

FOOD AND NUTRITIONAL

Supply Chain Outlook 2026

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ECONOMY

- U.S. GROWTH COOLS AFTER 2025 STRENGTH
- FED EASES AS LABOR MARKET SOFTENS

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Pricing Trends Key

- Price Increase 
- Price Increase Due to Current Events 
- Price Stable 
- Price Decrease 

United States

The United States economy exceeded expectations in the 2nd and 3rd quarters of 2025, likely supported by holiday activity, but finished the year as projected. In December, the Fed lowered rates from 3.75% to 3.5% in response to a softening labor market. Since early 2026, inflation has remained above the 2% target, prompting monetary policy adjustments focused on labor conditions and price pressures. Changing tariffs and immigration policies did not drive inflation higher as expected, as labor productivity gains helped offset pressures. At least two additional rate cuts are anticipated in 2026.

High inflation continues to weigh on consumer spending, alongside rising food prices, record rents, and higher living costs, all contributing to lower consumer confidence. The U.S. faces challenges from its K-shaped economy, with widening income and spending gaps between higher- and lower-income households. Wage gains for upper-income groups continue to outpace lower-income households, complicating policy decisions.

Labor productivity shifts—particularly in the tech sector through AI systems and data center output—have supported growth despite slow employment gains. For broader household benefits, productivity improvements must extend beyond AI-driven industries. In December, 50,000 jobs were added, but **overall job growth has slowed through 2025 and into 2026**. Unemployment fell, yet job openings declined and demand weakened. The civilian labor force shrank while the working-age population grew.

Job losses were concentrated in mining, manufacturing, construction, wholesale and retail trade, transportation, warehousing, and professional services, while gains occurred in healthcare, social assistance, leisure and hospitality, and government. Business

investment slowed late in 2025, concentrated mainly in AI and equipment. Economists expect continued AI investment to meaningfully impact GDP. Meanwhile, declining energy demand and production, along with softer residential real estate, construction, and lending, are weighing on margins and overall growth.

China

China's economy shows continued signs of slowing growth in the last quarter of 2025, moving into 2026. Overall growth for 2025 was stable and reached the government's target. Growth in 2025 stemmed from exports and consumer spending but was hindered by low business investment. Retail sales increased slightly at the end of last year, but specialized technology, appliances, and automotive sales declined.

The struggling property market significantly affects household spending confidence, driving sales down. Industrial production continued to grow by 5.2% in December alone, with a 5.7% increase in manufacturing. Production of automobiles, computers, communication equipment, railways, and shipbuilding continues to drive the industrial sector. However, China is facing an ongoing supply chain crisis, as industrial production is steadily increasing without demand or increases in exports.

The nominal rate of export growth from China has forced manufacturers to adopt aggressive pricing, causing lasting tensions with trading partners. **Property values are decreasing, with newly built properties priced 2.7% lower than the previous year**, highlighting the ongoing disruption in the housing market. The Chinese government is increasingly concerned about the country's demographics. Data shows that in 2025, the number of births plummeted, decreasing 17% from 2024. Over the period from 2016 to 2025, China's population decreased by 10 million people. With a 3.39 million decrease in 2025. Government officials are encouraging citizens to consider the effect of population declines on the economy and the threat to the new working class.

ECONOMY cont.

- CHINA PROPERTY CRISIS DRAGS HOUSEHOLD CONFIDENCE
- JAPAN STIMULUS EXPANSION COUNTERS WEAK GROWTH

Eurozone

The Eurozone ended 2025 slowly, but January's economic sentiment data shows 2026 is starting off strong, with an increase from 97 to 98.2. France is showing notable improvement, with the economic sentiment rising from 94.6 to 100.4. France is seeing reduced political uncertainty following the approval of the 2026 budget, which is set to promote steady growth in 2026.

Germany's private sector is also showing signs of much-needed growth, with lengthy and costly infrastructure investment plans rolling out. PMI data is showing Germany experiencing increased business investment and activity, but lower employment rates. Inflation stands at the ECB's 2% target, prompting the ECB to leave rates unchanged after the last meeting as growth stabilizes.

The consistency of economic growth and activity allows the government to believe that an additional stimulus program is not necessary for the Eurozone right now. Similarly, potential inflationary pressures do not pose a threat to economic stability currently. In December, prices increased 0.2% from November; excluding food and energy prices rose 2.3% from last year. Service prices grew 3.4% from the previous month, with the services sector a major driver of inflationary pressures. Energy prices declined while food prices rose. Lower export rates have led to job cuts across many sectors and a series of price pressures. Employment is increasing in almost every industry.

The manufacturing sector is showing signs of recovery, production is exceeding expectations, and inventory is at a record low with strengthening export rates. The construction industry is still struggling. Production pricing is in a pressure cycle with input spikes and rising output costs. The ECB will continue to monitor inflationary pressures from the US dollar's depreciation against the euro.

Japan

Japan's economy is facing several growth disruptors, but the government remains hopeful that the revised economic strategy will help to avoid deceleration.

In 2025, Japan's economy contracted by 2.3%. The year-end data suggest declines in fixed business investment and government spending, while household spending increased marginally. Excluding food and energy, Japan's inflation rate was at 2.2% at the end of the year, just above the BOJ's 2% target. Inflation above the 2% target during this period is likely due to the struggling agricultural sector. Prices for fuel, electricity, and water all rose 3.1% from 2024.

Employment is growing, and labor participation is rising, thereby lowering the unemployment rate. China's rampant production rates are putting pressure on Japan's automotive sector, inhibiting wage growth.

Tightening US regulations could also affect wage increases. The stall in economic growth and the failing infrastructure forced policymakers to revise the economic strategy, starting with expanding the budget. The revised stimulus program involves 17.7 trillion yen to support households, businesses, utilities, and wage recovery. The new policy's budget is equivalent to 2.5% of real GDP. The stimulus program directly counters the BOJ's effort to ease inflationary pressures through monetary tightening. The BOJ has already announced plans to further tighten policy, which are expected in the middle of 2026.

Market movement YTD as of 2/4/2026:

- DJIA: 2.99%
- S&P 500: 0.54%
- NASDAQ: -1.45 %%

Global Economic Outlook Mixed as 2026 Begins with Inflation, Trade, and Labor Pressures

CURRENT EVENTS

- GLOBAL TENSIONS RISE AMID STRATEGIC REALIGNMENTS
- U.S.–IRAN CONFRONTATION NEARS ESCALATION

US - Iran Tensions Rise

- As part of President Trump and the US allies in the Middle East (Israel and Saudi Arabia) mission to dismantle Iran's oppressive regime powers, **he issued detailed threats of military action should Iran refuse to act on the demands of Trump's proposed contract.** The detailed proposal demanded a permanent end to the Uranium enrichment program, limits on the number and range of ballistic missiles, and an immediate end to support for other proxy groups in the Middle East (Hamas, Hezbollah, Houthis, etc.).
- **Officials in the Middle East weigh in by voicing their expectation for Iran to overlook Trump's threats** and respond with aggression and return military action. Iran has already responded by threatening action on US soil and on their allies in the Middle East. As time passes and Iran refuses to cooperate with negotiations, the list of demands continues to grow, inching closer to potential physical action. Iran's foreign minister is now calling for an immediate resumption of negotiations with the US to avoid a potential war.

Russia-Ukraine War Update

- **Ukraine is declaring a state of crisis as its military faces an extreme shortage in troops during a critical time** in combat. Military officials explain the near impossibility of staying secure as Russian troops take advantage of gaps in the front line to invade and overtake Ukrainian territory. A Ukrainian military general explained that over 2 million Ukrainians are wanted for mandatory military service, and at least 200,000 soldiers are absent without leave. This has caused significant setbacks for Ukraine, allowing Russian troops to act more aggressively. Russian troops recently travelled up a bisecting river to attack Ukrainian territory, seizing an entire military base. Ukrainian soldiers, caught by surprise, fled, leaving armory, technology, and detailed strategy maps with exact locations of Ukrainian drone locations. All of which the Russian soldiers possess. The Russian attack line measures 700 miles long.
- Ukraine's central military operations have been based in the region of Donetsk since the beginning of the war. **Russian terms of agreement to start negotiations with Ukraine demand full control of the Donetsk region.** In late November, early December, Russia completed its most expansive defeat, entering through a completely defenseless area in Western Ukraine to seize control over 170 square miles of

Ukrainian land. The Russian military is very aware of Ukraine's military crisis and is taking full advantage. The US is still conducting peace talks in the UAE. Ukraine is not in imminent danger now, but Russia is seeming to accelerate its invasion tactics.

China and Britain's New Deal

- **In response to tumultuous trade conflicts with China's primary trade partner, the US, an alternative trade relationship with Britain is now the target.** After meeting in late January, Britain and China seemed to restart their working relationship after settling previous tensions over human rights and an alleged espionage crisis. The two countries seemed to be moving full speed ahead with joint opportunities, promising an exchange of crisis benefits. China has already revised visa regulations for British travelers, and Britain has lowered import duties on Chinese electric vehicles. China is aiming to secure a trade partner to offload exports to, and Britain is providing opportunities in the trade of high-value products such as electric vehicles, solar panels, and batteries. Britain's target is to invite foreign investment outside of the US, overlooking the high risks associated with unbalanced power.
- China has already made an agreement with London, the financial capital of the EU, to fully integrate and promote the Chinese yuan in financial activity. China is now proposing full cooperation with Britain in finance, health care, AI, bioscience, and renewable energy projects. Many involved are increasingly concerned that Prime Minister Starmer is prioritizing profits over ethics and responsibility in the accelerated partnership with China.

Vitamins:

- Chinese New Year began February 15 and runs through February 23, with February 17 marking the official Lunar New Year. However, the impact reaches well beyond the holiday itself. Across China, businesses—including factories—close for two weeks or more, and production typically slows in the weeks leading up to the celebration. For many companies, this creates a total slowdown of three to four weeks, making it widely regarded as the single most disruptive annual event for global supply chains, with ripple effects felt across manufacturing, shipping, and delivery timelines worldwide.

FAT SOLUBLE

VITAMINS

Trending Vitamins:

- VITAMIN K
- VITAMIN D
- VITAMIN B
- VITAMIN C

Vitamin A: Vitamin A pricing remains stable.



Vitamin D: Pricing remains stable amid weak demand.



Vitamin E: Pricing for synthetic versions remains stable. Natural versions may see additional price softening over the next few months.



Vitamin K: Current pricing for vitamin K1 is stable.



Pricing Trends Key

Price Increase

Price Increase Due to Current Events

Price Stable

Price Decrease

Price Stable to Rising

Price Stable to Decrease

Key Vitamin
Supply Conditions
Remain Stable
Across Markets



WATER SOLUBLE

VITAMINS CONT.

Trending Vitamins:

- VITAMIN K
- VITAMIN D
- VITAMIN B
- VITAMIN C



Vitamin C: Pricing is currently stable at low levels.



Vitamin B1 (Thiamine):

Both Mono and HCL versions remain stable, with potential softening of prices in the Mono market.



Vitamin B2 (Riboflavin):

Riboflavin USP and food grade pricing are stable.



Vitamin B3 (Niacin/

Niacinamide): Niacin/ Niacinamide pricing is currently stable. Strong demand could push this up in the next few months.



Vitamin B5 (Calcium

Pantothenate): B5 pricing is stable at low levels from new producers creating an oversupply in the market.



Vitamin B6 (Pyridoxine): B6 pricing has stabilized.



Vitamin B7 (Biotin):

Pricing is currently stable.



Vitamin B9 (Folic Acid):

Pricing has started to stabilize but prices remain at higher levels.



Vitamin B12 (Cyanocobalamin)

The B12 market price has stabilized. There is an ample supply of inventory which should keep pricing stable.



Pricing Trends Key

Price Increase

Price Increase Due to Current Events

Price Stable

Price Decrease

Price Stable to Rising

Price Decrease to Stable



MINERALS

- CERTAIN MINERALS SHOW RISING COSTS
- STABLE PRICING, BUT SLOWER AVAILABILITY

Trending Minerals

- Chelates
- Magnesium Citrate
- Zinc Gluconate
- Zinc Citrate

Calcium Carbonate: Visit the Granulations section on page 10 for more information about our directly compressible version of SuperTab® oyster shell calcium carbonate.

- SuperTab® Oyster Shell Granulation (OSG) 2000 AM
- SuperTab® Oyster Shell Granulation 2100 Malto
- SuperTab® Oyster Shell Granulation 2300 Acacia

Copper: Prices have been increasing due to strong demand for various Copper forms.



Iron: Iron prices have stabilized, and supply is available but lead times remain long.



Electrolytes

Calcium: Calcium prices have stabilized.



Magnesium: Magnesium market price and supply are stable.



Potassium: Potassium prices and availability are stable.



Phosphorus: Pricing has become stable.



Sodium: Sodium prices have stabilized.



Zinc

Zinc prices and availability remains stable. New manufacturers have offset increases in demand.



Zinc Gluconate: The price of Zinc Gluconate is stable however, lead times remain long.



Zinc Oxide: Prices for Zinc Oxide have now stabilized.



Zinc Sulfate: Zinc Sulfate prices remain stable; however, lead times remain long.



Zinc Ascorbate: The price of Zinc Ascorbate is stable; however, lead times remain long.



Zinc Citrate: Prices have stabilized and are starting to come down.



Pricing Trends Key

Price Increase

Price Increase Due to Current Events

Price Stable

Price Decrease

Price Stable to Rising

Price Decrease to Stable

MINERALS CONT.

- MOST MINERAL PRICES REMAIN STABLE
- SOME MINERAL LEAD TIMES AFFECTING AVAILABILITY

Chelates

Zinc Amino Acid Chelate: Prices and lead times have stabilized.



Zinc Bisglycinate Chelate: Prices for zinc bisglycinate have stabilized. There have been additional manufacturers that have entered the market and should keep pricing from increasing as well.



Zinc Glycinate Chelate: Zinc Glycinate is experiencing longer than average lead times, but prices remain stable.



Manganese Amino Acid Chelate: Manganese Amino Acid prices are starting to increase from strong demand.



Pricing Trends Key

Price Increase

Price Increase Due to Current Events

Price Stable

Price Decrease

Price Stable to Rising

Trace Minerals

Chromium: Chromium prices remain stable but can be difficult to source due to long lead times.



Molybdenum: The Molybdenum market is experiencing longer than normal lead times, but prices are remaining stable.



Selenium: The selenium lead times have increased; however, prices are stable.



PREMIXES

- MANUFACTURERS ARE SWITCHING TO PREMIXES
- CUSTOM PREMIXES SIMPLIFY NUTRIENT PROCUREMENT



Custom Nutrient Premixes

More and more manufacturers are switching to vitamin and mineral premixes. Premixes consolidate multiple nutrients into a quality-assured, single-step ingredient and deliver economies of scale by simplifying ingredient procurement from a single source.



TWG SuperBlend®

Our value-added SuperBlend® custom nutrient premixes deliver performance and stability in high temperature and shear processes in a variety of food and beverage products, including:

- Extruded bars
- Gummy supplements
- Breakfast cereals
- Ready to drink beverages
- Beverage mixes



MICROENCAPSULATION

- AN EFFECTIVE METHOD OF MASKING UNWANTED FEATURES
- DELIVER A WIDE-RANGE OF FUNCTIONAL INGREDIENTS



Microencapsulation Technology

Vitamins, minerals, and other nutrients possess unique characteristics that can affect the appearance, color, and odor of the final product. Microencapsulation is an effective method of masking unwanted sensory characteristics while maximizing nutrient function.

SuperCoat[®], our most recent innovation using our proprietary SMART[™] process, envelops particles at the microscopic level in a protective shell. This value-added coating technology delivers superior performance and stability of essential nutrients for a wide range of multi-functional ingredients.

Trending Microencapsulated Nutrients:

- Vitamin C
- Vitamin B5 (Calcium Pantothenate)
- Vitamin B9 (Folic Acid)

With a diverse portfolio of products, **TWG Health + Nutrition** is one of only a select group of manufacturers with the technology and resources to deliver independent manufacturing of custom premixes, microencapsulated nutrients, and granulations.

Our comprehensive supply chain and extensive list of pre-qualified ingredients allows us to react quickly to changing market trends and help you keep up with consumer demand. We also understand that superior service is just as important as technology and expertise. That's why we provide you with prompt quotations, technical assistance, and support documentation to help you efficiently deliver your products on time. Contact us today to talk to one of our experts about your project needs or ask about any ingredients not listed here.



GRANULATIONS

- DELIVER ESSENTIAL NUTRIENTS IN GRANULAR POWDERS IDEAL FOR HIGH SPEED TABLETING
- CAN BE INCORPORATED INTO DRUM-TO-HOPPER TABLET BLENDS



Granulations

Rather than outsource granulations from a third-party manufacturer, TWG Health + Nutrition has committed to developing technologies and processes in-house to effectively and efficiently manufacture **SuperTab® direct compressible granulations**.

SuperTab® granulations deliver essential nutrients in uniform, free-flowing, granular powders ideal for high speed tableting processes. As usual TWG Health + Nutrition combines quality, innovation and superior knowledge to make sure your product is the best it can be. Ask about our granulation capabilities today!

Trending Granulations:

- Glucosamine
- Chondroitin
- Vitamin C

Oyster Shell Granulation

SuperTab® Oyster Shell calcium carbonate is sourced from an above sea level deposit, characterized as fossilized oyster shell beds. These oyster shell beds have been thoroughly vetted over the past ten years with testing of the material both analytically and physically to insure consistency and purity. TWG Health + Nutrition sources the high purity genuine shells exclusively from a domestic supplier.

Contact us today to get started on your next dietary supplement product containing calcium carbonate granulations. Insist on SuperTab® Oyster Shell authenticity in your formulation.



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to address specific
functional needs.

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