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AMINO ACID MONTHLY REPORT





Amino Acid Monthly Report



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VEGA GROUP

【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 2021, Q1

➤ **Market overview**

Domestic demand in China is increasing and export shipments increase, which affects domestic supply and prices. Affected by the high price of new corn raw materials on the market, the pressure on the production cost of fermented Amino acids has increased. In the past two weeks, manufacturers have successively raised their quotations and suspended quotations. The wait-and-see is the main thing. The short-term bullish sentiment continues to be strong. At present, stock is limited and factory shipments are partially delayed. The market is still bullish, and downstream attention is greatly increased, and the enthusiasm for inquiries is high. In this round, upstream factories have more control over the market initiative.

➤ **Raw material**

The overall corn market hit a record high this year. Till now, the corn price rose from USD285/mt at the beginning of the year to USD380/mt, an increase of USD92.5/mt. The continuous increase in prices even led to official press conferences. The main factors of the continued increase in corn this year are that, firstly, the total corn gap this year is as much as 30 million tons, which is due to the increase demand of feed and deep processing enterprises; secondly, in September, in Northeast China 3 typhoons happened. As a result, there are expectations of reduced corn production, leads to further promote corn prices higher.

The new-season corn harvesting progress in the main producing areas is advancing rapidly, and farmers are under the pressure of loan repayment funds before end of the year, they prefer to sell corns. However, the demand for feed and deep processing is still strong, farmers have a strong attitude of reluctance to sell, processing companies, traders, and China Grain have a strong sense of building warehouses, and seasonal supply pressure has not been released. We expect that during November, corn prices will continue to rise, but the rising trend is expected to slow down gradually. Corn prices will gradually peak and stagnate around mid-November. There will be opportunities for a callback after the rise in November.

Lysine Sulphate

Raw material--Corn has risen to a high level, production cost is under higher pressure and demand also under increasing trend in the fourth quarter. At present, 70% Lysine is expected to be increasing price afterwards, around \$660-720/mt. The delivery time and shipment from the end of December to January 2021. Price is expected to increase.

Lysine Hcl

Coming into November, the domestic corn supply tight situation is little eased in China, but corn prices are remaining high level. at the end of year, the northern heating season will have a superimposed impact on the cost of raw materials. Major northern manufacturers are facing snow season situation that will be predicted to increase the transportation costs. The price of Lysine is expected to remain high and stable. However, the current new orders lead time will be tight and delayed as manufactures already signed a lot in past one month, some manufacturers' delivery date is end of December or mid January. End users need to make plan for first Quarter of 2021 accordingly.

Valine

On November 17, 2020, Meihua Valine passed the safety assessment of the European Food Safety Agency.

At present, the mainstream price of Valine in the domestic market is usd3.3/kg, the spot price in the European market is €4-4.5/kg, and the price in the European market has maintained a slight increase.

Supported by downstream demand, manufacturers' supply is slightly tight. Valine manufacturers have raised their quotations to varying degrees. CJ's quotation is usd3.3/kg, Meihua's quotation is usd3.7/kg, and Fufeng's quotation is usd4.1/kg. The recent market price is relatively trending upwards.

Threonine

Affected by the epidemic, production in foreign factories is restricted. China domestic corn prices have risen rapidly, and the price has increased by 40% over the same period last year. The production costs of manufacturers have greatly increased, and manufacturers have rise their quotations. The market is stable and strong.

At present, China sources are quoted at USD1250-1290/mt. Delays in shipping schedules for Chinese exports and rising prices have led to tight supply; The increased domestic demand will also lead to reduced or tight export supplies, and prices may become stronger by then.

Tryptophan

Recently, affected by corn prices rising and supply problems in the domestic market, Tryptophan has shown a steady upward trend, and overall transaction prices have increased. In addition, because the main manufacturers are in northern China, which

is approaching winter, coal is the main source of energy for production. The increase in coal prices also drives up the price of Tryptophan to a certain extent. From the market, end-user demand has improved, and transactions is better. The current market price is around USD7.5/KG-USD8.3/KG.

Methionine

At present, the production capacity of the factory is sufficient and the market is keep stable in the whole. Date on 3rd,Nov, Evonik announced that they will closed one production line located at Antwerp about 2-3 weeks. Thus the European market has a little floating up and get more market attention. Accordingly the Chinese manufactures made a price adjustment but market reaction is still weak. It needs to attention that this year the Antwerp factory of Evonik supplied more 21% volume than 2019 to Chinese market, and played an important role in the market.

Now the manufactures are limited offering for Fourth quarter and 2021 First quarter. Considering of the possible transportation problems as near to winter, for the later trends, it estimated to keep stable and trends to up.



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