

One stop solution supplier

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AMINO ACID MONTHLY REPORT

VEGA





Amino Acid Monthly Report



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【Preface】

➤ **Key words**

Market's supply-demand balance situation; Leading company's sales strategy ;Corn price;

➤ **Raw material**

Corn price fell rapidly in March this year. After the Qing Ming Festival, the number of food delivery vehicles decreased because of the rainy weather. Shandong province took the lead in raising prices, followed by northeast China. Now, both Shandong province and northeast China have seen a price rise in corn.

Although it is expected that it will be difficult to continue to rise in April, as the grassroots surplus decreases, the market is still optimistic after May. The tide grains in the Northeast are basically sold out, and dry grains have been slow to go on the market and the price of concentrated grains sold in the early period has fallen significantly.

At present, the price of trader is reluctant to sell and the price of corn is on the strong side. Due to the sentiment of reluctance to sell, the arrival of this week dropped for four consecutive days, and the company's purchase price fluctuated upward. At present, the company flexibly adjusts the purchase price according to the arrival. Pay attention to the situation of corn arrivals.

➤ **Market overview**

The biggest problem at present is: different manufacturers, distributors and feed

companies have different judgments on the market.

After the Spring Festival holiday, although the downstream feed companies have relatively weak operating conditions and the consumption of raw materials is not as fast as expected, the stocks of Lysine and Threonine in most feed companies will be used up from March to April. However, **some distributors which hold low-price Threonine orders and some feed companies are eager to cash out.** Therefore, market appears lower prices for Threonine. Although these stocks are not big quantity, it still enough to disrupt the entire market, and increase the expectations of downstream purchases for price reductions. Whether it is a low price or a normal price, the market's willingness to purchase drop off a cliff.

In fact, whether it is Lysine hcl or Threonine, the overall situation was a tight balance of supply and demand from 2020. In 2020, except few factories didn't fully opened due to special reasons, most of the amino acid factories were producing at full capacity. Even Lysine hcl exports were blocked in the summer of 2020, exports in the first half of 2020 still increased by more than 40% year-on-year, and the overall export volume for the whole year increased substantially. In 2020, Threonine exports have maintained a steady growth, and there has been almost no weakness throughout the year.

In 2021, this tight balance has not changed. One of the main reasons for the rising prices of Lysine hcl and Threonine since Q4 of last year is the tight balance between supply and demand. At the same time, the increase in corn prices is also a driving factor. But by 2021, corn prices and production costs are no longer the determinants of Lysine hcl and Threonine prices. **The market's supply-demand balance situation and the leading company's sales strategy will be the most important factor.**

Threonine

The price of threonine manufacturers fell darkly, and the trade market price was quoted at FOB USD1900-1950/MT, and the price was lower in some areas. Users and the market have strong bearish sentiment, and users have too much spot inventory and pre-order stocks. Manufacturers are less willing to sign orders after the price drops, the market transactions are light.

At present, factory mainly focus on delivery goods. Need to pay attention to the start-up situation of the industry and the delivery progress of manufacturers in the international and domestic markets.

Lysine Hcl

Recently, due to the weak situation of corn prices in China, transactions in the amino acid market have been relatively stable. In the past month, regarding local policies, shortened power supply have affected the production capacity of some factories. The price of Lysine hydrochloride is expected to remain stable, and the current price is FOB USD1620-1690/MT depends on different markets.

Lysine Sulphate

Both supply and cost of raw material corn gets more stable and some Q2 orders has been signed in Q1, which leads to the current market demand gets slightly weaker and the deal price is felling down.

However, due to the energy consumption control policy in China, some manufacturers have stopped or reduced production and the industry operating rate is lower than 68%.

Pay attention to the producing and delivery situation.

Valine

The European market's spot price is 4.20-4.30 Euro/kg.

Chinese manufacturers keep strong prices. Valine is quoted at FOB USD3.25-3.40/kg in the Chinese domestic trade market, and some brand prices are lower. Manufacturers' production has basically returned to normal, paying attention to changes in downstream demand.

Tryptophan

European market are tight at supply and logistics, non-Chinese sources offer 9.50-9.90 Euro/kg.

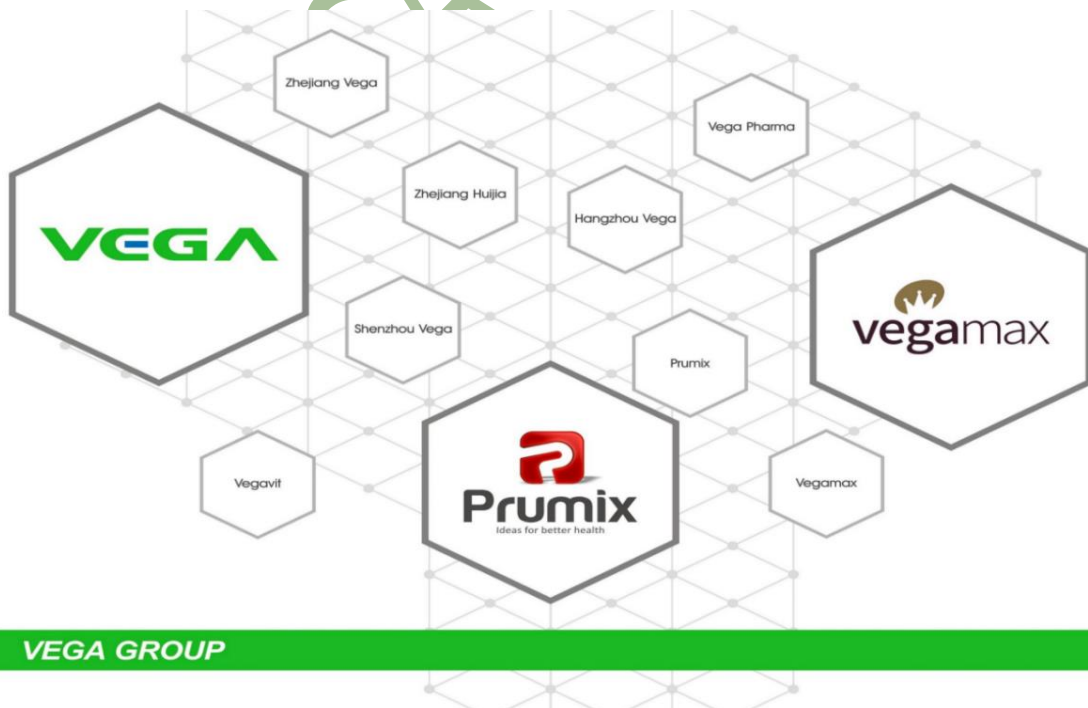
Manufacturers signed more orders in March, and the quotations remained firm and stable. The market transaction is light. The current transaction price fluctuates between FOB USD9.5-9.8/kg, and the trade price in some areas is lower. At present, terminal inventories are relatively sufficient.

Methionine

After the market shock last month, the price is relatively back to stable this month. At present, the market price is around FOB USD 3.50-3.80/KG, some traders offering is slightly lower. Market inquiry began to be active, but some end users prefer to wait. Ningxia CUC is expected to stop production for maintenance in May, NHU plans to maintenance for one month in late of June, and CJ Malaysia factory will also carry out maintenance for six weeks, and the specific time is to be determined. At the same time, we need to continue to pay attention to the impact of the Covid on logistics, raw material supplying and production stability.



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