

One stop solution supplier

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AMINO ACID MONTHLY REPORT

VEGA





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【Preface】

➤ Key words

The double control policy of energy consumption in Inner Mongolia; corn price;

➤ Raw material

During March, the price of corn deep processing in Northeast China has fallen for more than 10 days. This round of decline is the first time to decrease prices since the listing of the new grain last year. The starting point for this round of corn price cuts came from the Northeast. As the weather warmed, local farmers' s willingness to sell tidal grains and land-based grains has increased, as well some traders with third-party funds have increased their grain-producing mentality, which has led to an increase in grassroots grain sources and a decline in prices.

Although there are some factors that have caused corn to fall recently, these are short-term factors that have a phased impact on the corn market, and the possibility of a sharp drop is almost impossible.

- 1) The corn will not fall continuously and the stock of corn that can be put into the market is relatively limited.
- 2) The international grain price continues to rise, supporting the corn market.
- 3) The demand side is temporarily slowed down by the impact of ASF, but as the subsequent rapid development period enters, the demand for corn will be boosted.

4) Chinese domestic starch prices have strengthened, alcohol prices have rebounded, and the profit of deep processing of corn in Northeast China will increase at the same time as the demand for replenishment.

5) As the price of oil rises, corn, which is a raw material for ethanol, will also be boosted.

6) Grain collection "National Team"-Grain Reserve Depot, start full grain collection on the 15th. Driven by the purchasing and storage of the national team, corn prices may stabilize and rebound.

The prediction that the monthly average price of corn in March will continue to be relatively strong remains unchanged, and the prediction that the overall price will rise again during the end of March and early to mid-April will remain unchanged for the time being.

➤ **Market overview**

The march orders of major domestic amino acid factories were all signed before the end of the year, and the sales plan for April has also completed 30-40% of the orders. Therefore, the factory prices continue to remain strong. The downstream consumer market showed a declining trend after the holiday. The main reason was that downstream demand was hindered by the recovery process of pig production capacity, and there were still some stocks in the feed production link. Generally, there was a certain expectation of the decline in amino acid prices, and the willingness to buy was low. **At the end of February and early March, only 9.6-14.1% of feed companies had purchase intentions; in mid-March, the number of feed companies with**

purchase intentions increased to 45.5%, mainly because from the end of March to the end of April, more than 75% of feed companies Inventory will be exhausted.

Distributor and some feed companies still hold some inventory of low-priced goods in January. Due to concerns about the later market price decline and speeding up capital turnover, low-price selling began in early March, which led to a decline in local market prices after loosening.

Due to the dual control policy of energy consumption in Inner Mongolia, manufacturers have recently continued to increase their quotations, stop reporting or stop signing, and the downstream attention has increased after mid-March.

Almost all amino acid fermentation companies have thermal power plants that belong to the six high-energy-consuming industries. Some amino acid companies in Inner Mongolia have received relevant documents and survey forms, and some companies have already determined production restrictions. It is expected that the information about production restrictions will be gradually released in the next few weeks. In terms of dual control measures, Inner Mongolia has just started, and relevant provinces, municipalities, and districts will follow up in near future.

As a result, upstream factories will face the possibility of increased fixed costs and decreased supply after production restrictions, especially the supply of 98% lysine and threonine, which is tight in 2020.

Threonine

The price of corn market is weak in recent, the price of Threonine manufacturers is stable and down, the willingness of users and market to sign orders is poor. At present, the spot price in the trade market is USD 2140-2200 /MT. The delivery schedule of manufacturers' orders is basically normal, and the market transaction intention is not strong due to the influence of the excessive stock of spot inventory and early orders. But recently, the double control policy of energy consumption in Inner Mongolia has been gradually implemented, which has a great impact on the production of Threonine manufacturers. All production enterprises have plans to limit production and reduce production. Some factories stop signing orders and quoting, please pay attention to the production situation of the industry.

Lysine Hcl

Affected by the humid weather in northern China in the past half month, a large number of corn spot stock is being sold in market which leading to a gradual decline on corn prices. However, As the energy-saving policies in northern China and severe sandstorms March 15th in Inner Mongolia area, local power supply shortages have partially affected the production capacity of some factories. The price of lysine hydrochloride is expected to remain stable. If the price of corn rebounds or the production capacity is influenced by the policy, the price of this product may continue to rise and the lead time will be tight. Please continue to pay attention. The current price for Lysine Hcl 98% is FOB USD 1770-1890 per ton.

Lysine Sulphate

The quotation of Lysine Sulfate is between 1.20-1.30 Euro/kg in European market. The Q1 order has been signed and some Q2 orders have been signed. The Lysine market was slightly weaker, and some traders are eager to release the stock. At present, the export of enterprises is good, and the manufacturers mainly execute previous orders. Most end users still have stocks, so they are not in a hurry to sign orders. However, due to the dual energy consumption control policy, some companies have stopped production and the industry operating rate is lower than 70%. Pay attention to changes in industry production.

Valine

At present, the mainstream price of Valine in the Chinese domestic market is USD3.5-3.7/kg, and the spot price in the European market is 4.0-4.3 Euro/kg, the price is steadily rising.

The price of Eppen valine is USD3.5/kg, Meihua is USD3.6/kg, and Huaheng is USD3.6/kg. Recently, manufacturers' quotations have been firm. Due to the dual control of energy consumption in Inner Mongolia, some manufacturers have limited production. Pay attention to the recent industry reproduction situation.

Tryptophan

European market supply and logistics are tight, and non-Chinese sources offer 9.50-9.85 Euro/kg.

Manufacturers signed more orders in April, and the quotations remained firm and stable. Recently, some of the transaction prices were slightly lower. At present, Chinese domestic industry has started to work stably, and the terminal inventory is relatively sufficient. As of mid-March, the trade market price has been adjusted to USD11.5-12.6/kg. At present, CJ's price is stable, in addition, CJ's Indonesian plant's Tryptophan production line is scheduled for summer maintenance.

Supported by costs and international market prices, Chinese domestic tryptophan manufacturers are expected to maintain high prices in the short term.

Methionine

This month, Methionine market was floating and the supply was getting tightly. The market price is around USD 3.7-3.9/KG, and the main factories are actively supporting the price. At present, the Evonik is already stop offering and signing new contract. On March 9, Novus announced the force majeure of American Alimet/MHA production base. In addition, due to facility maintenance, Ningxia CUC plans to stop production lasting for one month since from April, and CJ Malaysia plant will be also launch a 6-week maintenance plan, the specific time to be determined. Under several factors influence, the price and market transaction have been improved. We need to focus on the stability of manufacturer production.



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