

AUG

AMINO ACID
MONTHLY
REPORT





Amino Acid Monthly Report



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【Hot spot】

- **This week the purchase price of corn deep-processing enterprises has risen steadily.**

The arrival of deep processing enterprises in North China has declined, and the purchase prices of some enterprises have been raised. On August 6, a total of 3,992,400 tons of temporary storage corn were put in the auction, all of which were sold at an average price of CNY2005/mt (CNY2037/mt last week). The premium stopped rising and the average premium fell by CNY34. With continuous policy adjustments, traders have loosened their mentality in selling grain, the progress of temporary storage and delivery has accelerated, the effective market supply has gradually increased, and the short-term corn price may peak. The auction premium of temporary storage corn continues to rise, boosting the purchase price of corn deep processing enterprises to rise at a high level.

- **Market supply and demand situation**

In July, the stocks of live pigs and sows continued to resume growth. The price of pigs was at a high level of CNY36-38/kg. The profit of slaughter increased. The profit of slaughter from outsourcing pigs was about CNY1300, and the profit of self-breeding and self-raising was about CNY2500. The profitability of pig farming is still considerable; the volume of broiler has increased year-on-month, the demand for chicken is stable but weak, and the price continues to fluctuate at a low level. However, the cost of chicken during the early replenishment is low, and broiler farming remains profitable; layer farming is in laying hens The inventory continued to decline. Due to factors such as reduced supply, floods in the south, strong gambling sentiment and other factors, the price of eggs rose rapidly. The peak season for aquatic products is not prosperous as last year, and ruminant feed keeps increasing.

Lysine Sulphate

The price of the raw material corn has risen to a high level, and the production cost is under a great pressure for each manufacturer. In addition, in July, some manufacturers entered maintenance, market price rebounded, around USD550-570/mt. Export shipments are currently delayed due to the impact of the epidemic of COVID-19.

Later prediction: The current price is in the rising stage, and the market is expected to rise later.

Lysine Hcl

As the main raw material of Lysine, the corn's price will greatly affect the price of Amino Acid products. Due to changes in supply and demand, corn prices increased a lot in the past weeks, corn traders have strong willingness to sell available products with higher prices, thus Lysine producers are facing serious pressure on production cost. As some earlier orders were signed with low prices by the factories in Q3, the supply was tight and the lead time is delayed and some manufacturers increase their quotations. However, due to weak market demand, the current operating rate of Chinese factories is dropped to around 60%. It is expected that the short-term market price will increase and keep a high level.

Valine

After entering May, under the impact of the overseas epidemic, the resistance of feed factories to the rising high prices and the decline in downstream demand, especially the substantial increase in the supply of upstream companies after the price increase, the price continues to fall, but the transaction was still weak, until in July factory prices fell to or close to the lowest level in September last year, downstream procurement increased significantly, and the market began to reach a new balance. Now it enters a stage that with increased supply, low prices and increased purchase demand, supporting the stable maintenance of market prices at the current level.

Threonine

The spot price in the European market remains stable, domestic factories offer CNY8.3/kg, and the Threonine trade market is quoted at USD1085-1090/mt.

Affected by losses, domestic manufacturers are mainly keep price strong, and market transaction prices are basically stable. It is necessary to pay attention to the manufacturers production and delivery and export.

Tryptophan

Some customers already plan to made purchase for the fourth quarter, the demand of end users kept increasing. As we know, the new manufacturer XMXYG already started produce, and EPPEN is also going to produce Tryptophan in the near future, which will have a slight impact on the market. Market keeps stable currently, price is around USD5.6-5.8/kg.

Methionine

As the demand for poultry feed improves, downstream feed terminal companies and manufacturers have relatively insufficient inventory (domestic manufacturers have even signed orders for delivery in September), and the market price is close to historical lows and meets the customer's target price. Downstream feed companies purchase The inquiries has increased significantly and market prices have rebounded slightly. At present, the factory has raised prices or stopped quote. The market price of Methionine is expected to stabilize and become stronger in the later period.

Methionine will usher in some new supply structure changes after September, and the trend of Methionine will experience ups and downs with the introduction of the final anti-dumping ruling and the release of new production capacity.



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