RAW MATERIAL OUTLOOK AUGUST 2026

Since spring, raw material prices have been affected by the military conflict between the United States and Iran. This has been visible especially in logistics costs and partly also in production costs through higher energy costs. Around 25% of the world's crude oil passes through the Strait of Hormuz near Iran, which is why the situation has such a significant impact on crude oil prices and costs. Crude oil prices declined during the summer while peace negotiations were underway but rose again when the peace agreements failed to hold. There are still problems in the Suez Canal area with Houthi rebels, and most sea freight from the Far East continues to be routed around Africa. Lead times remain long and costs have increased. Companies have passed the higher costs on through various logistics surcharges or directly into raw material prices.

The El Niño weather phenomenon is developing in the Pacific Ocean and is forecast to become unusually strong towards the end of the year. El Niño temporarily increases the Earth's average temperature and causes severe weather events: some regions suffer from drought and heat, while others experience floods and storms. Although the phenomenon originates in the Pacific Ocean, its impacts extend across the globe. Extremely high temperatures have already been seen in Europe, and forest fires have occurred in several countries. Together with the energy crisis and geopolitical tensions, these factors may affect the global economy and raw material price levels.

PROTEINS

At the beginning of the year, prices of egg products rose sharply due to increased demand and lower availability. The price increase was particularly visible in free-range and barn egg qualities. Prices have come down from their peak, but they remain above the average level. Prices will also be affected by whether avian influenza occurs in Europe towards the end of the year.

Prices of milk and whey proteins have risen sharply due to strong demand, particularly from the sports nutrition sector. There has not been enough production capacity to meet this growing demand. This has also driven price increases for other dairy-based raw materials, as those have been used to replace more expensive protein sources. Prices of sodium caseinate and milk powders have also increased. The European heatwave has reduced milk production and pushed prices higher.

Soybean futures prices in the United States have been trending upward due to dry and hot weather conditions during the growing season. Crop expectations have weakened. Soybean exports from the United States to China have also been higher than usual. In Europe, the growing season is also underway, and weather conditions may affect the price level of the new crop. Logistics costs have also increased.

WHEAT

Wheat prices have been trending upward due to recent attacks between Ukraine and Russia. Black Sea ports and vessels have been targeted, making grain exports to the global market more difficult.

MP-Maustepalvelu Oy
PO Box 56, FI-13101 HÄMEENLINNA, Finland,
Luukkaankatu 6
Business ID: 0855059-2
www.maustepalvelu.com

CORN
Corn prices have remained above average, mainly due to drought and heat in the main production areas. Logistics disruptions in the Black Sea region have also supported corn prices.

Weather conditions, the USD exchange rate and geopolitical risks increase volatility in the grain markets.

TAPIOCA
The cassava root harvest is currently underway in Thailand, and the crop quality has been weak. Cultivation area has also declined in East Asia. Increased demand and weather conditions support the price level. The main tapioca crop will be harvested in November. Sea freight rates for tapioca starch have increased.

POTATO

In Europe, potato prices are stable. Stocks are high and export demand has been weak. However, prices have not decreased due to the smaller cultivation area, heat-related crop damage and the strong price level of tapioca starch.

ADDITIVES

Raw materials for food phosphates, such as sulphur acid, have multiplied in price due to the conflict in the Middle East. Sulphur is an essential component in the production of phosphoric acid. Sea freight costs have also increased. Prices of Chinese food additives have also risen due to higher raw material and sea freight costs. The increases are particularly visible in citric acid derivatives and sodium benzoate. Salt prices have risen because European energy costs remain high, and in the salt production process more than half of the costs come directly from energy use. In addition, several other cost factors, such as transport and packaging material costs, have increased. The increases are particularly visible in fine-crystal salt qualities.

THICKENERS

Carrageenan prices have increased because there is a shortage of seaweed, the raw material for carrageenan, and availability is limited. Higher energy and transport costs are also pushing prices up.

SUGAR
Sugar prices in Europe have been trending upward in recent months due to lower production, and weather risk is further supporting the price level before the new crop.

COCOA
Cocoa futures prices rose sharply in July due to the risk impacts of the El Niño weather phenomenon on cocoa crops, for example in West Africa and Ecuador.

VEGETABLE OILS
Rapeseed oil and sunflower oil have been trending upward due to logistics risks in the Black Sea region, low availability of rapeseed oil in the EU area and growing demand for biodiesel. Palm oil prices have also been increasing due to the El Niño weather phenomenon.

ONIONS, PEPPERS AND NATURAL SPICES

Prices of dried onions are currently affected by higher logistics costs. Sea freight and road transport prices have increased. In India, there is a shortage of drivers in road transport and ports are congested. Overall, volumes in India have decreased this year by approximately 25–30% due to rains at the beginning of the harvest season. Safety stocks have been low. Demand for Indian onions has increased. In China, the crop is generally around 20% smaller, but large safety stocks have balanced the situation. In the United States and Egypt, the crop was normal. Global pepper production has declined in several key producing countries, especially in Vietnam and Indonesia. Farmers have shifted to crops with better price levels, such as coffee and durian. Production has also decreased in China and India. In Brazil, the cultivation area has increased, but poor weather conditions and labor shortages have weakened availability. Global pepper stocks have declined as demand has grown and production has decreased. The El Niño weather phenomenon is forecast to have a negative impact on the pepper crop in 2027 due to drought and heat. Changes in customs tariffs have also affected pepper exports from producing countries. Higher sea freight costs also affect pepper prices.

In general, prices of other natural spices have remained stable. Prices of some chili varieties have been trending upward due to transport costs. In the herbs category, oregano prices remain high. Safety stocks are low, and for the new crop, pyrrolizidine alkaloids (PAs) remain a concern because growers have reduced weed removal due to high labor costs. Raw materials that meet EU legislation regarding pyrrolizidine and nickel limit values are increasingly scarce. Higher transport costs are visible in dried herbs, as they are bulky raw materials to transport.

PACKAGING MATERIALS
Packaging material prices have increased significantly, especially for plastic products.

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