Expana

Weekly Analyses

Middle East Conflict

Edition 10 — May 18, 2026

Photo credit: Yellow Boat - stock.adobe.com

www.expanamarkets.com

MAY 12, 2026

Sugar & Sweeteners

US Spot Sugar Prices Rise as Summer Travel Season Approaches

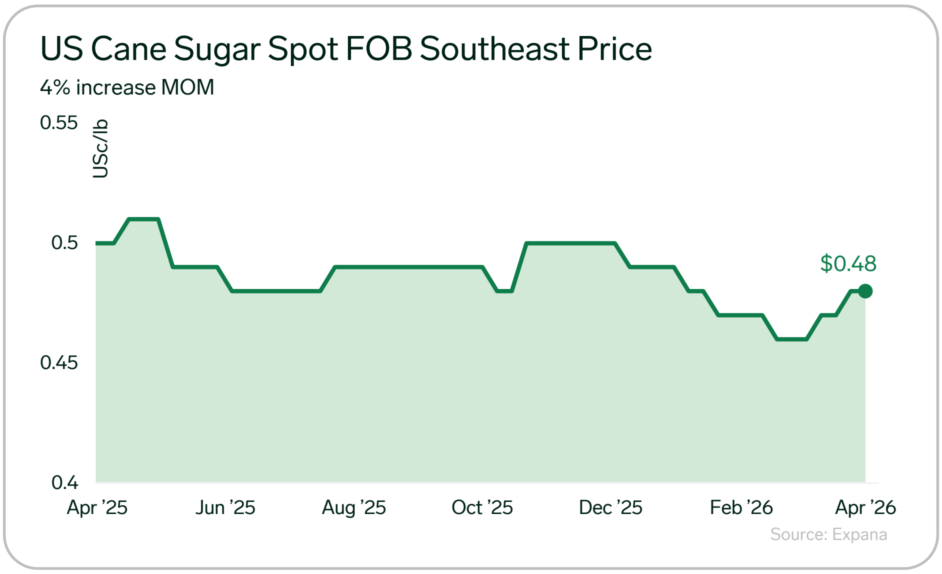
By Andraia Torsiello

As summer approaches, the sugar and sweeteners market typically has an uptick in spot demand. The warmer weather and travel season brings stronger consumer demand for products like sweet beverages and ice cream. This year, market participants are expecting higher prices for ingredients like sugar, high fructose corn syrup, and molasses on the spot market compared to last summer due to rising input and production costs. The Expana Benchmark Price for cane sugar spot FOB Southeast was most recently assessed at $0.49/Lb, a 2% increase WOW.

Deliveries have increased in recent weeks, which market participants are attributing to inventories depleting quicker than buyers anticipated. Also, some buyers are inquiring about securing rates as sugar prices could continue to increase due to the conflict in Iran driving up fuel prices globally.

The rising cost of fuel has also led to an uptick in airfare, which is making the summer travel season and potential consumer demand difficult to predict for industry players. Since market direction remains uncertain, trading activity has been limited. Most buyers are taking a wait-and-see approach as the tone has firmed and market conditions are assessed.

Meanwhile, the National Restaurant Association reported that modest growth is projected for 2026, but there are continued pressures. The Association stated that foodservice operators are cautiously optimistic, even as rising costs and softer traffic persist. Sales are expected to hold steady or improve at roughly 1.3%. Also, consumer demand remains solid even though spending power is restrained. About 7 in 10 consumers state they would dine out more frequently if they had more disposable income.



Since uncertainty is expected to persist into the summer, foodservice operators will be balancing restrained consumer spending and elevated costs by leveraging technology to create efficiencies that bring down costs. In the sugar and sweeteners market, industry participants will be closely monitoring production costs, freight rates, and lead times during the peak vacation season.

Photo credit: New Africa / stock.adobe.com

> "The rising cost of fuel has also led to an uptick in airfare, which is making the summer travel season and potential consumer demand difficult to predict for industry players."

MAY 12, 2026

Animal Feed & Additives

Animal Nutrition Industry Supply Chain Execs See Limited Disruptions from Middle East Tensions

By Simon Duke

At this point in time (May 12, 2026), leading global animal nutrition companies report manageable short-term impacts from geopolitical tensions affecting the Strait of Hormuz, though executives warn of mounting cost pressures and supply chain complexity that could intensify if regional conflicts persist.

Major industry players told Expana they have maintained operational continuity since early March despite increased logistics expenses and sourcing challenges.

Rising freight and raw material costs represent the most immediate challenge for companies operating in the region. Joaquim Fernandez Victoria, Global Director Operations at EW Nutrition, reported that while direct supply chain disruptions have not occurred, “sourcing has become increasingly complex and strained due to tighter global logistics flows and rising freight and raw material costs.”

Delivery delays have emerged primarily in conflict-affected areas due to constrained shipping routes, congested or blocked ports, and reduced vessel availability. EW Nutrition observed increased demand in the Middle East during March as customers accelerated shipments and reinforced local inventories. The company implemented early mitigation measures in early March to safeguard operational continuity.

Patrick Charlton, VP of Europe at Alltech, said his company “has managed to maintain a constant supply into our production facilities and to our customers, enabled by a global manufacturing footprint,” though certain ingredients face greater impact than others.

Fredrik Hjelmqvist, Head of Supply & Commercial Operations at dsm-firmenich Animal Nutrition & Health, also noted that “since early March, we have seen some indirect effects consistent with broader market trends, including longer lead times on certain routes and increased logistics complexity.” He added that the company’s “diversified sourcing model and active supply chain management have helped us continue to serve customers with a high level of reliability and transparency.”

The geopolitical nature of current tensions introduces significant uncertainty that distinguishes this crisis from past disruptions.

Janic Gouhier, CCPA Group Supply Chain Director, emphasized that the current situation in the Strait of Hormuz is primarily geopolitical in nature and introduces a high level of uncertainty, making it difficult to anticipate the duration of the conflict and its economic impact.

“In France, no supply disruptions have been observed at this stage, but concerns remain. Petrochemical-based products, such as methionine, vitamins E and A, betaines, and cholines, are still exposed, as they are directly dependent on the oil market,” Gouhier said.

Meanwhile, Nutreco, which does not source feed or raw materials from the Strait of Hormuz region, reported limited business impact, with minor disruptions affecting only customers located near the strait.

Photo credit: jollier_ / stock.adobe.com

> “The geopolitical nature of current tensions introduces significant uncertainty that distinguishes this crisis from past disruptions.”

MAY 12, 2026

Animal Feed & Additives

Animal Nutrition Sector Supply Chain Execs Eye Gradual Normalization Should Hormuz Shipping Resume

By Simon Duke

As a very small number of commercial vessels are reported to have safely navigated through the Strait of Hormuz in recent days, animal nutrition company executives told Expana that they see this as a good sign, but expressed cautious optimism while tempering expectations for a swift return to pre-disruption vessel transit.

The executives emphasize that any relief in the Strait of Hormuz and overall Middle East tensions will arrive gradually rather than immediately, with logistics networks requiring considerable time to normalize and backlogs to clear.

Fredrik Hjelmqvist, Head of Supply & Commercial Operations at dsm-firmenich Animal Nutrition & Health, characterized the recent news of some ships passing as "a positive early signal," noting that "any measures that enhance the security, safety and predictability of key shipping routes are welcome for the entire industry." However, Hjelmqvist added that "it is still very early to draw any conclusions, and system-wide normalization typically takes time. In the near term, we would expect a gradual easing rather than an immediate resolution of pressures, as backlogs clear and logistics networks stabilize."

Patrick Charlton, VP of Europe at Alltech, added, cautioning that "it is likely that any easing will happen over a period of time, so we are not expecting any quick 'return to normal' situations even if we do see a partial or total opening of the Straits."

Joaquim Fernandez Victoria, Global Director Operations at EW Nutrition, also emphasized the persistent uncertainty, stating that "it is still premature to conclude that constraints have been fully lifted or that operations have returned to pre March conditions." EW Nutrition indicated it will continue monitoring developments closely and maintain countermeasures currently in place.

A prolonged disruption scenario, however, presents much greater risks to the broader feed additives sector.

Fredrik Hjelmqvist warned that extended constraints would "likely extend the current environment of volatility and uncertainty across logistics, energy-linked inputs, and raw material flows, affecting not only individual companies but the broader feed additives sector." In response, the industry would likely prioritize "wider resilience measures, including supply diversification, strategic inventory management, and closer coordination across the value chain," he said.

Such pressures would accelerate a fundamental industry shift Hjelmqvist identified as moving "from a primary focus on cost optimization toward a more balanced approach that prioritizes supply security, reliability, and risk management."

Joaquim Fernandez Victoria also warned that sustained disruption would trigger "the continued escalation of costs driven by global energy and freight price increases," potentially affecting suppliers, operations, and ultimately customers. "The broader feed additives sector would likely face additional price adjustments," he said, while demand could rise as companies seek to secure safety stocks and shift "toward more regional or local alternatives to mitigate risks associated with extended transit times."

Oil price volatility remains the primary pressure point, according to Janic Gouhier, CCPA Group Supply Chain Director. "This is compounded by a partial halt in sulfur exports from the Middle East, which could disrupt sulfuric acid production, a key ingredient in the chemical industry, including phosphates and sulphates. In this context, certain raw materials appear more vulnerable, particularly methionine," Gouhier said.

Patrick Charlton also identified raw material costs as a primary vulnerability, though he expressed confidence that supply chain routes have enabled a degree of flexibility to manage these disruptions. Charlton noted that prior supply chain challenges in the past five to six years "have instilled an agility and resilience in the industry to address these challenges."

Photo credit: jollier_ / stock.adobe.com

MAY 12, 2026

Vegetables

Potential Price Disconnect Between Physical and Speculative European Potato Markets

By Ryan Gallagher

As of May 11, there could be a stark disconnect between the current physical potato market and that of the future, according to multiple outlets reporting a 700% increase in European potato futures during a time of well-documented oversupply in the physical market.

"Potato contracts for difference (CFDs), which track the benchmark market for the commodity, have seen prices soar roughly 705% in less than a month," reported Euronews. "Since 21 April, the cost per hundred kilograms has risen from approximately €2.11 to a staggering €18.50."

While data cited by the outlets could not be confirmed by Expana's team, a similar story was posted on Potato News Today.

Still, Expana's Market Reporter, Craig Elliott notes that the market is in a state of massive oversupply.

"When the new season switches over in June and July, all eyes will be on the acreage," explained Elliott, who said that a huge expansion of acreage and supportive weather conditions led to the oversupply situation.

"The industry is calling for reduction in planted areas. Generally, market sources do expect a reduction to be achieved, but many suspect that it may be insufficient to avoid another year of oversupply."

From 2023 to 2025, there was a 100,000 hectare increase in Northwestern Europe's potato acreage—resulting in an additional five million metric tons of potatoes in the market, according to Jan van Hoogen, Potato Ambassador as reported by PotatoPro.

In Belgium, farmers gave away stocks from an 860,000 MT potato pile, reported The Times.

However, the reported disconnect between physical contract prices between growers and processors, and the futures price of potatoes may be based on input cost inflation due to the Middle East conflict. For example, prices of oil, gas, and fertilizers have surged, reported Elliott.

Yet, the acreage reduction remains to be seen: It's not clear whether further input cost inflation could push the acreage reduction past current expectations.

"There's still a lot of supply," reminded Elliott. "Fertilizer-wise, costs are up, but sources suggest that growers have covered most of their needs for the coming season. So, there's some suggestions that this could have more of an impact next year. Sources have stated that increased input costs could discourage market participation, making planting potatoes less attractive, but add that it's still too early to judge the outlook for the new season."

Photo credit: Olga Novikova / iStock / Getty Images Plus

Photo credit: OSORIOartist - stock.adobe.com

www.expanamarkets.com

Expana