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TERENSIS MARKET OUTLOOK · Q1 2027

Where are agri raw material costs heading in early 2027?

20 raw materials in seven commodity groups: what the market looks like today, how much producer costs explain, what supply and demand say, and where we see prices in the first quarter of 2027.

9

raw materials dearer or firming in Q1 2027

7

steady near today's level

4

steady to cheaper or cheaper

26 November 2026 · Data as of 25 November 2026 · terensis.io

00 AT A GLANCE

What does 2026 leave behind for buyers in early 2027?

Crops, not costs, drove 2026.

A dry, hot EU summer cut maize, sugar beet and starch potatoes; April frost hit Polish apples and strawberries; a weak monsoon halved the guar crop. Where the crop was short, prices rose far more than costs.

Energy is the cost wave.

The Middle East war took Dutch gas to about 2.8 times last year's level and diesel up 29%. That raises processing costs (drying, milling, cold stores) by a few points, but explains only a small part of the price moves.

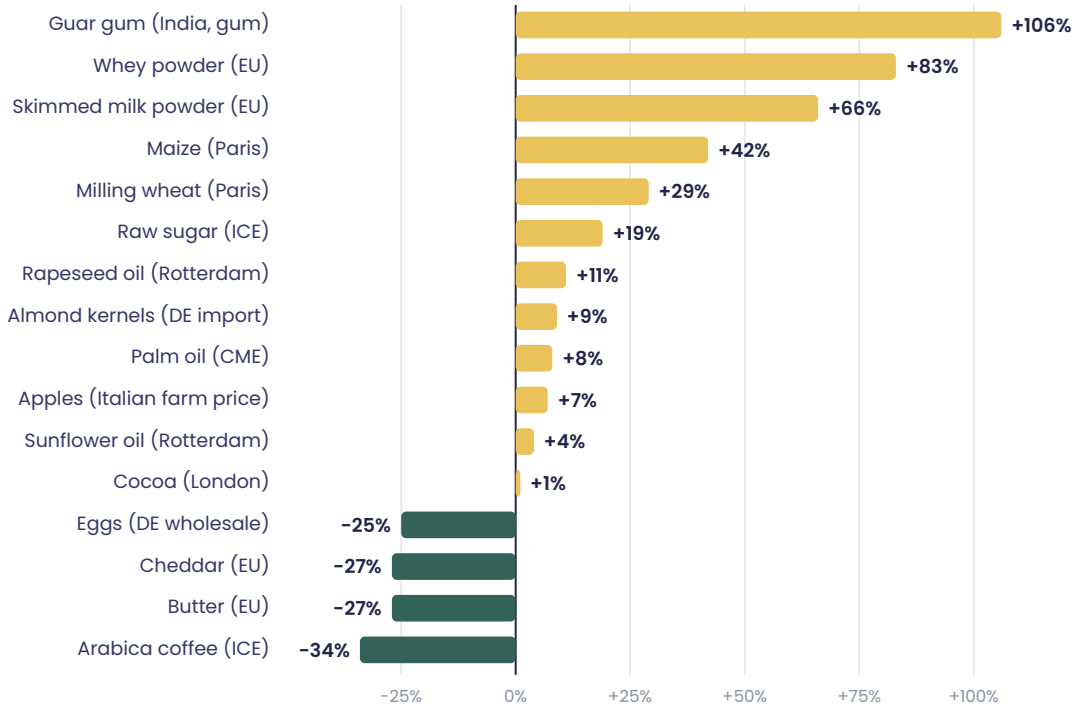
Tropical and animal products eased.

Coffee (-34%), hazelnuts (-53% from the peak), butter and cheese (-27%) are cheaper, while protein (milk powder, whey) and staples are dearer. Most buyers face both at once.

For Q1 2027: dear staples, cheaper cocoa and coffee.

No new northern crop arrives before summer, so starches, flour, sugar, guar and fruit stay firm. Cocoa and coffee lean cheaper; dairy fat, nuts, rapeseed and palm oil look steady.

Market price change in one year



Latest price against a year earlier; each raw material on the price series named. Not shown, for lack of a comparable price a year earlier: hazelnuts (-53% from the October 2025 peak), potato and tapioca starch (+42% since January), strawberries.

How much do producer costs explain today's prices?

Mostly

The raw material cost moves the price

Butter, Cheddar-type cheese, Maize starch, Guar gum (E412), Wheat flour, Chocolate (couverture), Roasted coffee

Partly

Costs matter, supply and demand add on top

Eggs, Potato starch, Tapioca starch, Rapeseed oil, Sunflower oil, Palm oil, Apples (incl. industrial), Strawberries (IQF)

Little

Supply and demand decide, costs barely show

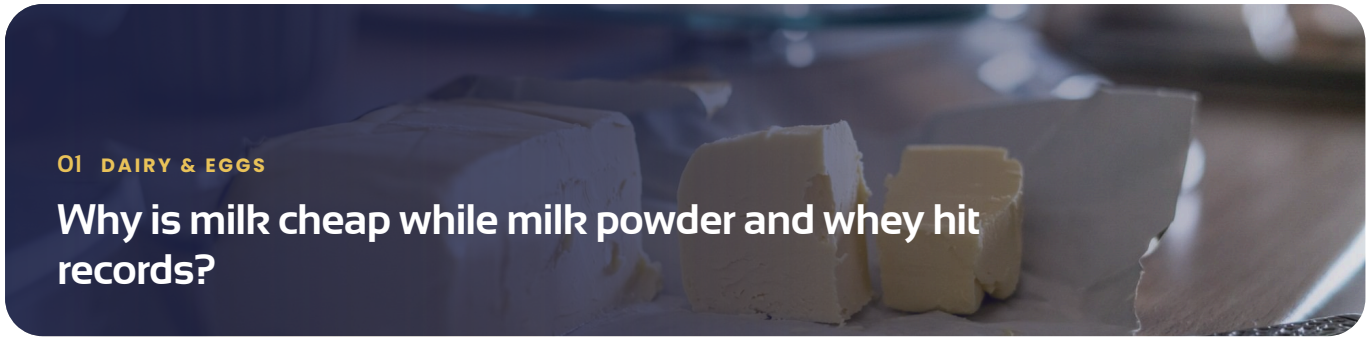
Skimmed milk powder, Sweet whey powder, White sugar, Hazelnuts, Almonds

00 OVERVIEW

Where do we see each raw material in the first quarter of 2027?

COMMODITY GROUP	RAW MATERIAL	PRICE TODAY	CHANGE	Q1 2027 VS TODAY
Dairy & eggs	Butter	€4,025/t	-27% y/y	▶ Steady
	Skimmed milk powder	€3,538/t	+66% y/y	▶ Steady
	Cheddar-type cheese	€3,207/t	-27% y/y	▶ Steady
	Sweet whey powder	€1,846/t	+83% y/y	▲ Steady to dearer
	Eggs	€228/100 kg	-25% y/y	▲ Steady to dearer
Starches, flour, sugar & gums	Potato starch	€763/t	Aug 2026	▶ Steady
	Maize starch	€266/t maize	+42% y/y	▲ Dearer
	Tapioca starch	$680/t	+42% since Jan	▼ Steady to cheaper
	Guar gum (E412)	₹16,983/q	+106% y/y	▲ Dearer
	Wheat flour	€242/t wheat	+29% y/y	▲ Steady to dearer
	White sugar	17.7 ¢/lb raw	+19% y/y	▲ Dearer
Nuts & almonds	Hazelnuts	~$8.50/kg kernels	-53% from peak	▶ Steady
	Almonds	€6.72/kg kernels	+9% y/y	▶ Steady
Patisserie	Chocolate (couverture)	£4,008/t cocoa	+1% y/y	▼ Cheaper
Vegetable oils	Rapeseed oil	$1,405/t	+11% y/y	▼ Steady to cheaper
	Sunflower oil	$1,413/t	+4% y/y (Oct)	▲ Steady to dearer
	Palm oil	$1,065/t	+8% y/y	▶ Steady
Beverages	Roasted coffee	269 ¢/lb arabica	-34% y/y	▼ Cheaper
Fruits	Apples (incl. industrial)	€1,600/t AJC	Aug 2026	▲ Steady to dearer
	Strawberries (IQF)	no public quote		▲ Steady to dearer

«Dearer», «steady» and «cheaper» compare the expected price level in January–March 2027 with today's. They are our reading of the signals (crops, stocks, fund positions, costs); where we have a tested price model (chocolate, coffee, eggs, butter) we say so in the text. Not investment advice.



01 DAIRY & EGGS

Why is milk cheap while milk powder and whey hit records?

MARKET
Raw milk is about 16–17% cheaper than a year ago, and the fat side followed: butter and cheddar are both down 27%. The protein side did the opposite: skimmed milk powder is up 66% and whey powder is at a 26-year record.

COSTS
Producer costs explain little of it. Cheaper milk pulls every dairy product down; dearer gas for drying powders adds at most a fifth of the whey rise.

SUPPLY & DEMAND
Protein demand (sports nutrition, high-protein foods, weight-loss diets) pulls liquid whey into protein concentrates, so less is left for powder. Milk supply is not the limit: EU collection is up 3%, cheese output up 3.6%.

EARLY 2027
Fat products stay near today's level, protein stays dear through the winter. Relief for powders, if any, comes with the spring milk flush, not in Q1.

Butter

▶ Steady

€4,025/t −27% y/y

Is the butter slide over?

Largely yes. Our dairy cost model (milk less the protein credit) puts a fair butter cost at about €3.90/kg for H1 2027, close to today's €4.03/kg. A dearer protein side keeps butter cheap, because dairies earn more on the powder they make alongside it.

How much producer costs explain: **Mostly**

Skimmed milk powder

▶ Steady

€3,538/t +66% y/y

Can powder go higher on cheaper milk?

It already has: protein demand, not milk cost, sets the price. We expect it to hold near this high level through Q1; the spring flush is the first chance of relief.

How much producer costs explain: **Little**

Cheddar-type cheese

▶ Steady

€3,207/t −27% y/y

Why has cheese stopped falling?

It has stood at €3,090–3,230/t since June, right at its 25-year median. Cheap milk and 3.6% more cheese in the EU keep it there; we see no trigger for a move in Q1.

How much producer costs explain: **Mostly**

Sweet whey powder

▲ Steady to dearer

€1,846/t +83% y/y

Is whey a cost story or a squeeze?

A squeeze. Costs justify +7% to +21%, the market moved +83%, because protein plants take the whey away. Firm to higher in Q1; past whey spikes reversed within 6–12 months, so avoid fixing a full year at the top.

How much producer costs explain: **Little**

Eggs

▲ Steady to dearer

€228/100 kg −25% y/y

Will bird flu undo the cheaper eggs?

German wholesale eggs fell from €335 (March) to €228 as flocks were restocked. Feed costs are almost flat (+5%); our tested egg model sees H1 2027 about 2% above H1 2026. Dec–Feb is the bird-flu peak and the main upside risk.

How much producer costs explain: **Partly**

02 STARCHES, FLOUR, SUGAR & GUMS

Why does a dry summer in Europe still set the price in early 2027?

MARKET
Most staples are dearer than a year ago: Paris maize +42%, milling wheat +29%, raw sugar +19%, Thai tapioca starch +42% since January and guar gum has doubled.

COSTS
Energy (gas about 2.8× a year ago) raises the cost of wet milling and drying, but the crop decides the price. Maize, beet, starch potatoes, cassava and guar seed all came in short or late in 2026.

SUPPLY & DEMAND
The starches are linked: when maize starch is dear, buyers test wheat, potato and tapioca starch. That keeps all four starch prices high even where the own crop is fine. Sugar follows the world market and a short EU beet crop.

EARLY 2027
No new EU crop arrives before summer 2027, so crop-driven items stay dear in Q1. Exchange prices for later delivery are below today's: contracts can be negotiated below the spot peak.

Potato starch

▶ Steady

€763/t Aug 2026

Is potato starch overpriced?

Slightly. At a grower price of €75/t and today's gas, a factory's cost-covering price is about €715/t, below the €763/t market. EU exports outside Europe rose 24% at 24% lower prices, a sign of ample product: we see €700–760/t in Q1.

How much producer costs explain: **Partly**

Maize starch

▲ Dearer

€266/t maize +42% y/y

Is a price increase justified?

Not in full. Short crops in Austria and Hungary (yields -30% to -46%), low EU stocks and ethanol plants competing for a 14% smaller EU crop make 2027 starch contracts dearer; biogas plants use silage maize and compete for land, not grain. But maize for later 2027 delivery trades below today's price, and a large fund bet on higher prices can unwind quickly.

How much producer costs explain: **Mostly**

Tapioca starch

▼ Steady to cheaper

$680/t +42% since Jan

Will El Niño make tapioca dearer?

Not in Q1. The Thai export price has been flat since June, the weather in Thailand was normal, and the main cassava harvest (November–April) adds supply. El Niño acts in the dry season (Nov–Apr), so it is a risk for the 2027 crop, not for today's price.

How much producer costs explain: **Partly**

Guar gum (E412)

▲ Dearer

₹16,983/q +106% y/y

Why has guar gum doubled?

About four fifths is guar seed, scarce after a short Rajasthan crop (area -22%, weak monsoon); the rest is US fracking demand. No new crop before October 2027: cover the next months in tranches and wait for the 2027 monsoon before fixing new crop.

How much producer costs explain: **Mostly (seed)**

Wheat flour

▲ Steady to dearer

€242/t wheat +29% y/y

Will wheat hold near €240 while Black Sea ships are under fire?

Probably. Wheat is most of a miller's cost and Paris wheat is at a 20-day high. Our signals are split between steady (normal weather, steady trade) and dearer (Black Sea attacks, fund buying): plan with today's level, not a fall.

How much producer costs explain: **Mostly**

White sugar

▲ Dearer

17.7 ¢/lb raw +19% y/y

Can sugar keep falling while stocks shrink?

We doubt it. World stocks are falling, the EU beet crop is short and Brazilian mills favour ethanol; a weak real and more Indian sugar pull the other way. More signals point to dearer sugar in Q1 than to cheaper.

How much producer costs explain: **Little**



03 NUTS & ALMONDS

After the shock year 2025, is the nut market back to normal?

MARKET

Hazelnut kernels fell from a record $17.90/kg (October 2025) to about $8.50/kg (August 2026). Almonds moved the other way: German import prices for kernels are 9% above last year.

COSTS

Growing costs barely matter for these prices. Both nuts are tree crops: the size of the harvest and the stocks decide.

SUPPLY & DEMAND

Turkey has a large hazelnut crop again (715,000–810,000 t), but Chile and Oregon now supply a fifth of the world and Ferrero buys there too. Almond demand is strong (California shipments +11%, India +124%), while California's crop is about 8% smaller.

EARLY 2027

Both look steady in Q1. The risks sit in the southern hemisphere: a wet El Niño season in Chile before the March–April hazelnut harvest, and heat in Australian almonds during kernel fill.

Hazelnuts

▶ Steady

~$8.50/kg kernels −53% from peak

How far can hazelnuts fall with a big Turkish crop?

Not much further: the Turkish state buyer TMO buys at 250–255 TL/kg and holds about 150,000 t of stock, which sets a floor. Quality is the catch: mould, bug damage and kernel yields below 40% shrink the usable volume, so write quality into contracts.

How much producer costs explain: **Little**

Almonds

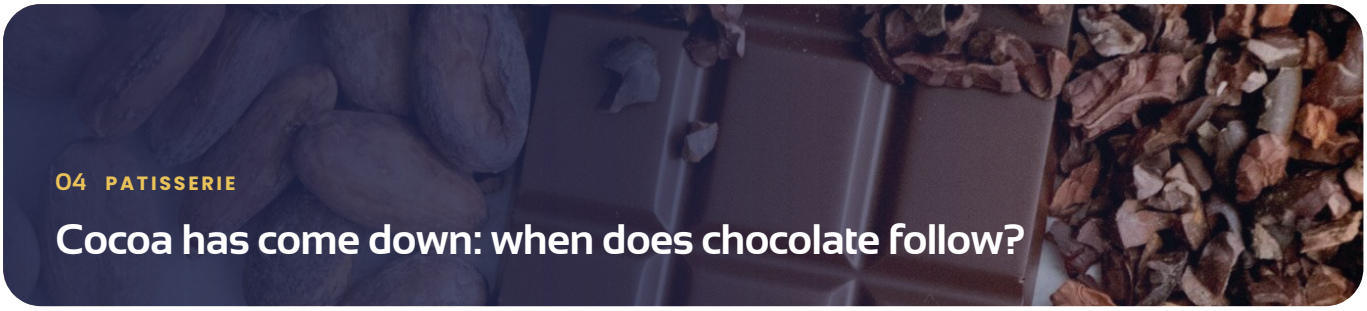
▶ Steady

€6.72/kg kernels +9% y/y

Will strong demand make almonds dearer?

Not in Q1. California receipts are 12% above last year and unsold stock is 15% higher, which offsets record shipments to India. A tighter US stock-to-use ratio (14.9%, forecast) is the reason prices are unlikely to fall either.

How much producer costs explain: **Little**



04 PATISSERIE

Cocoa has come down: when does chocolate follow?

MARKET
London cocoa trades at £4,008/t, level with a year ago and far below the 2024–25 peak. Chocolate makers still work through dearer beans bought earlier, so couverture prices lag.

COSTS
For chocolate the cost link is strong: cocoa mass and butter set the price, sugar (about half of a simple chocolate) adds to it. Since August couverture trades 16% above our full-cost estimate, a premium that has tended to fade.

SUPPLY & DEMAND
Exchange stocks are rising and funds have cut their bets on higher prices; West African stocks, however, are close to empty and dearer sugar works against chocolate.

Chocolate (couverture)

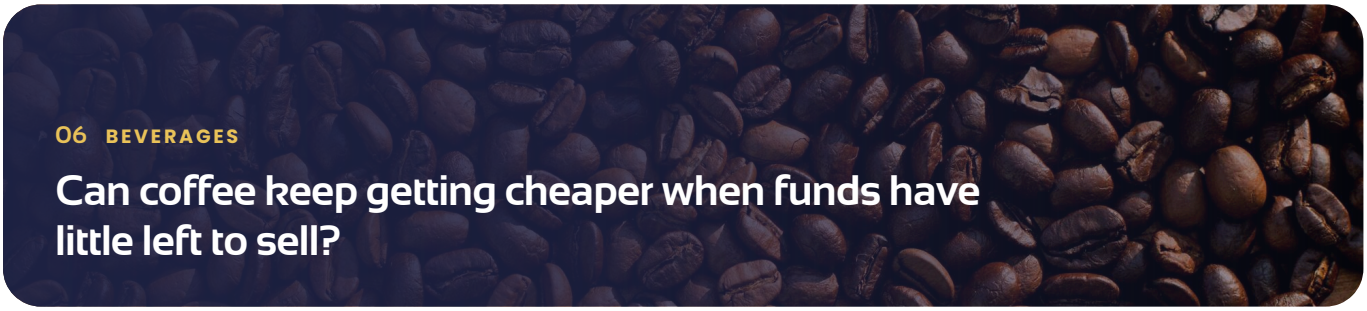
▼ Cheaper

£4,008/t cocoa +1% y/y

Why do most signals point to cheaper cocoa when stocks hold almost no West African beans?

Because the trend, the futures curve, rising exchange stocks and fund selling outweigh the thin stocks (5 of 8 signals). Our tested model puts couverture at about €5.47/kg in H1 2027, 15% below H1 2026. Risk: a dry Ivory Coast season under a strong El Niño.

How much producer costs explain: **Mostly**



06 BEVERAGES

Can coffee keep getting cheaper when funds have little left to sell?

MARKET
Arabica trades at 269 ¢/lb, 34% below a year ago; robusta is at a three-year low.

COSTS
Green coffee is the main cost of roasted coffee; roasting energy and packaging matter far less. Cheaper beans reach list prices with a delay of a few months.

SUPPLY & DEMAND
Record Brazilian shipments, a weak real and rising world stocks outweigh tight exchange stocks.

Roasted coffee

▼ Cheaper

269 ¢/lb arabica -34% y/y

How much cheaper will roasted coffee get?

Our tested model sees espresso list prices about 8% lower in H1 2027 (range -6% to -11%). Five of nine signals point lower; funds are already short, so a rebound on Brazilian weather remains possible.

How much producer costs explain: **Mostly**



05 VEGETABLE OILS

Who sets the price of cooking oil: farmers or the diesel market?

MARKET
Rapeseed and sunflower oil cost about $1,410/t in Rotterdam, in the top fifth of 25 years. Palm oil is much cheaper at $1,065/t and has fallen 7% in a month.

COSTS
Seed is most of a crusher's cost; energy adds a little. The bigger link is biodiesel: when crude oil and diesel rise, vegetable oils follow, and Brent has fallen 21% in a month to $91.

SUPPLY & DEMAND
Crushing yields oil and meal together. With EU maize 14% short, feed is dear and the meal earns more, which keeps crushers busy and adds oil. Indonesia's B50 mandate keeps more palm oil at home, and a $340/t discount to soft oils pulls food buyers to palm.

EARLY 2027
Steady to slightly cheaper for rapeseed oil as diesel eases, palm steady. Sunflower oil is the exception: with Kernel's crushing plants shut since 12 November, it leans dearer.

Rapeseed oil

▼ Steady to cheaper

$1,405/t +11% y/y

What holds rapeseed oil up: the diesel tank or the feed trough?

Mostly the diesel tank: biodiesel is the largest use of EU rapeseed oil, so cheaper diesel eases it, and the oil has slipped from $1,522/t in June. The feed side pushes the other way only a little: with EU maize 14% short, protein feed is dear (soybean meal +12% y/y), so crushers earn more on the rapeseed meal, crush more and can sell oil cheaper. The EU rapeseed crop is unchanged at 21.3 Mt, so seed is not short.

How much producer costs explain: **Partly**

Sunflower oil

▲ Steady to dearer

$1,413/t +4% y/y (Oct)

What happens when Ukraine's largest crusher stops?

On 12 November Kernel suspended all eight of its Ukrainian oilseed crushing plants (3.5 Mt of seed a year) after Russian drone attacks, and stopped buying seed; contracts are served from stocks and no restart date is set. A 14% larger EU sunflower crop softens the blow, and the October price does not show this yet: we see sunflower oil steady to dearer in Q1, more so the longer the plants stay shut.

How much producer costs explain: **Partly**

Palm oil

▶ Steady

$1,065/t +8% y/y

Will B50 make palm oil scarce?

It keeps a floor under the price: Indonesia needs about 1.7 Mt more palm oil for biodiesel. The price is in a downtrend since October as crude fell, but the large discount to soft oils supports demand.

How much producer costs explain: **Partly**



07 FRUITS

Frost cut the 2026 crops: what will fruit cost before the next harvest?

MARKET

The EU apple crop fell 15.6% to 9.5 Mt, mostly in Poland after the April frosts; Italian farm prices are up 6.6%. Spring frost and rain also cut the Polish strawberry crop, and the season ended early.

COSTS

Labour is the largest cost: about 55% for strawberries and a third for apples. Minimum wages rise 3.0% in Poland, 5.3% in Spain and 9.2% in Serbia in 2027. Cold-store power is the energy cost to watch for apples.

SUPPLY & DEMAND

Fruit for processing competes with the fresh market and with imports: Turkish concentrate and limits on Ukrainian juice set the price of Polish industrial apples.

EARLY 2027

Until the next harvest, buyers draw on smaller stocks, so prices stay firm. From March, frost during blossom decides the 2027 crop; long-range outlooks lean to a mild winter, which can bring early blossom.

Apples (incl. industrial)

▲ Steady to dearer

€1,600/t AJC Aug 2026

Will the short Polish crop lift apple prices?

For dessert apples it already has. Polish apple concentrate recovered from a four-year low of €1,400/t in April to €1,600/t in August; a smaller crop and stored fruit running down point to firmer prices in Q1.

How much producer costs explain: **Partly**

Strawberries (IQF)

▲ Steady to dearer

no public quote

Is frozen fruit from a short season getting scarce?

Likely. Poland and Serbia had a short 2026 season, so frozen stocks are smaller; wages add 2–5% to the 2027 growing cost. There is no public IQF price, so ask your supplier for stock levels and the price basis.

How much producer costs explain: **Partly**

How should a buyer prepare for early 2027?

1 **Negotiate on the crop, not on the cost list.**

Where suppliers cite energy, freight or fertiliser, the numbers rarely add up to the increase asked. Ask which crop price and which date the increase rests on, and when they bought.

2 **Do not fix a full year at a peak.**

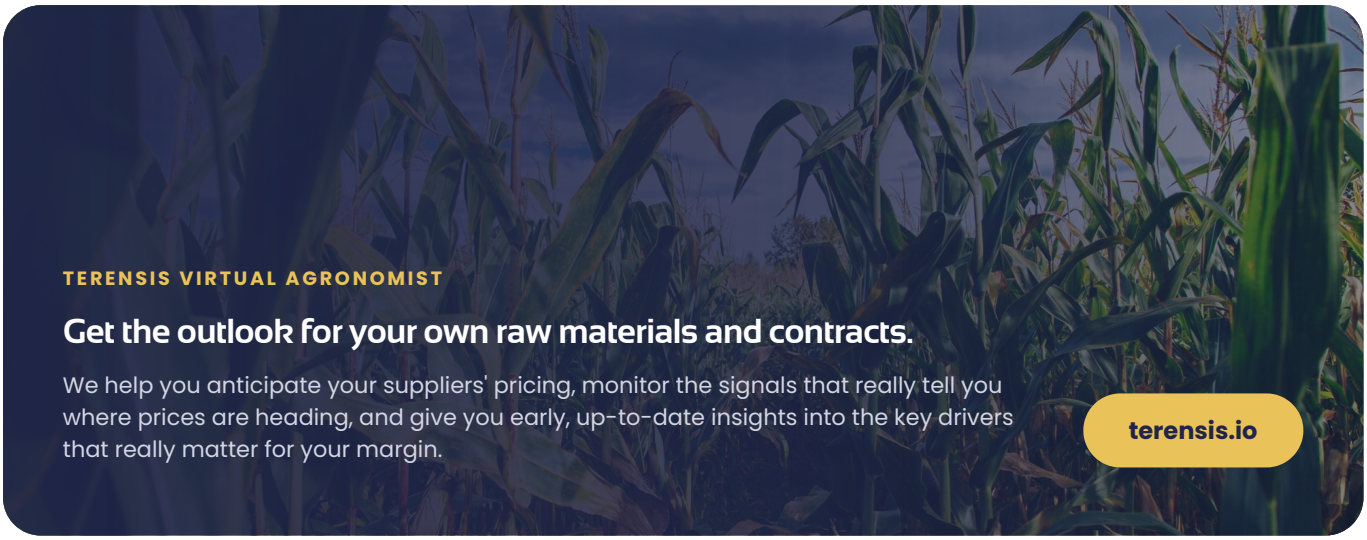
Whey, maize and starches trade at spike levels. After past spikes, fixing a whole year at the top cost up to 47% too much. Fix in quarterly steps or tie part of the volume to a published index.

3 **Secure volume where the crop is fixed until next harvest.**

Guar, apples and frozen strawberries cannot be replenished before autumn 2027. Here availability, not price, is the bigger risk: cover the coming months in tranches.

4 **Pass on falling costs where they fall.**

Cocoa, coffee, butter and hazelnuts are cheaper. Make sure your 2027 contracts let these savings through, and watch the quality clauses for hazelnuts.



Method and sources

Prices as of 20–25 November 2026 unless stated: EU Commission milk market observatory (butter, SMP, cheddar, whey, raw milk, 8 Nov), Euronext, ICE, CME and B3 settlements, World Bank Pink Sheet (rapeseed and sunflower oil, October), Thai Tapioca Starch Association (3 Nov), NCDEX via Kedia and Kotak (guar), Almond Board of California position report (October), Eurostat Comext (import unit values), USDA, EU Commission balance sheets, TurkStat/TEPGE, INC and TMO (hazelnuts), WAPA/Prognosfruit and Expana via FreshPlaza (apples), MPOB and S&P Global (palm oil, B50), ECMWF/AgERA5 weather via the Terensis Virtual Agronomist. Directions for Q1 2027 combine the Terensis Margin Calls of week 48 (signal counts), our tested cost and price models (chocolate, espresso, eggs, butter), and analyst reading where no model exists (dairy powders, starches, nuts, oils, fruit). Potato starch market price is the August EU trade unit value (Eurostat Comext); the strawberry IQF price has no public quote. Figures are rounded.

Photos: Unsplash (Polina Rytova, Immo Wegmann, Marcia Cripps, Tetiana Bykovets, Paul Macdonald, Mike Kenneally, Oliver Hale, Jesse Gardner) and the Terensis image library (butter).

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