NAVIMPEX

The Coconut Company

Millenis

SOURCING TRACEABILITY SERVICES

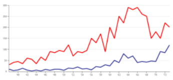
Coconut report

Customers & partners confidential letter

JUNE 2026

Introduction

Markets are now setting up amid a long lasting volatile context. On one hand, the coconut market's price is rather stable, slightly decreasing now; on the other hand, the meteorological conditions and the freight rates are respectively a threatening and a concrete rising price factor.



General market trends :

Whether it's in the Philippines, in Indonesia or in Sri Lanka, all along the months of April and May, the market has followed a quite stable / slightly decreasing trend.

Production costs remain high in the producing countries, mainly due to the oil price that has now « stabilized » around 95$/bbl (WTI), representing an increase of +55% compared to the usual purchasing rate at which the market was used to before the Persian Gulf war started.

The contradictory trends involving a rise in the production costs and on the other side, a crop yield improvement of the coconut trees since Q1 2025 (which considered on its own was forecast to bring back the market to an equilibrium in supply & demand) makes it difficult to trustfully predict what the price will be (excluding freight rates trend and El Niño impact from that analysis) on medium term.

However, we anticipate a tendency that will align to April / May over Q3 2026. Stable / slightly decreasing prices, regarding the coconut goods in the producing countries.

Shipping :

However, coconut prices are already impacted by increasing freight rates, resulting in a stable market price in Europe despite the slightly better goods price at the origin. We just entered, a bit earlier than usual the peak season and it will last until September / October 2026. GRI, blank sailings and vessels reallocation on different streams end up in soaring freight costs. Shipping lines have increased their offers three fortnight in a row.

Bookings are already becoming tight in June as the European market increases its imports. EBS (Emergency Bunkers Surcharges) are still implemented and shall remain as long as the oil crisis lasts.

To illustrate the above, one of our major streams: Philippines—North Europe costs has risen by +40% in the past 6 weeks.

This trend is potentially going to continue and prices are not expected to go down again for the whole summer. From our experience, the tendency now seems to be solid.

We thus advise our customers to cover their needs as early as possible in order to avoid an increase in their raw materials' costs

El Niño :

During our last visit in May in the Philippines, we had the opportunity to discuss with some cooperative managers operating in the Southern part of the country, in Mindanao Island, in order to prepare and anticipate this major climatic event. By itself, El Niño is the main market destabilization driver, as the whole industry, very strongly impacted last year, has sorrowfully noticed. As we don't want our customers to suffer again the lack of materials, we are now putting together some actions to assess as precisely as possible the impact in real time, in the producing countries, as soon as the phenomenon has begun to strike. However, anticipation is key once again.

El Niño is going to happen in the Philippines and in Indonesia, it will now start from one day to the next. Climatologists already affirm that its intensity will vary within the range average to very strong. The hope of a weak El Nino is apparently already to be forgotten. On site, the population is talking about a « Godzilla » El Niño. The global demand will potentially shift to the Sri Lankan market, which is not able to assume these volumes, producing only 10% of the Indonesian annual output.

In 2015, the event lasted for 14 months and the yield decreased by more than 70%! In 2023/2024, the yield deficit reached 50%, having as a consequence the grave crisis of 2024/2025.

As mentionned in our previous newsletter, the Philippines are already experiencing a rain deficit since January 2026, potentially enhancing even more the drought brought by the future El Niño.

The experts are now estimating that the impact on prices and potentially quantities could start as early as during Q4 2026. On one hand, the producers could anticipate the lack of raw materials to avoid a very sudden price increase and on the other hand, reverberate the high production costs that they have been absorbing for the past months on the industry. To put it briefly, we are potentially at the dawn of a new price and quantity crisis.

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To conclude, we <u>strongly recommand</u> our customers to anticipate and take advantage of the actual stable market conditions to cover your needs and anticipate potential intense disruptions from Q1/Q2 2027.