

# RAW MATERIAL MARKET FORECAST

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QUARTER TWO

APRIL 2026

# Agenda

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# Introduction

## Overview of the main objectives

The war in Iran and its impact on logistics and petroleum pricing is generating the most global uncertainty as we head into Q2. Secondly, tariff reductions or eliminations are not expected to get priced into raw materials or impact inflation until the current inventory works its way through the supply chain. Expect a more definitive timeline over the next few months subject to pivots by the President to maintain some level of tariffs across all global trading partners. Inflation through February maintained a moderately lower annual pace of 2.4%. However, estimates that reflect the Iran war and the impact on energy prices predict the overall inflation rate to be in the range of 3-3.5% by the end of March. This would represent a large enough gap from the Federal Reserve's target of 2% that future rate cuts are likely to be delayed to fight inflation. A prolonged vs. a near term end to the war will determine the path of inflation.

The availability of raw materials outside of oil derived products is likely not to be impacted with the caveat that routes to avoid the conflict area may increase shipping times and all logistics will get more expensive with likely fuel surcharges from carriers.

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 with the same caveat for energy pricing.

# Supply Chain Management

## → Logistics

We are expecting sea-freight rates to increase as the conflict in the Middle East continues. Whether it is from a lack of containers, vessel space, rising insurance costs, or all the above, we will see pricing and lead times from origin increase. Domestic freight is expected to rise with higher gas prices.

## → Packaging

HDPE Resins will increase due to the rise in crude oil prices globally. We will see prices decrease when oil futures are predicted to decline.



# 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

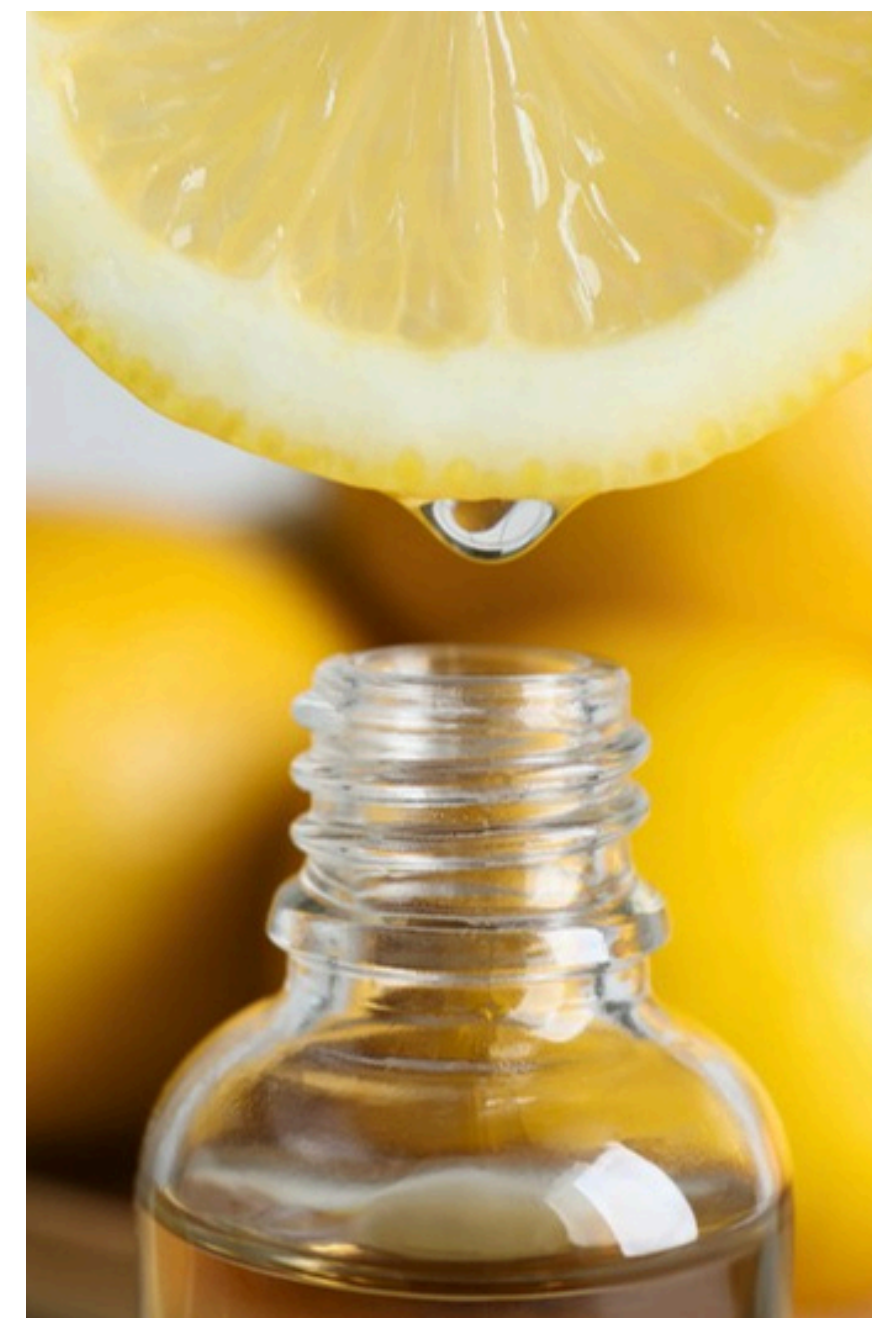
- Vanillin/Ethyl Vanillin - Vanillin and Ethyl Vanillin remain at an elevated level compared to previous years, but it appears to have stabilized for the time being. New manufacturing facilities are up and running and are shipping material to the US to overcome the high duties from Chinese sources. There is no issue with supply currently, and the expectation for the market is to continue this trend.



# Aroma Chemicals and Solvents

## → Citrus

- Orange oil: With positives on the horizon, the global market appears to be expecting stable prices on Orange Oil and other byproducts. This is due to the good crop reports coming out of Brazil. Pricing on Orange Oil from Mexico and Brazil reflect the market in balance for Cold-Pressed oil. Unfortunately for the orange terpenes this is still a volatile market. Buyers are coming back into the market after a quiet end to 2025. This may be due to rumors of shortages due to less folding of oils, leaving less supply.
- Lemon oil prices are still rebounding as prices for high-quality oil out of Argentina are higher than expected along with a poor crop out of Spain and Italy. Supply on lemon terpenes is also very low, resulting in high market prices. We expect these trends to remain for Q2.
- Lime oil pricing and availability remain stable, and we expect this to continue throughout 2026.
- Grapefruit/Tangerine/Mandarin- White Grapefruit is still an issue as production from American origins is negligible. The supporting origins are attempting to fill the void but unfortunately cannot produce enough genuine 0.2% material. Pink/Red Grapefruit remains firm in price. Mandarin oils from Italian origin (high-quality) continue at elevated 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 is expensive.



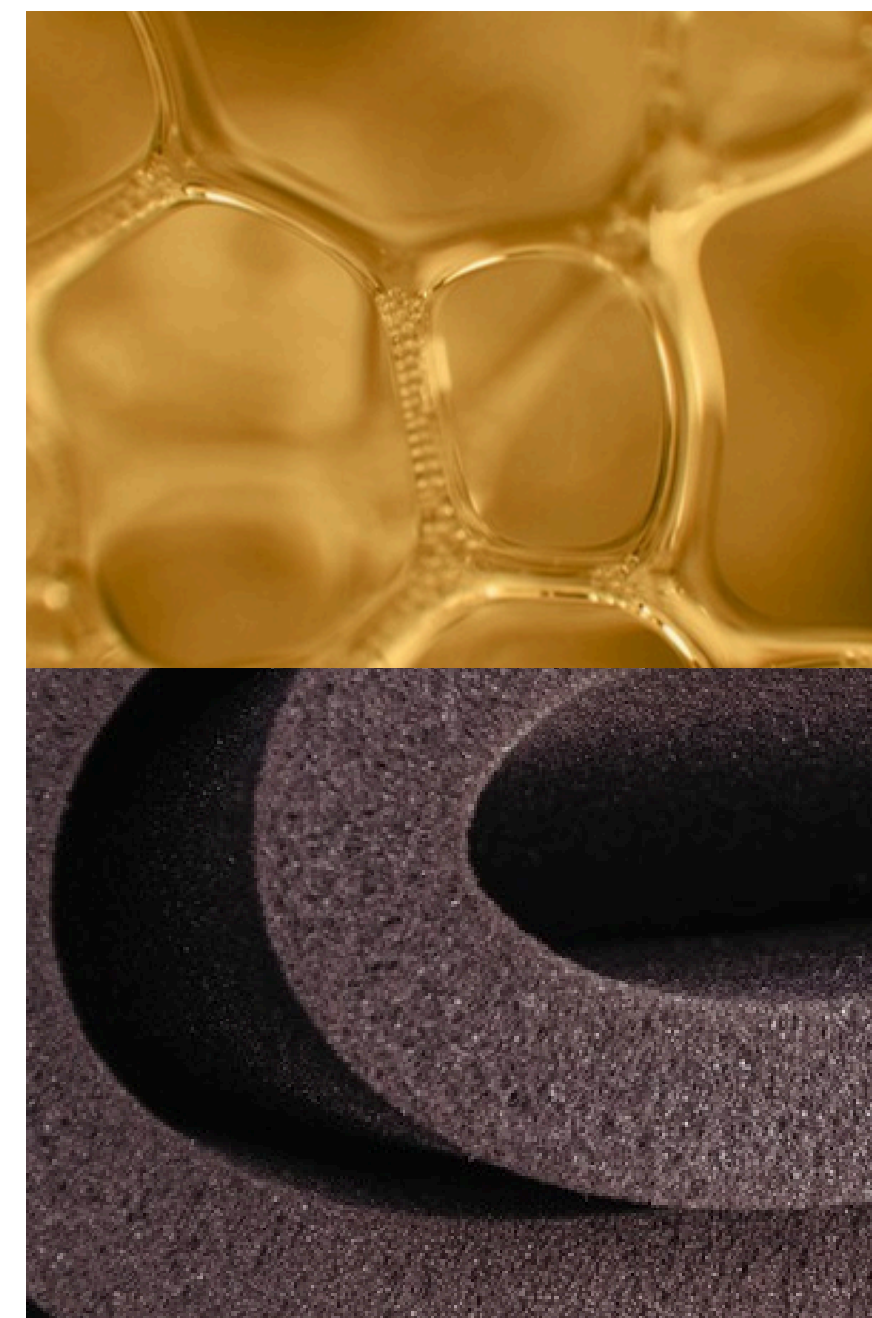
# Aroma Chemicals and Solvents

## → 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 and freight.

## → PG | DPG

- Increase in demand for Propylene Oxide (feed stock) along with PG/DPG itself has led to multiple price increases over the past month. This is due to an increase in the usage of de-icing fluids and recreational vehicles. We expect this to continue as the short-term supply constraints remain.



# Cocoa | Coffee

## → Cocoa

- With the ongoing situations in the main growing regions (Ivory Coast and Ghana) we expect Cocoa to remain at an elevated level for the remainder of the year.

## → Coffee

- Mexican Coffee has seen a stabilization in pricing while South American sources (Colombia; Brazil) remain at elevated levels due to drought, tariffs, and geopolitical events.



# Starches | Sweeteners

## → Starches | Sweeteners

- Sugar domestic supply and pricing are favorable and are expected to remain stable for Q2.
- Aspartame/Monk Fruit/Sucralose - Aspartame pricing is expected to remain stable, with a possibility of slight increases due to seasonal demand in beverages. Sucralose has seen small Chinese manufacturers shut down due to breaking alliances. We expect pricing to remain soft over the next few months. Conventional Monk fruit remains stable in the market, and we expect that to continue thru H1. There is a potential for increased planting of Monk Fruit in H2 2026 which will put downward pressure on pricing if the supply increases.
- Maltrin & Dextrose - Domestic pricing remains at a stable level, but the conditions are likely to change as more imported and tariffed materials enter the market. We expect a slight increase overall by the end of Q2.
- Corn Starch - We are seeing a stable market with a good amount of supply and expect this to continue for the remainder of Q2.
- Gums - Xanthan gum pricing remains stable after the tariff was decreased from China to 10% 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 Part 1

## → Essential Oils

- Mint - Cornmint production has been in decline. This is directly correlated to heavy price decreases realized from its synthetic counterpart. Coupled with an early monsoon season and less areas of cultivation for Cornmint, farmers are now switching their crops to more subsidized, weather-resistant options. This is leaving less material in the market causing a price increase. The Indian government is attempting to correct this issue by making the synthetic and natural options cost-competitive, but we do not expect to see relief in Q2.
- Chamomile - The season has been very typical of previous years. Pricing and availability are stable on this item currently.
- Citronella - We are now beginning to see prices increase and availability decrease as 2024 retention stock and a poor harvest in 2025 is catching up. This is resulting in an imbalance between supply and demand. We are expecting price increases in Q2.
- Eucalyptus - Market pricing remains at a higher level than historical norms due to the competition of feed stock to make Eucalyptus Oil. A cheaper feed stock emerged in 2023 that left farmers cultivating less leaves for traditional production. This has left a bit of a gap in the market, but we expect the situation to remain stable at an elevated rate unless large demand enters the global marketplace.



# Essential Oils Part 2

## → Essential Oils

- Lemongrass - Cultivation areas have declined due to fluctuating demand from the market, declining margins, and government support for food crops over aromatic crops. Demand outweighs supply largely currently. The only thing keeping prices stable currently is appreciation of the Indian Rupee against the USD.
- Nutmeg - This year's harvest was very poor and has a strong possibility of not covering global demand for 2026. Expect pricing to increase and availability to decrease as the year progresses.

- Rose Oil - We have not seen any major changes in the marketplace for this and expect this to remain firm.
- Patchouli Oil - Large carryover stocks from 2024 and a reluctant buying pattern in 2025 has left growers holding on to their already produced material in speculation prices will rise again. Farmers are not motivated to plant and cultivate this year as pricing is not advantageous enough for them. There are no problems in the market now. We may encounter trouble as the year goes on depending on how many farmers decide to withhold from planting new crops.

## → Commodity Oils

- Soybean Oil - This market is expected to remain stable for Q2.





# THANK YOU

FOR YOUR ATTENTION

**TELEPHONE**  
(630) 932-8100

**HQ ADDRESS**  
1525 Brook Drive  
Downers Grove, IL 60515

**WEBSITE**  
[www.flavorchem.com](http://www.flavorchem.com)