



# AMINO ACID MONTHLY REPORT

**VEGA**





## Amino Acid Monthly Report



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## 【Preface】

### ➤ Key words

Corn prices rise; Winter heating season cause the production cost rising;tight delivery with few stocks;high shipping cost;Terminal's inquires for Q4

### ➤ Market overview

Amino acid prices have been relatively stable after the National Day holiday, and some products have fluctuated slightly before the holiday.

The pressure of raw material costs continued to increase this month, and the pressure on the production costs of manufacturers increased. Except for Methionine, the quotations of other varieties were temporarily increased. In particular, Lysine and Threonine rose significantly. Some Lysine manufacturers stopped quoting, and the quotations of Threonine manufacturers rose, followed by traders. Some manufacturers of Methionine have relatively low prices and are expected to run weakly in the short term; the market price of Tryptophan is stronger; the price of Valine manufacturers is little weaker, and the trading volume is normal.

For now, the dominant price of Amino Acids in the Chinese market is still under control of manufacturers.

➤ **Raw material**

At present, corn consumption in China mainly includes feed, industrial and food consumption. Affected by ASF, domestic pig production capacity fell by about 40% in 2019. Since the Spring Festival in 2020, the epidemic has impacted the production and sales of the breeding industry, and the time for the concentrated replenishment of pigs has been passively delayed. At the beginning of 2020, the government has made stabilizing the production and supply of live pigs a key task of the central government and the State Council in 2020 in agriculture and rural areas. In the second half of the year, there are obvious signs of recovery of production capacity in the pig market. According to statistics from the Ministry of Agriculture and Rural Affairs, the stock of reproductive sows in August increased by 3.5% month-on-month, which was an increase for 11 consecutive months and a year-on-year increase of 37%. The pig inventory increased by 4.7% month-on-month and 31.3% year-on-year. The supply of live pigs will gradually increase, and the demand for feed corn will also increase.

Although new corn in the main domestic production areas began to be harvested and listed in October, due to the expected reduction in production and a bullish outlook, the supply of new grains on the market is still relatively small, and the mainstream supply is still early-stage corn. As of September 2020, the temporary storage of corn stocks have all been auctioned. This year, the cumulative trading volume of temporary storage of corn has reached 56.84 million tons, and more than 60% has already sold out. The current supply and demand gap is expected to increase, and market conditions are rising.

## Lysine Sulphate

The price of Lysine raw material corn has risen to a high level, and the production cost is under greater pressure. At present, 70% Lysine is expected to be increased in the later period, about \$590-610/mt. The lead time and shipment are currently around November.

Later prediction: The market is expected to be very expensive in the later period.

## Lysine Hcl

Since October, China domestic supply of corn is still tight, and the current price is keeping strong, did not go lower as previous prediction. Coal is one of the important raw materials for lysine fermentation. North part of China enters the winter heating season. The strong demand for coal has led to higher prices. Due to these two factors, the price of lysine keeps strong position and price is highed than last month. Factories currently operate with full capacity within the year to meet the procurement needs in the fourth quarter of 2020 and the first quarter of 2021.

## Valine

At present, the mainstream price of Valine in the domestic market is 19.5-21CNY/kg, and the spot price in the European market is 3.7-3.8 euros/kg. Factory production capacity continued to be released, market inventory remained sufficient, pig breeding recovered quickly, supply and demand were relatively balanced, the price of Valine remained stable and slightly stronger, and the price entered a reasonable range to promote downstream consumption

## Threonine

The quotations of threonine manufacturers tended to increase, and the actual transaction prices increased accordingly. Recently, the market quotations are around \$1220/mt. Affected by the epidemic, foreign factories are limited in production, domestic corn prices are high, and cost pressures have increased due to rising raw material prices. Inquiries from the trade market increase. It is expected that the price will rise significantly, and the willingness of market transactions will increase. It is necessary to pay attention to the delivery and export of domestic manufacturers.

## Tryptophan

Recently, affected by corn price and constantly supply problem, Tryptophan showed a steady upward trend generally, and it will continue until the end of October even early November. In addition, because the main manufacturers locate in north of China, and the winter is approaching, the main energy source for northern production is coal. The increase of coal prices has also driven the price of Tryptophan in a certain extent. Current market price is around USD6.60/KG-USD7/KG.

## Methionine

At present the demand of end users is still weak, and the market price is around USD 2.2-2.3/kg. Customers' purchase plan is mainly based on current production demands. The supplying of manufacturers is stable, and new production capacity of China domestic manufacturers has increased steadily. On October 9, the Ministry of Commerce of China issued an announcement to terminate the anti-dumping investigation on imports of Methionine from Singapore, Malaysia and Japan from October 10, 2020. The market price will be stable and trends to strong in the later period, and transactions are expected to be more active in the fourth quarter.



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