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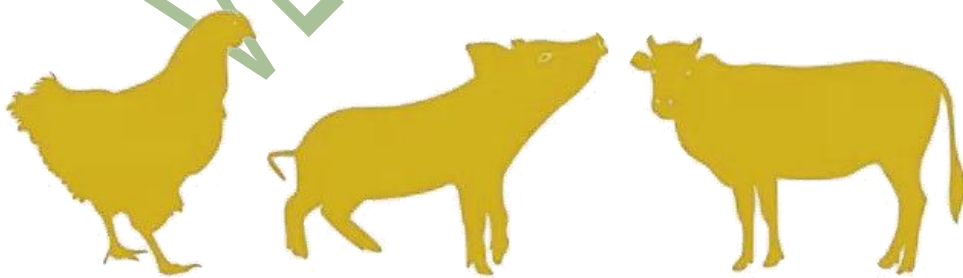
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# AMINO ACID MONTHLY REPORT





## Amino Acid Monthly Report



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VEGA GROUP

## 【Preface】

### ➤ Key words

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

### ➤ Raw Material

From the perspective of supply, Northeast China has a strong willingness to maintain prices due to high early purchase and storage costs. With the increase in trade storage costs and the cost of imported corn, traders are reluctant to sell.

From the demand side, although the continuous recovery of pigs is good for corn demand, at the time of the wheat harvest, feed companies are busy buying wheat and are not enthusiastic about corn purchases, while deep processing companies have sufficient stocks and insufficient operating rates.

Moreover, imported corn was auctioned for two consecutive times. Last Friday, all 11,058 tons of corn were sold at high price, indicating that imported corn is still very attractive to enterprises. If the auction continues, it may squeeze the deep processing enterprises.

Multiple factors are superimposed, the supply and demand sides are in a game state. It is predicted that China's corn stocks will continue to decline in June, and the quantity of imported corn will still be high. Superimposed on the extensive use of alternative raw materials, the price of corn will be weak. **It is expected that after late June, the probability of stabilization in July will increase.**

➤ **Shipping situation:**

As we all know, the peak shipping season for importers happens during the second half of the year. But cargo demand far exceeds available capacity this year, and the vessel space in Asia is getting even tighter in June. Historically, it is booked around two weeks in advance, but it is now taking four to six weeks and sometimes up to eight weeks. High freight rates and tight capacity are currently common problems for all importers. They can not be alleviated in the short term. **Putting off importing can not help, but may miss the opportunity of the market and even face another shipping cost increase.**

➤ **Market overview**



Since March of this year, in order to control product costs, feed companies have continuously reduced inventory. Most feed companies have low stocks of lysine and threonine. However, in the past three months, they have been using on-the-go purchase.

The market conditions affected by the demand side are expected to be maintained until July and August, which has an inseparable relationship with the general environment.

Judging from the recent market conditions, purchasing close to the demand at any time should be relatively less risky, unless those products whose prices have fallen below the cost line can be slightly stocked. **After the most difficult time has passed, there is a high probability of recovery and growth in the third quarter. Downstream companies may make inventory when at the market trough , which may be an option!**

## Threonine

Most of the threonine manufacturers did not offer publicly, and the transaction price was weak. The current trade market price is USD 1500-1530 /MT.

The price of European market is stable and weak, the export of domestic manufacturers is acceptable, and the Eppen Ningxia factory has entered the overhaul stage, need to pay attention to the 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 USD1250-1300/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 is gradually picking up and prices at around USD820-840/MT.

The current supply gets tighter so it is recommended to make purchase plan as early as possible.

## Valine

The price of valine is currently at the bottom due to weak transactions and weak market, manufacturers have already suffered losses due to cost factors. The domestic market price in China is around USD2.90-3.50/KG, and prices vary greatly among manufacturers. At present, EPPEN is suspending production for maintenance. CJ is in a state of suspension this week, and the European price has been lowered to around USD5.00-5.50/KG. Due to the low inventory in the market, the current manufacturer's quotation is lower than the trader's quotation.

## Tryptophan

Non-Chinese sources in the European market offer 9.10-10.00 euros/kg.

The market performance was weak, and manufacturers mainly negotiated prices. Some companies had transaction prices as low as \$7.70/kg, and trade market prices were \$7.80-8.00/kg. Manufacturers' maintenance plans are mostly in June-September. The current breeding situation is not optimistic, the market replenishment demand is sluggish, and the short-term market price is expected to be weak and stable.

## Methionine

After the market adjustment before, the price of Methionine is stable and weak this month. At present, the market price is around USD 2.60-2.80/KG, market inquiries is also relatively dropped. The manufacturer's delivery is basically normal, and keep some inventory. However, it should be noted that CJ Malaysia plant plans to carry out equipment maintenance from the end of June, and NHU will be also start one month shutdown plan. Now, the market demand is generally weak, the terminal users purchase base on current demands. the later price trend will be keep stable, and the

supply situation of manufacturers still needs to attention.



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