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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

Since May, China domestic corn price market has recently restarted a round of price increases. The direct cause of the overall rise in corn prices is due to the skyrocketing international food prices. Due to successive speculations in the unfavorable weather in the corn-producing regions of the United States and Brazil, the US corn futures price has risen by about 160 cents per bushel in the past two months, an increase of 22%, breaking through the highest point in history in the past 10 years and becoming a recent fluctuation in the domestic corn futures spot market. the main factor of influence.

At present, the corn supply and demand gap in China is still around 40-50 million tons. With the rapid recovery of the aquaculture industry, the demand gap may further expand. It is expected that the corn market will be on the rise in the later period.

➤ Shipping situation:

1. Affected by factors such as insufficient labor caused by the spread of the epidemic abroad, serious congestion occurred in ports in the United States, Europe and other places. Disorders in the logistics supply chain and reduced efficiency have also led to large-scale delays in container liner schedules. The on-time rate has dropped from over 70% to the current 20%, which has exacerbated the contradiction between container ship capacity and empty container supply and demand. The container stays in the terminal for up to 2 months, and the phenomenon of containers being dumped is even more common. According to new data from Project44, a well-known supply

chain provider headquartered in Chicago, the number of containers dropped at major container ports continued to rise last month, affecting approximately 39% of shipments.

2. Maersk predicts that the supply chain bottlenecks and shortage of containers due to the surge in demand will continue until the fourth quarter of 2021, and then return to normal; Xie Huiquan, general manager of Evergreen Shipping, also said earlier that congestion is expected to be delayed to the third quarter.

But the alleviation of congestion does not mean that freight rates will drop

The major shipping companies have recently issued a new round of price increase notices.

➤ **Market overview**

After struggling for 2 months, with the triple effect of limited inventories, higher costs, and resuming growth in feed farming, the purchase demand for 70% Lysine sulfate was the first one to start, and the peak season for procurement and sales appeared in the last week of April.

Last month, in order to increase sales, some amino acid factories offered special price to feed terminal enterprises, especially group companies. Partially extremely low prices and significant increase in shipments have pushed the ex-factory prices of Lysine and Threonine into a loss-making channel across the board, further stimulating downstream purchases. The increase in the prices of raw materials and related products has benefited the amino acid market. More importantly, the stocks of Lysine and Threonine in feed companies, especially group feed companies, have bottomed out, and the pressure on purchasing has increased, and purchasing demand has burst out instantly.

Pay attention to changes in upstream and downstream inventories, changes in factory operating rates, fluctuations in corn raw materials and soybean meal prices, and changes in overseas exports. These will be the factors affecting the trend in June and July.

Threonine

Threonine manufacturers do not have publicly guided quotations for the time being, and orders confirmed are mainly based on bargaining transactions. The current trade market price is FOB USD 1530-1630 /MT. With the consumption of pre-stocks, the current market price is at a relatively low level, end users demand continues to recover, and there may be demand for replenishment in the near future. Manufacturers' prices are about USD 1550 /MT, pay attention to the industry's production and export situation.

Lysine Hcl

Recently, there has been a fierce situation between the supply and the demand sides. The sharp drop in corn prices in the past month has led to a continuous decline in the price of Lysine. However the price of corn is being stabilized at present. At the same time, the price of Lysine has stopped falling and remained stable due to local policies in Inner Mongolia which causing some manufacturers' reduction in production. Transaction is becoming stronger in China domestic market, and it is necessary to continue to pay attention to the terminal procurement situation and the production dynamics of manufacturers. The current market price is floating at FOB USD1350-1380/MT.

Lysine Sulphate

Both supply and cost of raw material corn gets slightly increasing, some end users have started procurement for Q3. Now most manufacturers have been full of orders. The market demand gradually increase and prices are on the rise.

The current supply gets tighter, it's better to make purchase plan as early as possible.

Valine

At present, the mainstream price of valine in the market is USD 2.8-2.9/kg, and the domestic valine quotation in China is rather chaotic. The latest valine production plant quotation is close to the cost line. As the price of valine is at a low level, it is expected that the amount of use in the later period will increase significantly, and the purchase amount will increase significantly.

Tryptophan

Non-Chinese sources in the European market are quoting 9.00-9.50 Euro/KG. Manufacturers mainly negotiated prices, and actual transaction prices have been lowered. Some companies have transaction prices as low as \$8.2/kg, trade market prices are \$8.75-9.6/KG, and trade quotations in some regions are slightly higher. Manufacturers' export prices continued to weaken and were lowered to \$8.3/KG, focusing on domestic manufacturers and market transactions. The manufacturer plans the maintenance time from June to September, focusing on the company's maintenance and production arrangements.

Methionine

This month, the factory supplying and delivery are stay normal, market price is around USD 3-3.3/KG, it basically keep stable compare to last month. Due to the end users are gradually running the stocks, the market inquiries are getting actively.

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, continue to pay attention to the impact of the Covid on logistics, raw material supplying



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