



UPSTREAM MARKET

Edition 01 - 2025



EDITO

As we move further into 2025, the global economic landscape is being shaped by significant geopolitical and financial developments.

The inauguration of Donald Trump as the 47th U.S. president on January 20 has brought renewed focus on trade policies, with tariff hikes on imports from China, Europe, Canada, and Mexico. While measures against Canada and Mexico have been temporarily postponed, tensions with China remain high, creating uncertainty for global supply chains.

China's economy is projected to grow by 5% this year, largely driven by industrial activity and exports. However, the risks of escalating trade conflicts with the U.S. could pose challenges to this growth.

Meanwhile, financial markets are reacting cautiously to the evolving trade policies, fluctuating interest rates, and broader economic strategies under the new U.S. administration.

In the monetary policy sphere, the European Central Bank (ECB) recently implemented a 0.25% rate cut to 2.75%, while the U.S. Federal Reserve has opted to pause further reductions. Inflation remains a key concern, with eurozone inflation inching up to 2.5% and U.S. core inflation staying elevated at 3.2%, both above central bank targets despite an economic slowdown.

Additionally, the euro-dollar exchange rate has shown a slight downward trend, ranging between 1.03 and 1.05.

In the logistics sector, road freight rates remain stably high, reflecting continued strong demand and cost pressures across Europe. Container prices, however, are expected to remain stable for the next quarter.

With winter in full swing, Europe is experiencing high energy prices, adding further cost pressure on industries, including food production and processing.

At Solina, we remain vigilant in monitoring these macroeconomic shifts and their potential impact on the food ingredients sector. Understanding how evolving trade policies, logistics costs, and inflationary pressures influence supply chains is crucial for strategic planning. In this edition of our newsletter, we provide deeper insights into these dynamics and their implications for our industry.

Solina Procurement Team



Sustainable sourcing update

February 2025

Solina sustainable sourcing strategy has three targets to make food matter for people and planet.

First, we will collaborate with sustainable suppliers, meaning suppliers can demonstrate their good practice by third party verification of EcoVadis or SEDEX. All our European preferred suppliers can demonstrate EcoVadis or SEDEX ratings and we are progressing in North America for the same. In 2024, 85% of our preferred suppliers achieved a score of 50 (out of 100) or more, which is a very good result!

Secondly, Solina wants to buy sustainable raw material. We have identified four high impact categories, where we will place extra efforts to source responsibly. The four categories are starches, flour, spices and animal proteins and we have selected FSA (Farm Sustainability Assessment) by SAI platform, or an FSA benchmarked standard as our reference for sustainable sourcing. The work started in 2024, and we aim to source 100% of the material in the categories sustainable by 2030.

So far, we have reached 27% of sustainably farmed material in starches, 18% in flour, 6% in animal protein and 2% in spices. By the end of 2025 we aim to have reached 35% on starches, 25% on flour and animal protein and 20% in spices.

In addition to promoting sustainable farming, we also have a target to decrease our scope 3 emissions in the supply chain by 25% until 2030, in line with our SBTi commitment. Last year we have identified the key suppliers to help us reach this target and approached them to collaborate on reducing GHG emissions. This is a long-term work, and not an easy one, but we hope to start the pathway to reduction already this year. Our own 2024 emissions calculations will be completed in March.





ONION

5

PEPPER

6

GARLIC

7

SOY & PEA
PROTEINS

8

DAIRY

9

EGGS

10

HYDRO-
COLLOIDS

11

STARCHES

12

FLOUR

13

ANIMAL
PROTEIN

14

CHEMICALS

15

VEGETABLE
OIL

16

FLAVORS

17

SUGAR

18

PACKAGING

19

Onion

Market fluctuation Q2 2025 vs Q1 2025



Bullish factor (upwards market driver)

- Limited fresh crop available in Europe and China (sold out).
- Speculation.
- The weather in India can cause disruptions at the end of the crop cycle.

Bearish factor (downwards market driver)

- Better water situation than in the last years in both US and India.
- Increased acreages in Egypt and India.

Market trend

INDIA

The acreage planted year on year has increased. We noted that there were an increased interest amongst farmers in onion crop because last year, some of the competing crops in many areas of India did not yield ideal returns to farmers whereas onion commodity remained in high demand. It is estimate that the acreage of white onion planted has increase with 20 %. Compared to the last 4-5 years, a bumper crop is expected from March onwards. Despite this, an extreme drop in prices is not anticipated due to a significant gap in supply and strong demand from both the domestic market and processing industries. The period between March and May 2025 will be critical, as high volumes of supply are expected during this time,

EGYPT

Farmer sentiment to plant onion was positive. Planting acreage increased compared to 2024, however similar to 2022. The weather has been favourable resulting in a good crop. Export demand for fresh onion is expected to remain low. As a result of all of the above, the prices of onion are expected to remain on the lower side of the spectrum. We do not expect any issues in availability. Egypt is still plagued by high inflationary increases in fuel, fertilizer and transport costs.

US

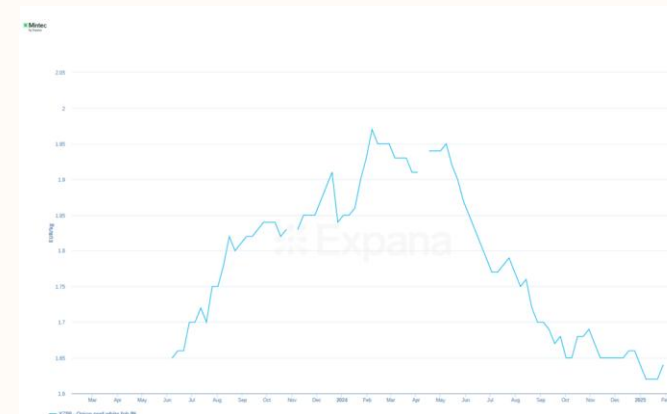
The update on US onion remains the same as in Q4 2024. The harvest of US onions are complete. Heavy rain in early spring impacted the bulb size and overall crop yields are down 6-10%. Most California reservoirs remain at or above average levels. Groundwork for crop year 2025 planting season is taking place. Onion plantings were scheduled to start the first week of October.

EUROPE

An extremely wet spring delayed the onion planting by 3 weeks, the continued wet weather impacted the onion bulb growth and current crop predictions are uncertain, both with regards to the yield and solid content. The harvest process was very slowly due to wet conditions and the yield is less than expected.

CHINA

There was a 30% increase in acreage from 2023 – 2024. It has been a good dehydration of Chinese onion last year, with a second historic high. However, due to supplier 'overselling' the first available material from the 2024 crop was immediately used to fulfill old contract requirements. This has put the Chinese crop under severe pressure and the price have increased.



Pepper

Market fluctuation Q2 2025 vs Q1 2025



Bullish factor (upwards market driver)

- Low carry forward inventories.
- Delayed Vietnam 2025 harvest.
- Increased Chinese buying activity.
- Farmers have good liquidity due to favourable coffee prices. No reason to sell their pepper stock.

Bearish factor (downwards market driver)

- N/A

Market trend

Pepper Crop & Harvest

Vietnam: New crop arrivals will start from the second half of February. Although officially the Vietnam TET holidays are over some farmers have not returned to their land for harvesting. Farmers have more holding power than in 2024 and are expected to keep stock when possible as they believe there will be more demand than available raw material.

India: Adverse weather in Karnataka and declining cultivation in Kerala have significantly reduced India's pepper crop. In Karnataka, loss is expected to be at least 40%. India is already a nett importer of pepper and this reduction in crop will add more pressure to an already bullish market.

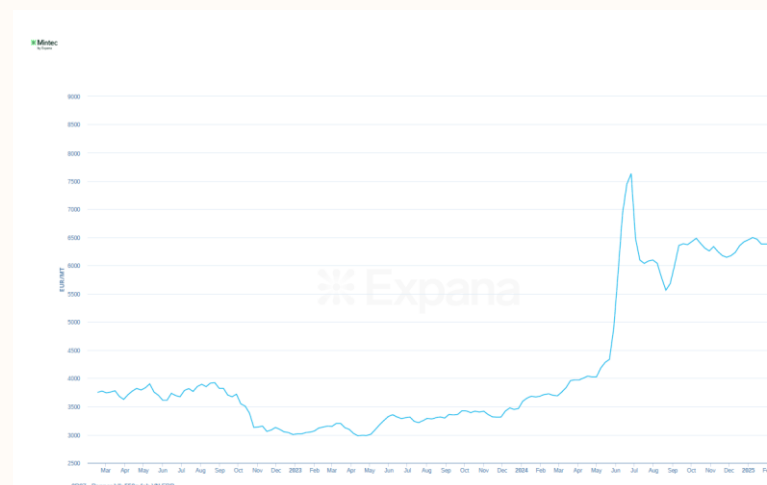
Total production of c. 449KMT vs demand of c. 529KMT drives a further decrease in global stocks as this is well below global annual demand.

Pepper Prices

The pepper price has seen a rapid increase from VND 154,000/kg to VND 165,000/kg post Vietnams TET holidays and the Chinese new year. This is driven by speculative purchasing activities and slow arrivals from farms. Despite this surge, actual transaction volumes remain relatively low, as major exporters adopt a cautious stance amid the rapid price escalation..

Market Demand

Currently weak. Year on year less pepper was exported from Vietnam in January 2025 compared to January 2024. Chinese buyer have entered the market post Lunar New Year but are not buying significant volumes as before.



Garlic

Market fluctuation Q2 2025 vs Q1 2025



Bullish factor (upwards market driver)

- Speculation, carry-over stock in the hands of speculators.
- Little fresh stock remaining for flaking.
- Decreasing carry-over stocks

Bearish factor (downwards market driver)

- Increased acreage +/- 9%
- Favourable weather.
- Farmers' need to sell off previous season inventory.
- Decreasing freight rates.

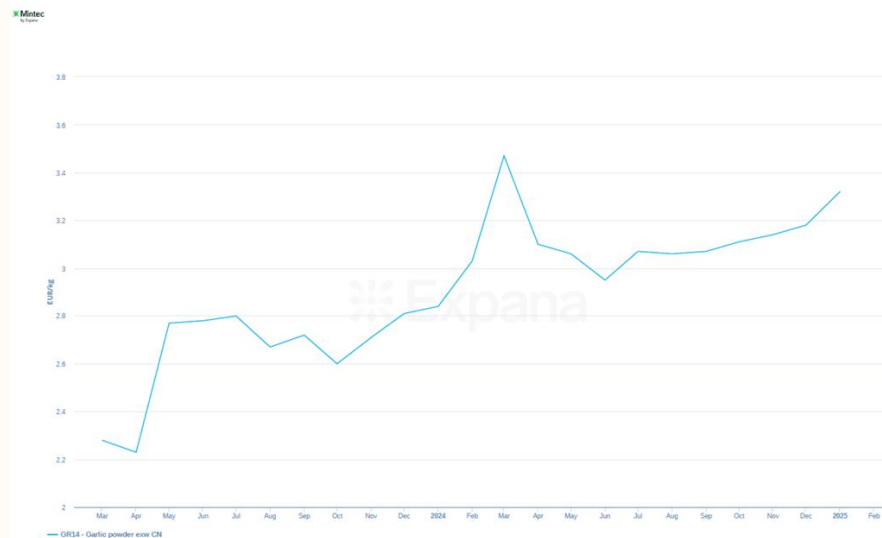
Market trend

CHINA

Dehydrated garlic prices were stable in the last 2 weeks due to the Chinese New Year holidays. The market sentiment is overall positive as a 9% increase in planting acreage is noted. The weather in January has also been favourable and the garlic crop is growing normally. A rise in price in December occurred when additional US duties on Chinese products were rumoured, suddenly activating the US demands. Now that the 10% additional duties are imposed, the demands normalized again. We expect market volatility around April/May, the weeks before the harvest starts. During that period, the garlic bulbs will really take shape and first indications of the yield will become known.

US

Reduced Acreage, the US garlic acreage for the 2024 crop is down 7-10% compared to 2023. Additionally, crop emergence has slowed due to recent weather variability, potentially delaying harvest by 1-2 weeks. Inventory Levels: Current garlic inventories are sufficient to meet regular domestic demand but at higher prices. Rising Costs: Similar to the US onion market, US garlic growers face rising costs for labor, water, and other inputs, which are reflected in current market pricing.



Soy & Pea Proteins

Market fluctuation Q2 2025 vs Q1 2025

SOY PROTEIN
PEA PROTEIN



Bullish factor (upwards market driver)

- Possible introduction of Trump's tariff regime, which could be inflationary.
- Increasing NPD

Bearish factor (downwards market driver)

- Sufficient supply of pea protein
- Slow demand in both continents

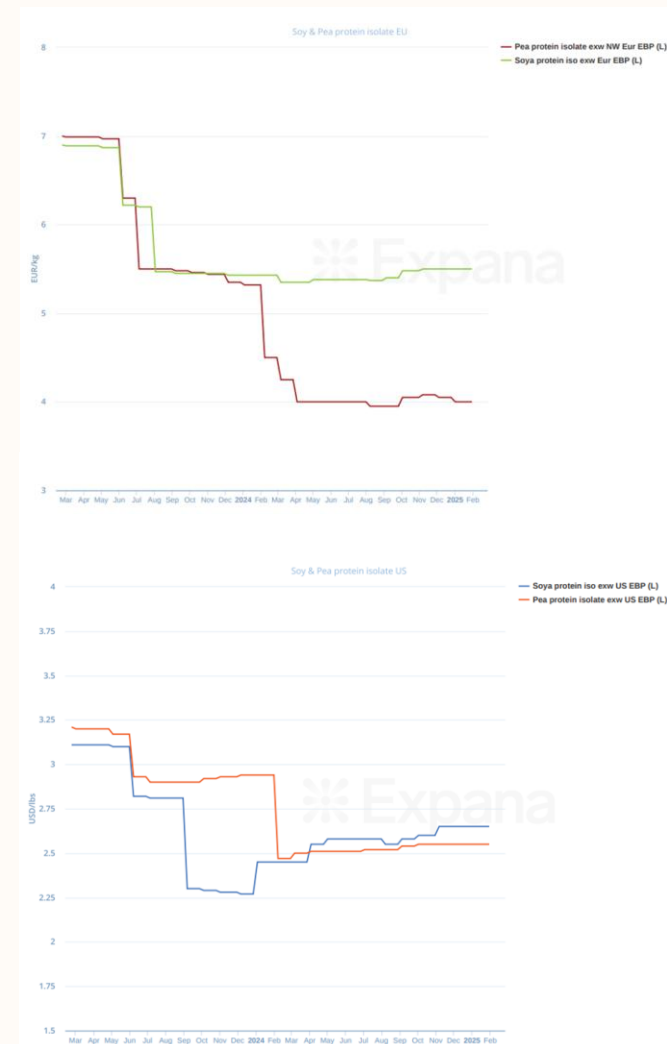
Market trend

SOY PROTEIN

- Looks like some market players are increasing their usage of soy protein in products for 2025 instead of pea protein, as a strategy to cut costs.
- Sources in North America note that the market may turn volatile in the months ahead, as President Trump could get tough on trade policy with China.

PEA PROTEIN

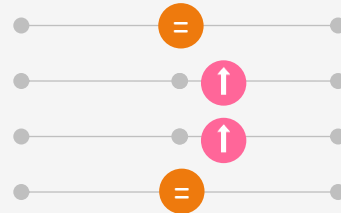
- According to market participants, supply of pea protein and soy protein is readily available throughout Europe. It is a buyers' market, especially for pea protein.
- There is no shortage of supply coming from China, in addition to the abundant domestic supply in Europe. The market seems to be better positioned in the new year as far as supply and demand balance. Sources state that demand is not as weak as last year, but needs are still being met.
- Market participants state there to be some trade uncertainty following the inauguration of President Trump. However, players do not appear to be purchasing product early to get ahead of any potential changes in duties. President Trump is also expected to be tougher on trade with Mexico and Canada in addition to China.
- Sources state that China is focusing on moving processing to other countries including Malaysia and Thailand to ship into Canada and the US while avoiding anti-dumping tariffs.



Dairy

Market fluctuation Q2 2025 vs Q1 2025

BUTTER
CASEINATES
WPC, WPI
SMP, WMP,
CREAM POWDER



Bullish factor (upwards market driver)

- Generally low stocks for butter.
- Energy prices.
- Continued high demand for higher proteins globally, esp. WPI.
- Lower protein level products are losing supply due to product mix shifts.

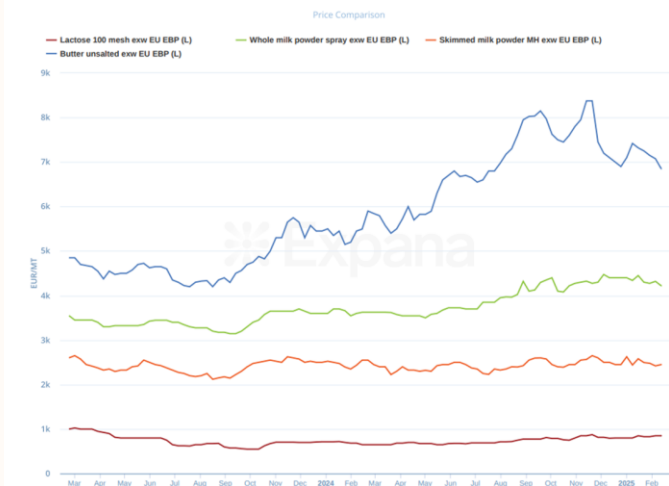
Bearish factor (downwards market driver)

- Liquid prices are lowering fast.
- Buyers are holding off from purchasing and waiting for lower prices.
- Good cheese production globally, resulting in cheaper liquid whey.

Market trend

- The EU Price for butter is at €6950/mt EXW, US price for butter is at \$2.42/lb EXW. The outlook for butter is weaker for now in Europe and the United States, due to lowering cream prices in both regions. Since there seems to be a good amount of support at slightly lower prices, the downward potential for butter is somewhat limited in Europe.
- The EU Price for SMP is at €2480/mt EXW, US price is at \$1.32/lb EXW. Even though fundamentals support slightly higher prices in Europe, the timing with the milk season feels off, and buyers are not too keen on paying more for their SMP. We will likely keep trading sideways due to this. At the same time, Oceanian and US market could feel a bit more pressure due to the significant difference with the European market.
- The EU Price for WMP is at €4300/mt EXW. The outlook for WMP remains quite balanced if we look at the supply and demand for the product itself. Based on other products, however, European WMP should start to feel more pressure while Oceanian WMP could lift a little bit more if butterfat keeps the current strength.
- The EU Price for Lactose 100 mesh Food grade is at €950/mt EXW, US price at \$0.38/lb EXW. European prices are expected to keep increasing slightly, as they have been doing for almost a year. Q2 trades will likely take place at levels closer to €1000/mt. Meaning that even though prices might increase, sharp jumps are unlikely. In the United States, more production could keep prices in check, but the possibilities of import tariffs on US dairy products could be very hurtful.
- The EU Price for butter is at €6950/mt EXW, US price for butter is at \$2.42/lb EXW. The outlook for butter is weaker for now in Europe and the United States, due to lowering cream prices in both regions. Since there seems to be a good amount of support at slightly lower prices, the downward potential for butter is somewhat limited in Europe.

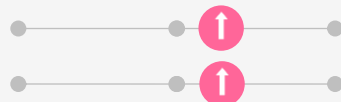
- The EU Price for SMP is at €2480/mt EXW, US price is at \$1.32/lb EXW. Even though fundamentals support slightly higher prices in Europe, the timing with the milk season feels off, and buyers are not too keen on paying more for their SMP. We will likely keep trading sideways due to this. At the same time, Oceanian and US market could feel a bit more pressure due to the large difference with the European market.
- The EU Price for WMP is at €4300/mt EXW. The outlook for WMP remains quite balanced if we look at the supply and demand for the product itself. Based on other products, however, European WMP should start to feel more pressure while Oceanian WMP could lift a little bit more if butterfat keeps the current strength.
- The EU Price for Lactose 100 mesh Food grade is at €950/mt EXW, US price at \$0.38/lb EXW. European prices are expected to keep increasing slightly, as they have been doing for almost a year. Q2 trades will likely take place at levels closer to €1000/mt. Meaning that even though prices might increase, sharp jumps are unlikely. In the United States, more production could keep prices in check, but the possibilities of import tariffs on US dairy products could be very hurtful.



Eggs

Market fluctuation Q2 2025 vs Q1 2025

EGG WHITE
EGG YOLK



Bullish factor (upwards market driver)

- Avian flu outbreaks
- Lower production of eggs
- Rise of demand (esp. egg yolk powder)
- Strong consumer demand for shell eggs (availability for powders production)
- Feed prices on the rise.
- Energy price

Bearish factor (downwards market driver)

- Less demand for egg white

Market trend

The cases of Avian flu in domestic birds globally have increased dramatically (from 73 to 481) vs the previous period. The new HPAI season which started in October 2024 continued in January 2025 with 144 outbreaks being reported in poultry for the month and 160 in non-poultry birds and mammals in Africa, the Americas, Asia, and Europe. About 14.9 million poultry birds died or were culled during the month, mostly in the Americas. It is interesting to note that the total number of outbreaks in poultry notified for the 4 months since the start of the current seasonal wave (October 2024-January 2025) is already comparable to the number of outbreaks notified for the full year of the previous wave (October 2023-September 2024).

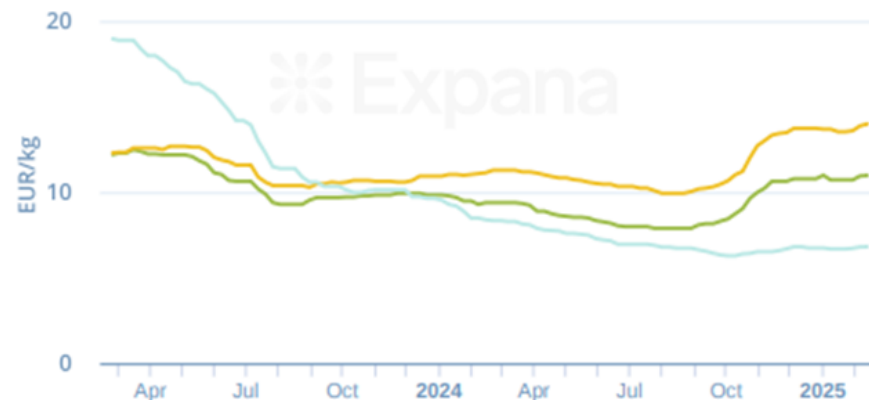
The US egg market experienced record-high prices during Q4 of 2024 due to the convergence of peak holiday demand and the continued devastation from Avian flu. Weekly inventories were consistently reported at five-year lows. The combination of limited supply and unrelenting demand caused prices to soar, ending the year with an all-time high of \$6.04/doz. at wholesale.

Shell egg prices in the EU rose by 16.32% during Q4 of 2024, and 5.27% year-on-year. The end-of-year holidays typically drive strong egg demand across both retail channels and the agro-industry. On the supply side, producers faced challenges in increasing production to meet growing consumer demand. The situation was further exacerbated by a resurgence of bird flu outbreaks across Europe, particularly in major egg-producing regions such as Italy, Poland, and France. As a result, farmers capitalized on the supply shortage by raising prices.

In EU, the imbalance between egg white and egg yolk demand remains an issue, hence the price of egg yolk continues with a bullish outlook.

EU Egg Powders

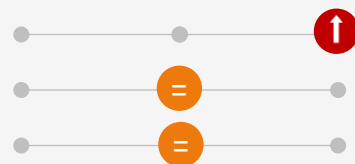
- Egg solid whole plain ave exw EU (Urner Barry) (L)
- Egg solid yolk ave exw EU (Urner Barry) (L)
- Egg solid albumen ave exw EU (Urner Barry) (L)



Hydrocolloids

Market fluctuation Q2 2025 vs Q1 2025

GUAR
XANTHAN
CARRAGEENAN



Bullish factor (upwards market driver)

- Red Sea freight rates
- Prices at incredibly low levels
- Exchange rate
- Fracking Industry

Bearish factor (downwards market driver)

- Red Sea freight rates

Market trend

GUAR

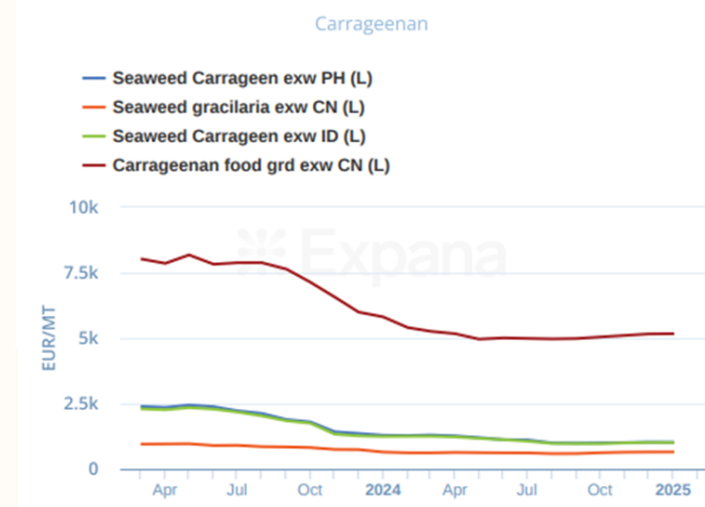
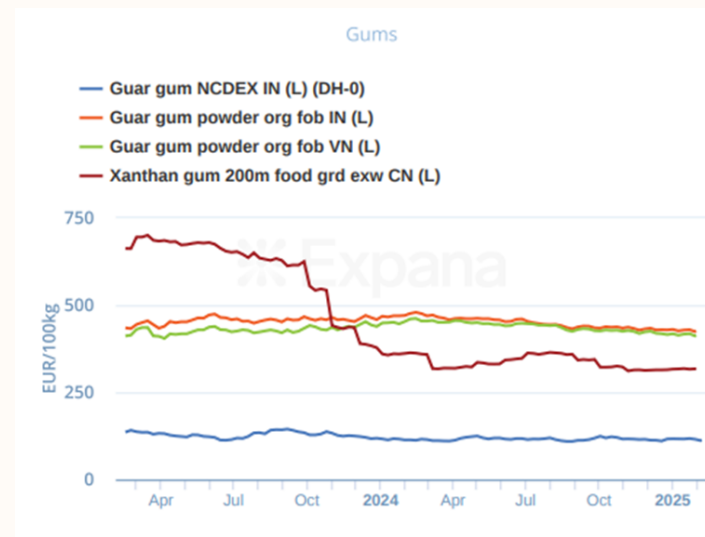
The harvest is now complete with good yields. The market has been less volatility recently mainly due to low demand and good incoming crop. Prices are now starting to increase as demand rises, within the fracking industry.

XANTHAN

Prices have fallen slightly; producers are looking to increase process from March. However, it is believed that this will not materialize, and prices will remain stable. No concerns with supply. As mentioned in previous report there is a new producer in China, however the quality of their product has not been received well.

CARRAGEENAN

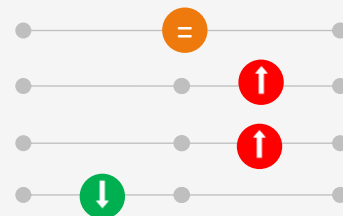
Kappa prices have decreased slightly, farmers are still trying to increase prices. Lota market is more stable.



Starches

Market fluctuation Q2 2025 vs Q1 2025

POTATO STARCH
WHEAT STARCH
CORN STARCH
TAPIOCA STARCH



WHEAT STARCH

- 1st of February, Donald Trump announced 25% tariff on imports from Canada and Mexico + 10% on Chinese goods. The first tariff has been postponed for a month.
- Late January Argentina announced reduction on taxes for exports grains, to stimulate grain sales.
- Argentina suffering dry conditions.
- Russia 2024/25 harvest -10MMT potential slow down on sales for Q2.
- Slow down in global grain activity through Chinese New Year.
- Australia 32MMT predicted, 20% above 10-year average. Canada expected to be second largest crop on record.
- US wheat potential frost damage, France excessive rain, Russia/India concerns over potential drought.
- World market pricing still uncertain, due to question marks over USA tariffs and uncertain weather conditions in the key wheat producing countries.
- UK output first estimations for 2025 are very optimistic around 15 MMT (4mmt more than the previous crop, which was very low)
- UK currently low demand, poor crop and higher demand in feed wheat.
- UK premiums on group 3 wheat still exceptionally high throughout 2025.

CORN STARCH

- USDA's January 2025 report has revised projections for the 2025 corn, reflecting lower yields which affect the total production estimates.
- 1st of February, Donald Trump announced 25% tariff on imports from Canada and Mexico + 10% on Chinese goods. The first tariff has been postponed for a month.
- The Chicago Board of Trade (CBOT) corn futures market has remained firm / stable despite the last USDA's report.
- South America: With harvest season approaching, weather conditions remain a critical factor. In Argentina and Brazil, a notably dry situation has been reported, which could impact regional harvest and, in turn, global supply. Lowering on Argentinian tariffs to stimulate the grain sales.
- Ukraine: Corn exports from Ukraine for the 2024/25 marketing year are forecast to be lower than those recorded in 2023/24. This reduction is expected to result in less availability in the European market, potentially exerting upward pressure on prices.

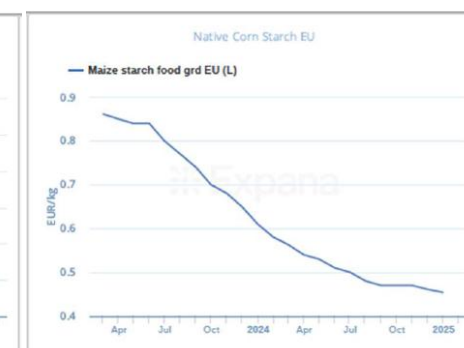
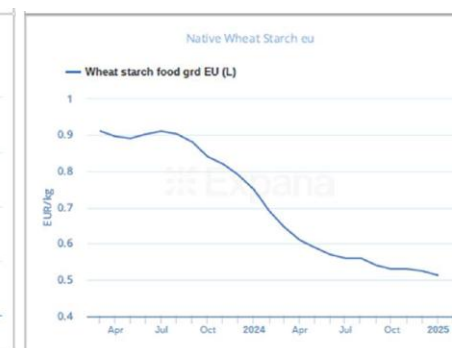
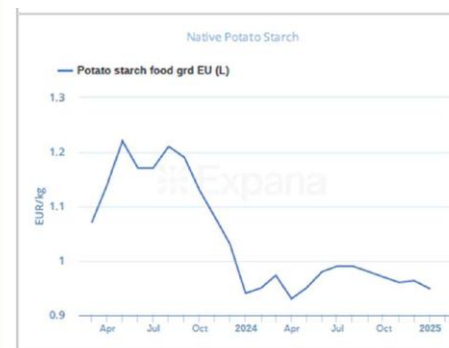
TAPIOCA STARCHES

- Tapioca FOB Thailand January 2024 versus January 2025 is minus almost 30%
- Good crop and low demand.

Market trend

POTATO STARCH

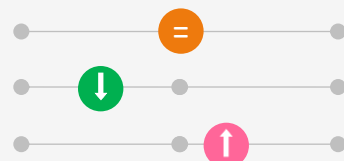
- 2024 Potato harvest faced challenges in Europe, with a decline of 8.8% in production vs the previous year. Final figures are around 20.7m MT (table and processing potatoes)
- Polish harvest reduced from a prediction of 150K MT to 90K MT
- In Sweden the harvest has been better than expected as has the quality.
- Denmark: Harvest operations extended until mid-December 2024, with final yield data pending.
- In Benelux the harvest has also been better than expected, however the new crop rotation ruling of 4 years will have an effect in future harvest volumes.
- Farmers are demanding higher pricing to keep motivated to grow Starch potatoes.
- Demand for Starch potato acreage remains challenging due to continued strong growth in French fries, and table varieties.



Flour

Market fluctuation Q2 2025 vs Q1 2025

RICE FLOUR
SEMOLINA
CHICKPEA FLOUR



Market trend

RICE FLOUR

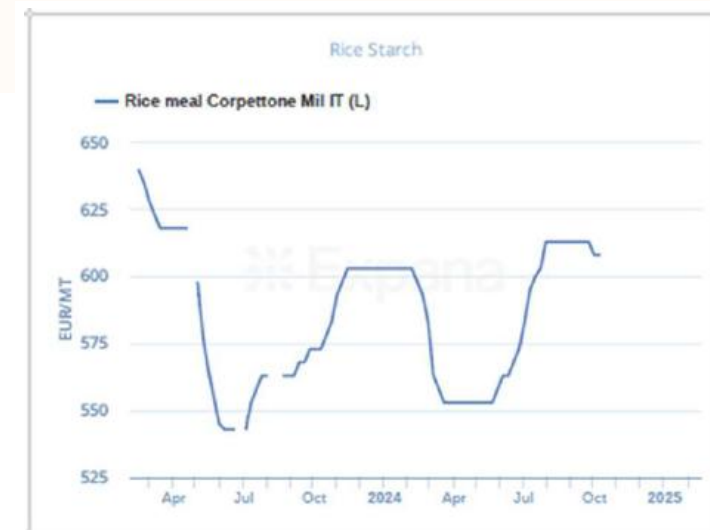
- Major UK retailers now include Myanmar on the list of banned countries of origin, therefore created a surge on the demand of non-Myanmar flour. Currently 86% of the broken rice imported to Europe are from Myanmar.
- Significantly higher pricing, approximately plus 20% in alternative sources to Myanmar.
- Enhanced Controls in UE: Rice imports are subject to strict controls to verify compliance with MRLs (Maximum Residue Limits).

SEMOLINA

- Durum harvest is fully completed with favorable results.
- French harvest is complete with yield reports as expected, 1.3mmt expected.
- Spain harvests complete with good yields and availability.
- Italian harvest completed with poor yield but good quality.
- The Canadian crop is good with plenty of rain followed by hot conditions. Quality is rated as good to excellent.
- Overall, a very good harvest with good quality, year on year pricing minus circa 15%.

CHICKPEA FLOUR

- The global demand for chickpeas (chana dal) in 2024 has been so strong that warehouses have been emptied.
- Despite good production, the rising demand is putting pressure on prices, which are continuously increasing.
- For the Australian origin, the dollar also plays a role, and the stronger it gets, the more expensive it becomes for importation into Europe.
- The Indian Government removed the Australian tariff for chickpea imports (which was significantly high) until the end of March 2025. The Australian material available to ship to Europe will depend on how much is left after filling the Indian, Pakistan and Bangladesh demands.
- If the Tariff remains in place after March 2025 there will be very little availability for Europe



Animal protein

Market fluctuation Q2 2025 vs Q1 2025

PORK PROTEINS
BOVINE PROTEINS



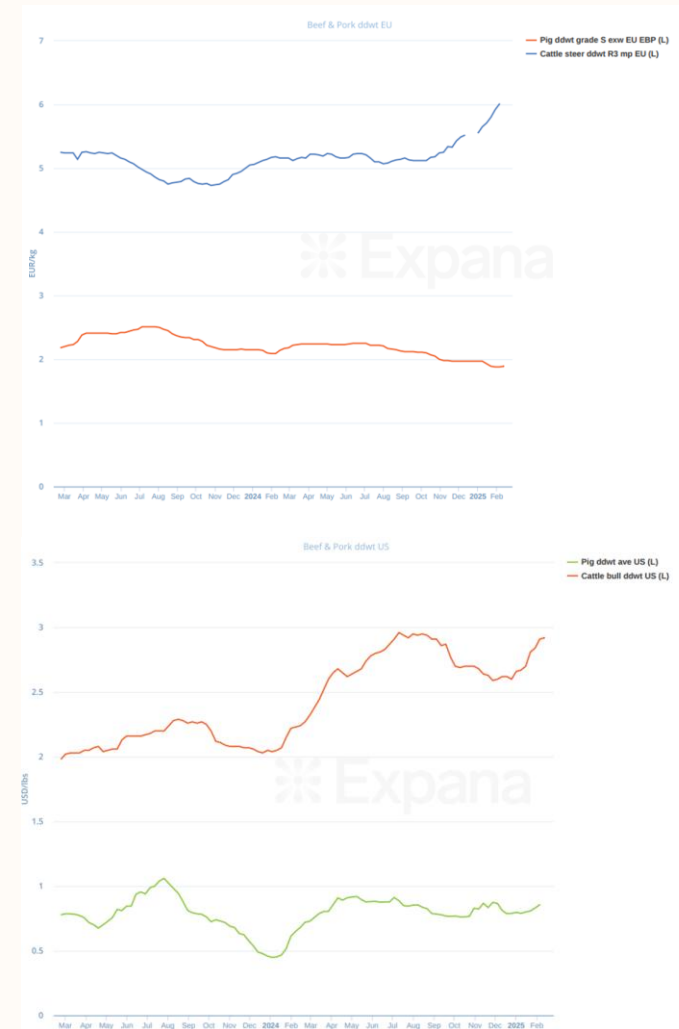
Market trend

PORK EU & US

- Supply is sufficient in EU, relatively tight in the US.
- Demand in EU is seen weaker but anticipated to turn stronger during the latter half of Q2.
- In the US, the supply and demand are in good balance. However, the long-term outlook points to a steady-to-higher trend in the US, with widespread outbreaks of porcine reproductive and respiratory syndrome (PRRS) potentially tightening hog supplies in the spring and summer.
- The outbreak of Foot and mouth disease (FMD) in January in Germany, added strong uncertainty to the EU pork market.
- Although the trends are currently quite the opposite in Q1, the market sentiment for Q2 for pork is neutral to slightly bearish in EU. In the US, hog suppliers are relatively tight amid persistent disease pressure.

BEEF EU & US

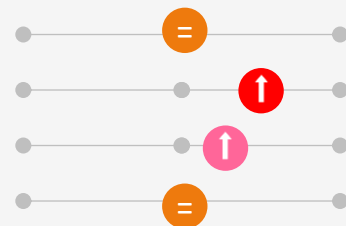
- In Europe, the price of EU beef has reached a new peak in February. This rise was primarily driven by continued tightness in beef supplies across the EU. EU beef production is expected to decrease by approximately 1.5% in 2025. The most substantial reductions are anticipated in France and Germany.
- Additionally, the early January 2025 outbreak of Foot and Mouth Disease (FMD) in Germany further heightened concerns over the stability of beef and pork supplies within the EU. This contributed to an even stronger upward pressure on prices.
- The price of live cattle in the US increased in January, up by 15.1% y-o-y and at the highest level in history for that month.
- As of September 24, 2024, the USDA confirmed H5N1 virus detections on 232 dairy cattle operations in fourteen states. The USDA and FDA stress that the commercial milk supply is safe and there have been no reports of symptoms in beef herds.
- Market trend for both EU and US beef is currently bullish but expected to reach a peak before end Q1. In EU, prices will then decrease towards the end of Q2. In US, the decline will be short-lived, as a new peak is expected in April.



Chemicals

Market fluctuation Q2 2025 vs Q1 2025

ASCORBIC ACID
SODIUM ERYTHOR.
CITRATES
PHOSPHATES



Bullish factor (upwards market driver)

- Red Sea freight rates
- Factory shutdowns
- Increased demand for EU material
- Exchange rate

Bearish factor (downwards market driver)

- Excess materials available
- Red Sea freight rates

Market trend

Freight and exchange rate remains to be the main factor affecting prices. Chemical market remains stable, at a low level where producers are trying to increase their prices.

ASCORBIC ACID AND SODIUM ASCORBATE

FOB prices are currently stable, it is expected that prices will rise later in the year. The main Chinese producers are continuing with their strategy to reduce supply, they are planning to shut down for five to six months in 2025. If this happens it will cause shortage in supply, enabling producers to increase prices again.

SODIUM ERYTHORATE

Prices have increased slightly; the main manufacturers are trying to raise FOB prices due to the low levels they are at. It is unlikely they will succeed as demand is still weak.

POTASSIUM SORBATE AND SORBIC ACID

Demand has increased slightly but still no concerns with supply. Prices remains stable.

CITRATES

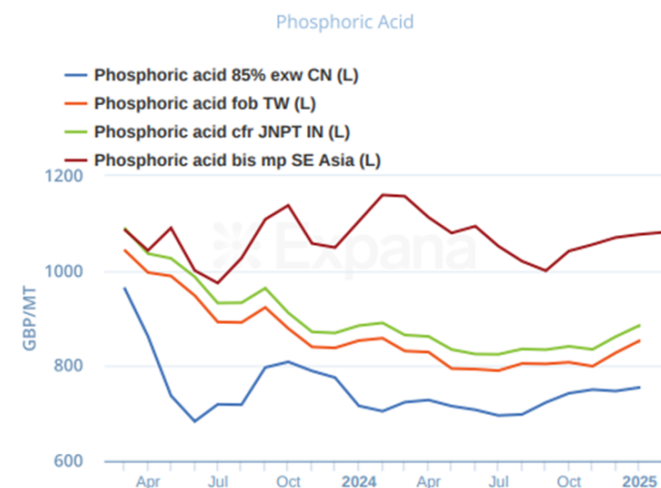
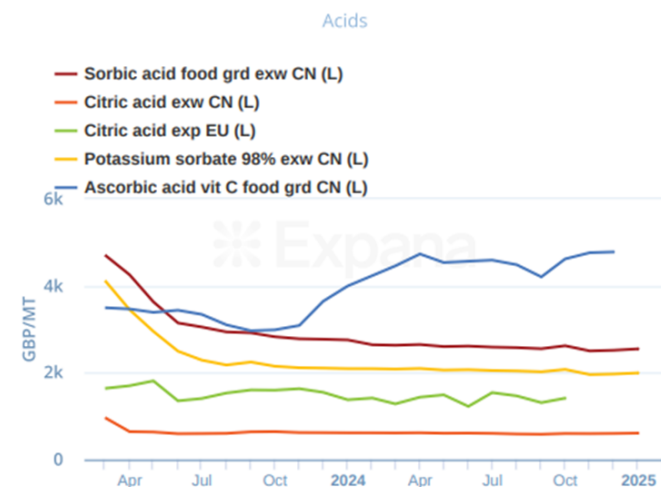
Prices have increased slightly as the European market is tight. Current FOB prices are only covering producer's variable costs. It is believed that prices will remain stable for coming months, but they are expected to rise during summer.

PHOSPHATES

Prices of yellow phosphorus have increased however this did not translate into higher prices for phosphates as demand remains low. FOB market is stable.

MSG (MONOSODIUM GLUTAMATE)

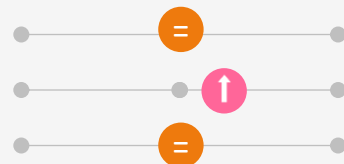
Prices from China have increased over the last 3 months due to freight and exchange rate. Freight rates is expected to reduce after Chinese New Year. It is believed that Chinese FOB prices for MSG are the bottom level and will increase. Prices from European producers remains stable.



Vegetable oil

Market fluctuation Q2 2025 vs Q1 2025

RAPESEED OIL
SUNFLOWER OIL
PALM OIL



Bullish factor (upwards market driver)

- Trade policies: Changes in tariffs in India and the U.S. could impact trade flows and oilseed price arbitrage.
- Crude oil prices: The recent upward trend could boost demand for vegetable oils, particularly for biofuels. Evolution to be monitored.
- Upcoming European harvests remain under scrutiny, with a stable supply outlook but exposure to climate risks.

Bearish factor (downwards market driver)

- Soybean planting in the U.S. will be a key indicator for 2025/2026 production, influencing global vegetable oil supply and price trends.
- Significant drop in palm oil prices in January, contributing to the overall bearish trend in vegetable oils.
- European regulations: Delays in the implementation of the EUDR deforestation regulation could temporarily stabilize European palm oil imports.

Market trend

RAPESEED OIL

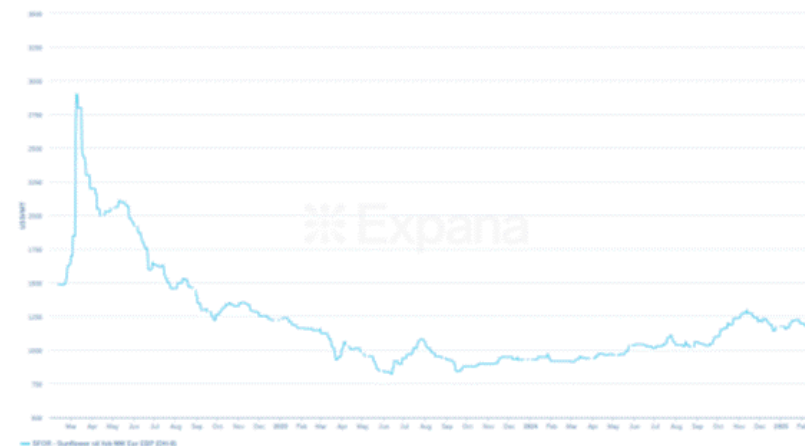
In January, rapeseed oil spot prices fell under pressure from other vegetable oils. Competition from palm and soybean oils, especially in Europe, remains strong. European rapeseed prices are decreasing, but there is physically very little seed available for crushing before the next harvest. The market also faces risks from climate conditions and political decisions on biofuels. For Q2, the market is forecasted to remain stable. However, any supply issues with palm oil or unexpected weather events could lift prices. The EU rapeseed crop has already been planted, but more information on yields will be available by March–April 2025.

SUNFLOWER OIL

Sunflower oil exports from Ukraine and Russia remain steady despite logistical challenges. Prices have been more stable compared to palm and rapeseed oils, which saw bigger declines in January. The key factor for demand will be how sunflower oil competes with other vegetable oils in global markets. For Q2, prices are expected to remain relatively stable, but much will depend on logistics in the Black Sea region and geopolitical developments. The new sunflower crop is not yet planted in Europe, and planting decisions in key producing regions will be influenced by price trends in the coming months. More clarity on production expectations will come by late Q2.

PALM OIL

Despite severe flooding in Malaysia in November and January, palm oil production has remained stable. The Malaysian Palm Oil Board (MPOB) expects supply to continue at a steady level, with key producing regions like Sarawak and Sabah ensuring a reliable flow. In January, prices dropped significantly, contributing to the overall decline in vegetable oil prices. For Q2, the market may stay under mild bearish pressure if production remains strong and demand does not pick up. However, potential weather disruptions, regulatory changes in Europe (EUDR), and Indonesia's plan to expand palm oil plantations could add volatility. India's demand is expected to rise ahead of Ramadan, while China's imports will depend on price competitiveness. European demand remains stable but could shift depending on how companies react to sustainability regulations.



Flavors

Market fluctuation Q2 2025 vs Q1 2025

FLAVOR

YEAST

HVP

CHEESE POWDER



Market trend

FLAVOR

Energy prices in Europe continue to rise gradually. Maritime transport costs from China remain volatile but generally stable. The EUR/USD exchange rate is unfavorable for European flavor houses' imports. Some shortages continue to cause difficulties, particularly in solvents like MCT. While these disruptions are not yet significant enough to impact pricing as we enter Q2, flavor houses are closely monitoring the situation and remaining vigilant.

YEAST

After a decline in yeast prices last quarter, the market is now stabilizing but remains relatively low. Beet and sugarcane molasses prices continue to be stable and low, benefiting from abundant 2024 production and stock levels. However, energy and chemical costs are gradually trending upward, which could impact price stability for the remainder of 2025. Additionally, the yeast market may experience shifts due to changes in the supplier landscape, following Lesaffre Group's acquisition and integration of other major yeast players. Their market leadership could influence future price dynamics.

HVP

Compared to Q4 2024, the HVP market is expected to maintain relatively stable prices for the next period, supported by steady or slightly declining costs of key ingredients such as soybean and rapeseed meal. Maize prices are projected to continue their downward trend, while wheat prices are expected to remain more moderate and stable. The markets for HCl and NaOH remain volatile but are avoiding sharp peaks due to relatively stable pricing. Energy costs, a crucial factor in HVP production, are likely to remain high during the winter season. Additionally, HVP suppliers have observed increasing demand in recent months, which could impact lead times in the near future.

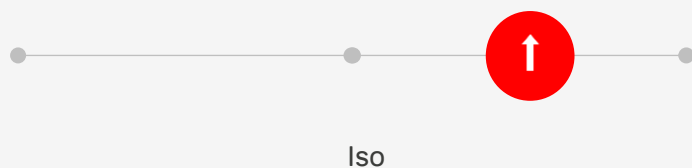
CHEESE POWDER

The cheese powder market is expected to remain relatively stable during this period. After several months of tight cheese supply, which drove up raw material prices and extended lead times, the market appears to be stabilizing in early 2025, with reduced price fluctuations across different cheese types and increased availability. However, energy costs remain a key factor to monitor, as they can significantly impact production expenses. Additionally, supplier capacities remain fully utilized due to strong demand and a limited number of players in Europe, keeping prices at a medium-to-high level and preventing lead time reductions.



Sugar

Market fluctuation Q2 2025 vs Q1 2025



Bullish factor (upwards market driver)

- Global sugar market
- The UK's ban on neonicotinoid pesticides
- Lower expected yields and reduced sugar beet acreage (down 15% as projected by Südzucker)

Bearish factor (downwards market driver)

- Decreasing demand of the industry
- Good campaign 25-26
- Lower energy prices

Market trend

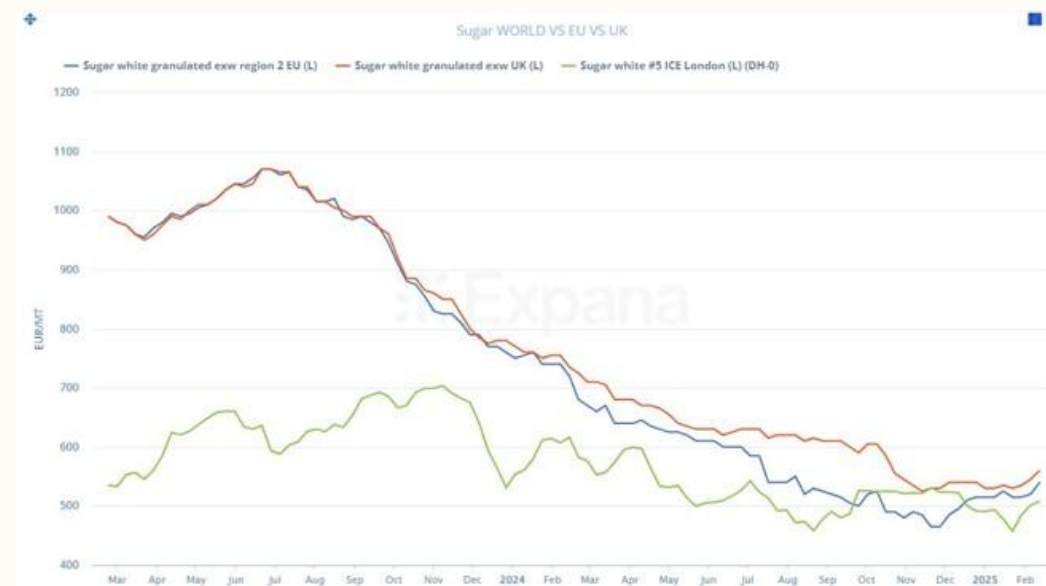
EU

After the price of sugar in EU has dropped last year, we now see an increase of around 6% vs Q4 24 on the spot market due to high export. We do not expect a downward trend until the new season starts in sept. 2025.

We do not expect the EU prices to reach levels of 350-450 anymore as we have seen in the past (2018-2019) due to higher costs as energy (prices are still higher than 2018-19), beet prices (due to competition with other crops) and overhead costs (inflation).

WORLD

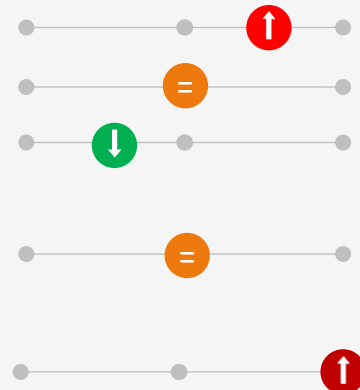
The global sugar market is experiencing notable fluctuations due to production challenges in key regions and evolving policy landscapes. India faces early mill closures and reduced export capabilities, while the European Union contends with declining prices amid increased exports and reduced imports. Given current trends, sugar prices may remain volatile in the next months.



Packaging (RAW MATERIALS)

Market fluctuation Q2 2025 vs Q1 2025

PET Europe/NA
LDPE Europe/NA
PP Europe/NA
KRAFTLINER/
TESTLINER Europe
KRAFTLINER/
TESTLINER NA



Bullish factor (upwards market driver)

- Elevated raw material costs
- Macroeconomic stabilization

Bearish factor (downwards market driver)

- High supply
- Weak demand
- Shift in consumer spending patterns

Market trend – Europe & North America

PET

Paraxylene prices are rebounding as PET producers ramp up output in preparation for summer demand. However, weak PET demand continues to shape the market, with maintenance-related supply limitations affecting availability. Meanwhile, rising feedstock costs in the US and EU are driving up production expenses, leading to higher PET prices. Additionally, the market remains cautious about the potential impact of tariffs from the Trump administration.

LDPE

In January, ethylene prices experienced a significant surge, fueled by rising naphtha costs and a strong crude oil rally. This upward trend in feedstock prices has added pressure on the LDPE market, impacting production costs across the value chain. Meanwhile, LDPE availability in Europe has tightened due to maintenance-related production cutbacks, leading to supply constraints in the region. However, despite these challenges, some restocking activities have begun, which could gradually ease supply pressures in the coming weeks, depending on demand dynamics and production recovery.

PP

In January, ethylene prices experienced a significant surge, fueled by rising naphtha costs and a strong crude oil rally. This upward trend in feedstock prices has added pressure on the LDPE market, impacting production costs across the value chain. Meanwhile, LDPE availability in Europe has tightened due to maintenance-related production cutbacks, leading to supply constraints in the region. However, despite these challenges, some restocking activities have begun, which could gradually ease supply pressures in the coming weeks, depending on demand dynamics and production recovery.

Kraftliner/Testliner: Europe

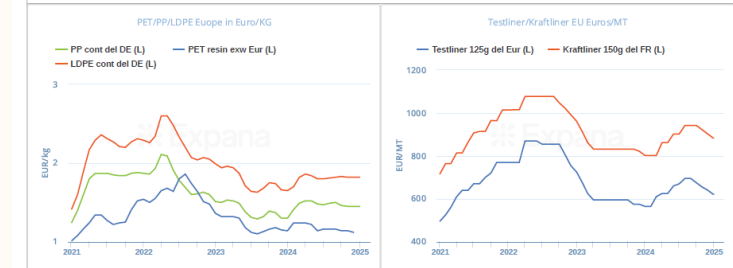
Testliner prices in the EU market declined throughout Q4 as supply exceeded demand. Producers had ramped up output in anticipation of seasonal demand growth, but actual demand fell short, leading to oversupply. Adding to the pressure, wastepaper prices in the EU have been dropping since July 2024, further driving testliner prices downward.

The decline in Testliner prices, which began in October, set a stable downward trend for packaging paper prices, becoming a key factor in Kraftliner price reductions. Additionally, falling recycled paper prices enabled producers to lower Kraftliner prices by reducing production costs.

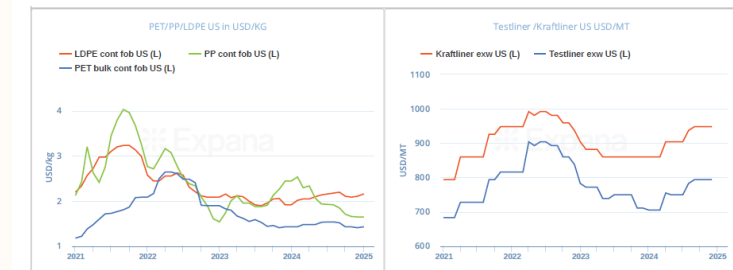
Kraftliner/Testliner: North America

Kraftliner prices remained stable this quarter, but major manufacturers like Georgia-Pacific and International Paper plan to implement price increases of \$50-\$80/MT in Q1 2025. This comes as paper producers face rising costs for labor and chemicals, adding pressure in an already highly competitive pricing environment. Testliner prices are experiencing similar margin pressures as Kraftliner, with rising labor and chemical costs impacting manufacturers' profitability. As buyers anticipate price increases in Q1, demand may shift toward testliner as a more cost-effective alternative where feasible.

Europe

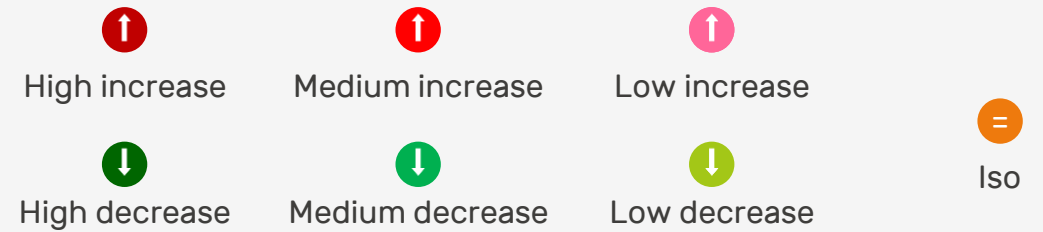


North America



Market fluctuation

Q2 2025 vs Q1 2025



Ascorbate & ascorbic acid (Vit C.)	=	Erythorbate	↑	Pepper	↑
Butter	=	Fibres	=	PET Europe/NA	↑
Carmine	↑	Flavors	=	LDPE Europe/NA	=
Carrageenan	=	Garlic	=	PP Europe/NA	↓
Cheese powder	=	Gelatine pork	=	Phosphate	=
Chili	=	Gelatine bovine	=	Potato starch	=
Cinnamon	=	Guar	↑	Soy Protein	=
Citric acid & trisodium citrate	↑	Ginger	↑	Sugar	↑
Corn starch	↑	Kraftliner/Testliner Europe	=	Tapioca starch	↓
Cumin	=	Kraftliner/Testliner NA	↑	Tomato	=
Dairy derivates	↑	Nutmeg	=	Vegetable oils	=
Egg white	↑	Onion	↓	Wheat starch	↑
Egg yolk	↑	Paprika	=	Xanthan	=
		Pea protein	↑	Yeasts	=



 SOLINA

www.solina.com

 **WE MAKE
FOOD MATTER**