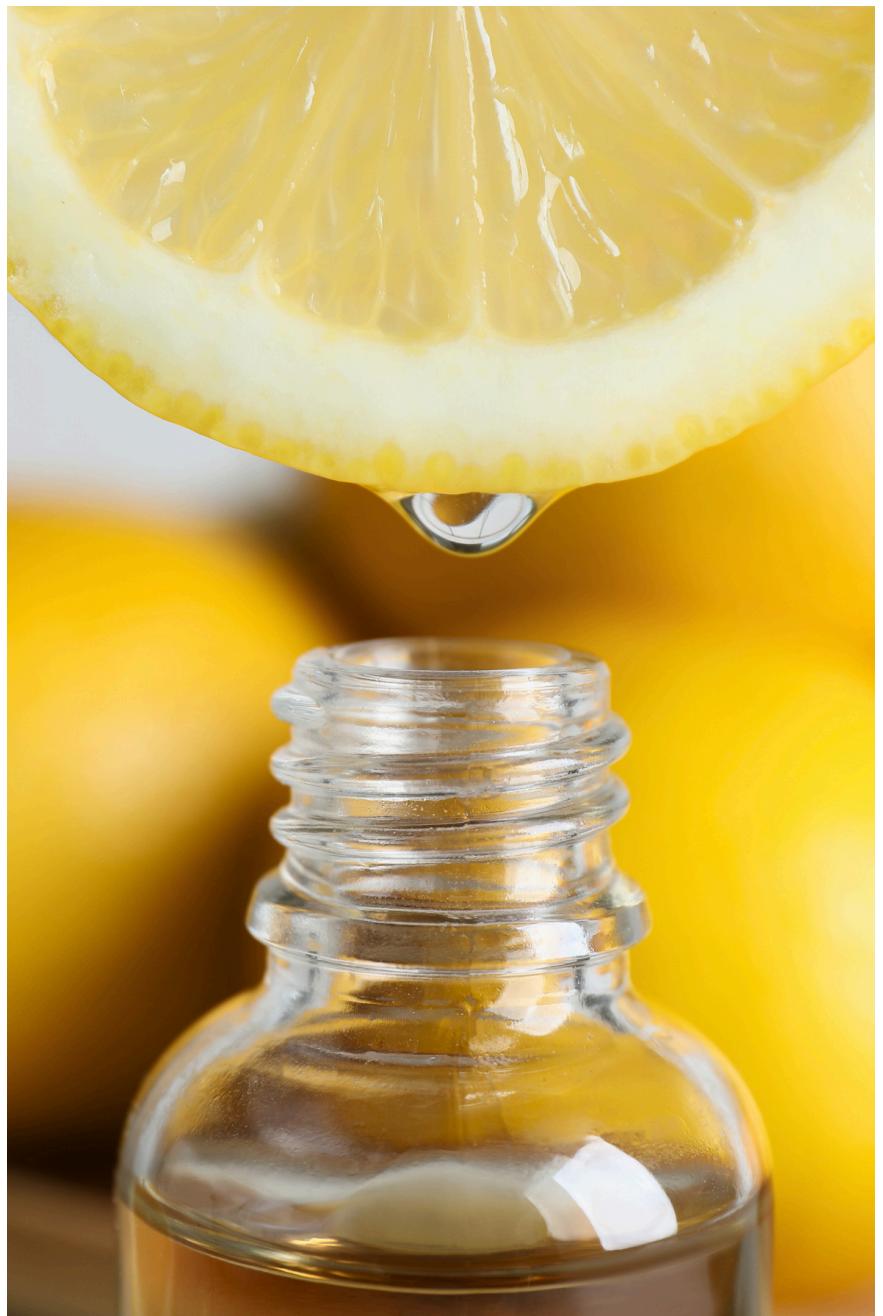
- Vanillin/Ethyl Vanillin - Vanillin and Ethyl Vanillin are still facing challenges, but pricing has begun to stabilize. Joint ventures and already established manufacturers are getting supply rolling again to the US. Pricing will remain at its heightened levels until total manufacturing capacity is restored to pre-duty and tariff volumes.



# 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 Q1.
- Lime oil pricing and availability is stable.
- 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.



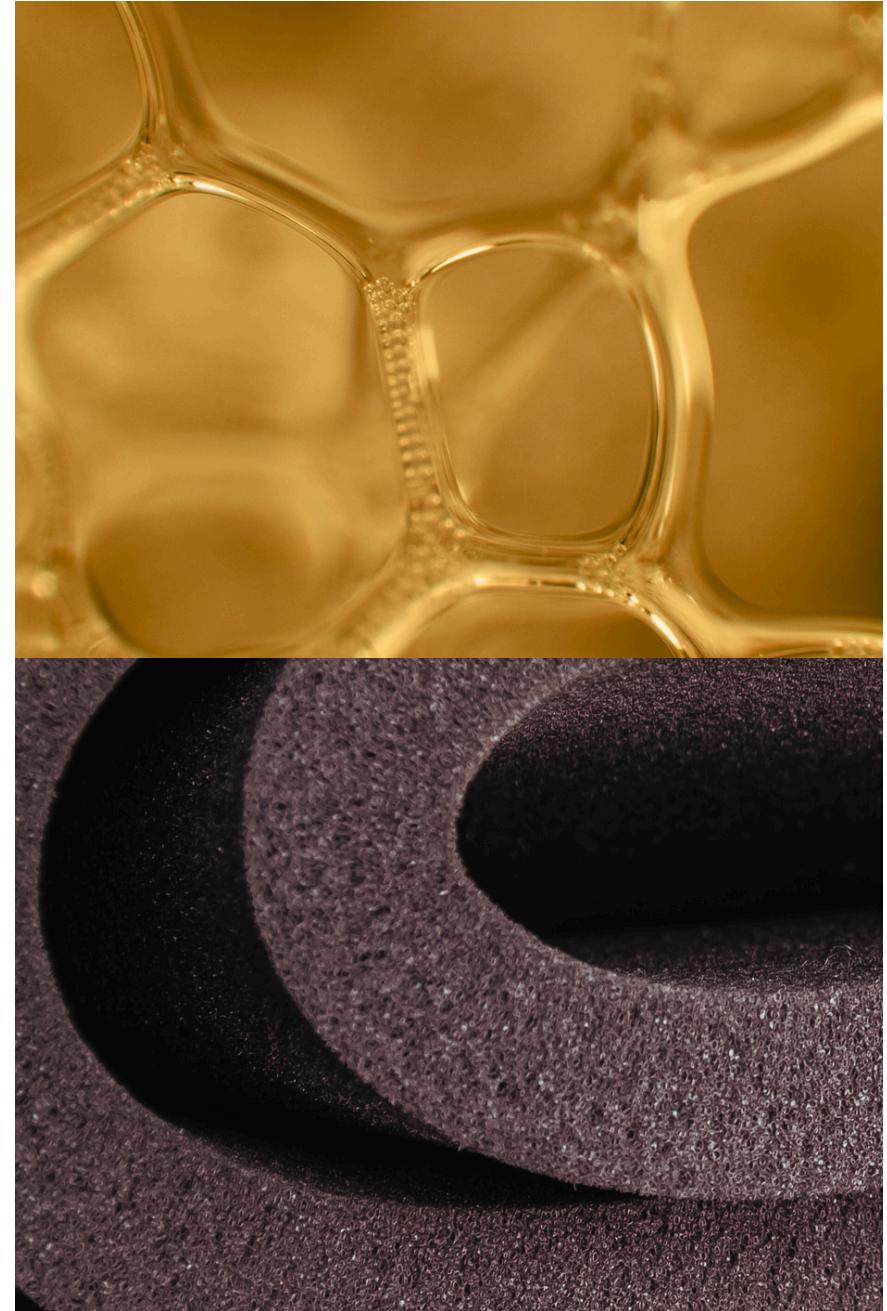
# Aroma Chemicals and Solvents

→ **Alcohol | Cis-3 Compounds**

- We expect Ethanol pricing to remain stable with the current corn prices. Any material based on cane sugar from South America is up due to tariffs.

→ **PG | DPG**

- The market has been stable, but as we enter spring, we are expecting pricing to increase due to shutdowns for maintenance and recreational activity season.



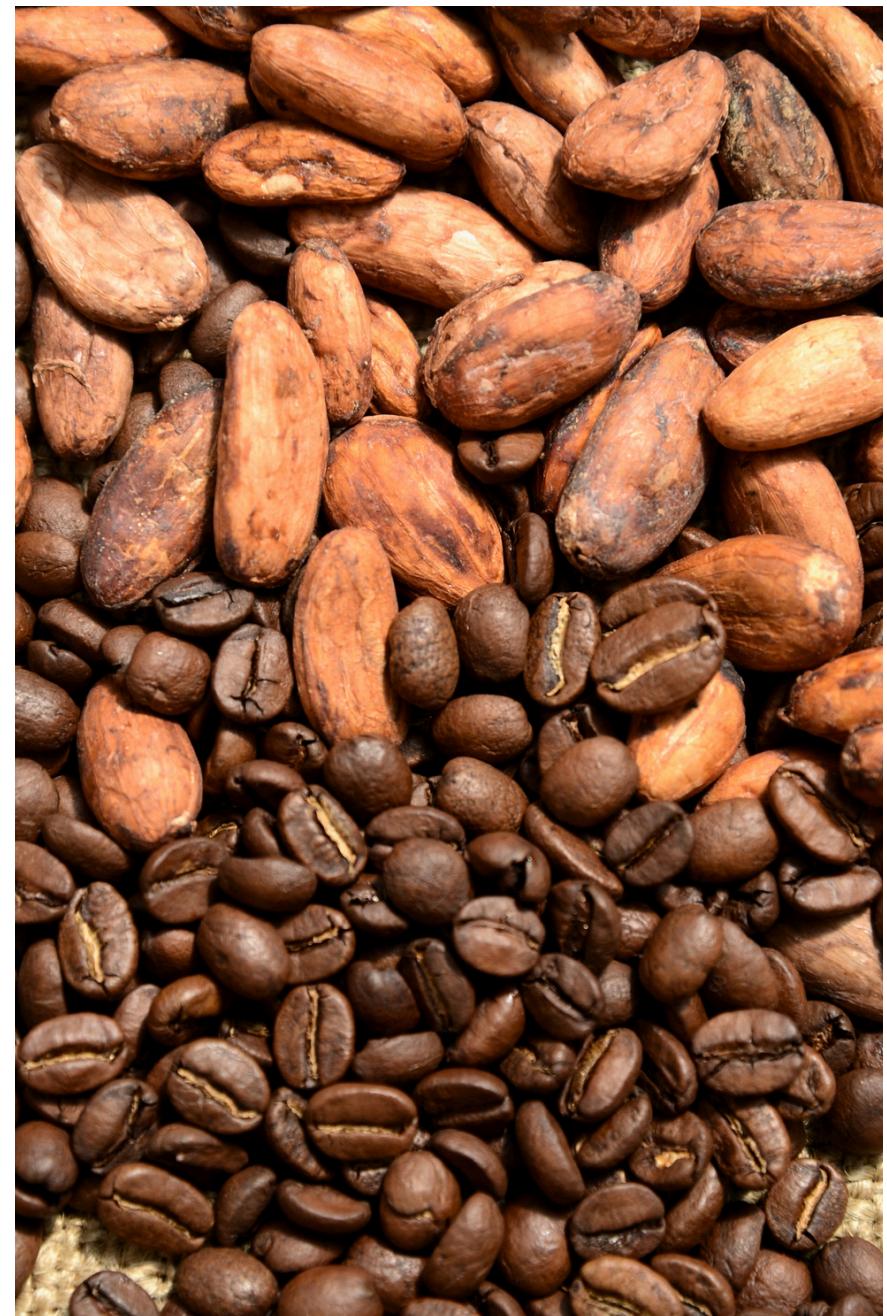
# Cocoa | Coffee

## → 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 leave pricing elevated. Favorable weather conditions on the Ivory Coast have improved the harvest started in October, so we may begin to see pricing improve once stocks of high-cost Cocoa have been utilized.

## → Coffee

- Coffee prices are edging slightly down with the caveat that Columbian sourced coffee is rising in the US market.



# Starches | Sweeteners



## Starches | Sweeteners

- 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 Q1.
- Aspartame/Monk Fruit/Sucratose - Aspartame has seen a decline in global demand and pricing will remain at a low level for Q1. Sucratose market is expected to grow steadily due to increasing health consciousness providing a greater demand for low-calorie sweeteners. We expect pricing to stabilize in Q1 as production capacity is geared toward current demand. Monk fruit demand is rising globally, with the US and China being the leading consumers. 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 in Q1.
- Corn Starch - We are seeing a stable market with a good amount of supply and expect this to continue for the remainder of Q1.
- 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 - Cornmint 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 US 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 exceeds supply.
- Nutmeg - Currently the market is stable
- Soybean Oil- We expect this market to remain stable for Q1
- 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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