

JAN

AMINO ACID
MONTHLY
REPORT





Amino Acid Monthly Report



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【Preface】

➤ Key words

Winter heating season cause the production cost rising; tight delivery with few stocks; high shipping cost; corn price; holiday in Feb

➤ Market overview

Amino acid prices continued to rise. Affected by the increase in the price of raw materials, the downstream market has greatly increased the desire to purchase. Although most feed companies can use the Amino acid inventory on hand for 2-3 months, only a few companies have an inventory of about 1 month. But the bulk raw material prices continue to rise, it enhances the market's prediction of the future increase of Amino acid prices.

Due to the sharp increase in corn, auxiliary materials and logistics costs, manufacturers feel the pressure of cost obviously. Slow shipments, and tight market supply of Lysine, Threonine, and Tryptophan, the Amino acid market is running strongly before the holiday.

➤ Raw material

The recovery of live pig production has exceeded expectations. Livestock and poultry farming has remained at a high level. The demand for feed grain continues to improve. This month the corn feed consumption will be adjusted to 185 million tons, an increase of 2 million tons from the previous month's forecast and increase of 1100 Million tons over the previous year. The recent increase in corn prices will further squeeze the profits of deep-processing enterprises and curb the later operating rate of

enterprises. This month the corn industrial consumption will be adjusted to 82 million tons, a decrease of 1 million tons from last month's forecast, which is the same as the previous year.

The recent epidemic has rebounded, with frequent rain and snow, and the corn market has become "crazy" again during the stocking period. Companies in Shandong province have taken the lead in raising prices, followed by Northeast of China and other regions.

Corn rises, thermal coal also rises. In the fourth quarter of 2020, affected by environmental protection policies, coal production in some areas was reduced, and thermal coal prices continued to rise. At the same time, the epidemic situation has rebounded in some areas. Under traffic control, logistics is not smooth. Downstream companies worry about the development of the epidemic, then some increase the stock of Amino acids. On January 16, the price of corn rose again in Shandong. The main reason was that traders were less motivated to sell grain.

Affected by the weather's impact on the transportation and the demand side of the early stocking, with the gradual start of stocking before the Spring Festival around mid-January, the probability of prices rising again is expected to increase. Looking further, the probability that corn prices will continue to rise in 2021 is very high.

At the same time, due to the reduction in soybean production in the United States and Argentina, the price of US soybeans has skyrocketed, and the price of soybean meal has reached a new high.

Threonine

Affected by the epidemic, the production of foreign factories is limited. And the domestic factories are affected by the rise of raw materials and the obstruction of logistics which make the cost pressure of manufacturers has increased a lot.

The price of corn market has reached a record high over the years. In the past half a month, the raw material cost of Threonine manufacturers has increased by about 8%. All factories have raised their quotations. This week, the price of Threonine of Eppen has increased to \$1650/MT, and the market is tight.

Ocean freight rates are likely to continue to rise in the first quarter in 2021, the higher freight rates further supporting market prices.

Lysine Hcl

Chinese domestic corn prices remained high in January. As the epidemic broke out again in northern China, transportation conditions and production plans were affected, which were resulting in delays for delivery. There will be a full transportation pause in Chinese new year vacation from early-mid February, the factory's delivery date will be further delayed and spot prices will rise further. Price is around \$1600/MT. Price change every week.

Lysine Sulphate

The price for the raw material corn price remains high, manufacturers under great cost pressure, market trend of Lysine Sulphate keeps strong. At present, 70% Lysine is expected to increase in the later period, now the market price around \$850-880/MT. The time of delivery and shipment around March to April of 2021. Later market price is expected to increase.

Valine

At present, the mainstream price of Valine in the domestic market is \$3.4-3.65/kg, and the spot price in the European market is € 4-4.2/kg. Eppen quotes \$3.3/kg, Chengfu quotes \$3.4/kg, Meihua quotes \$3.7/kg, Fufeng quotes \$4.1/kg, CJ's Valine stop offer. Recently the market price was mainly stable, with a slight increase.

Tryptophan

Due to tight supply and rising sea freight, and the increase in user panic, the market price has been increased. The market price has reached \$8.50-9.00/kg. CJ and Fufeng stopped quotation.

The substitution advantage of Tryptophan in feed has increased significantly, boosting the proportion of Tryptophan added in feed, and the demand for Tryptophan consumption has increased. At present, the operating rate of the domestic industry is stable. Driven by the market panic replenishment, the future trend is that the price will continue to rise in the short term.

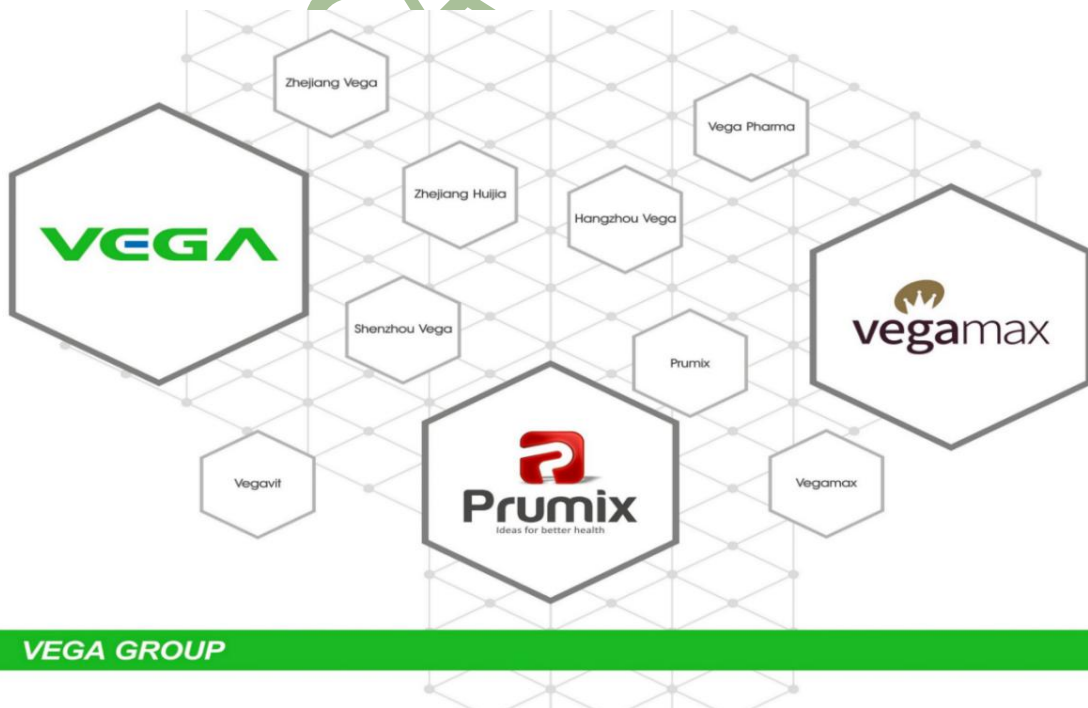
Methionine

Methionine factories generally began to raise prices, and the current market price is \$2.6-2.7/KG. Due to the continuous rise of the domestic raw material market, especially the delay of delivery and the difficult transportation, it leads to the market worries of supplying.

Recently the purchasing of Methionine is positive, which boosted the market price. CJ has stopped offering, other manufacturers are mainly delivery the early orders, and the supplying is tight in the first quarter. At present, some end users are ready for stocks until March. We should be focus on the produce situation and terminal demand changes.



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