

One stop solution supplier

**JUNE
23RD**

**AMINO ACID
MONTHLY
REPORT**

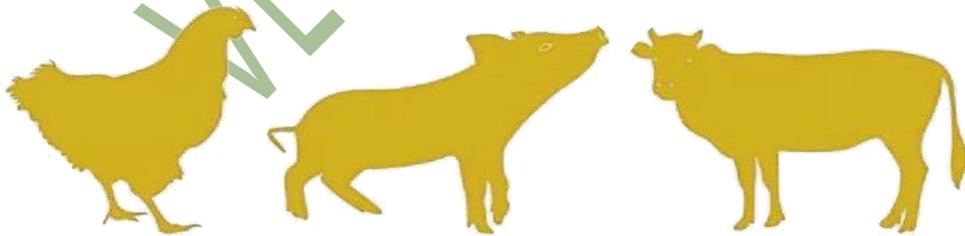
VEGA





Amino Acid Monthly Report

June.23rd,2022



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VEGA GROUP

【Preface】

➤ **Breeding situation**

According to statistics from the Ministry of Agriculture, at the end of May, there were 41.92 million fertile sows in the country, equivalent to 102.2% of the normal amount of 41 million, which is a green and reasonable area for pig production capacity control. Farm households are generally optimistic about the market outlook, and speed up the replenishment of piglets. The enthusiasm for pig breeding has been significantly improved, and the market supply of pork in the future is guaranteed.

As the price of live pigs continues to rise, breeding has begun to turn losses into profits. According to the national average cost price of pig breeding at 15.4 yuan per kilogram, the profit of a commercial pig head sold by a farm has been around 60 yuan recently. The market generally believes that pig breeding is the most difficult period. It has passed. With the rise in pig prices, the production capacity reduction of live pigs is coming to an end. In May, the national breeding sow inventory ended a correction for 10 consecutive months, with a month-on-month increase of 0.4%.

➤ **Raw materials**

The price of corn remained stable and on the strong side. The arrival amount goods of Shandong deep-processing enterprises is still at a low level, and the purchase price continues to rise. Traders are more involved in the purchase and sale of new wheat, the arrival amount of deep processing continues to decline, and the increasing price of many companies stimulates the arrival amount of goods. At present, the purchase price has been rising for nearly half a month.

The price of corn in Northeast China has stabilized. At present, the targeted placement of rice into the supplementary market is not good for the market. However, some traders are still holding up the price and most of the deep processing enterprises mainly digest inventory.

➤ **Market overview**

In the early stage of May-June, based on the expectation of weaker prices for additives, the purchase volume of feed companies decreased significantly. As the inventory continued to be depleted, the recent purchase demand has increased. At the same time, there is a certain expectation that the price will continue to fall, so it is still the main purchase according to the needs.

However Amino acids market situation should be improved overall in later stage, especially in the three months of July, August, and September, many factories have entered the maintenance period, some amino acid supply may be temporarily tense, and in the process of increasing cost pressure, some products sold at a loss, it will usher in price increases. As the overall price level increases, some products which have weakened in the previous period will gradually stabilize, and will also strengthen again in the fourth quarter as in previous years.

70% L-Lysine sulfate and L-Threonine, two loss-making or near-loss products, will change rapidly, especially 70% L-Lysine sulfate; the prices of 98.5% L-Lysine hydrochloride and Methionine prices are nearly or already at the bottom. In the mid-to-late third quarter, with the overlapping of economic growth and industry cyclical growth driven by stimulus measures, the demand will increase significantly.

Threonine

There are a few transactions in the market, and the export quotation continues to decline. It is necessary to pay attention to the production situation of enterprises.

Users have sufficient quantity of spot goods plus orders, the domestic market just sales for need, the consumption period of terminal inventory is extended, the market purchase and sales willingness is not high in the short term, and the enterprise quotation is reduced, but there is still profit space. Affected by the epidemic in some areas, it is difficult to deliver goods. Eppen and XMXYG plan to reduce production and overhaul, need pay attention to the production and delivery of enterprises. The export demand weakens and the delivery progress slows down. The domestic export quotation drops to USD1500-1570/MT. Pay attention to the market purchase and sales.

Lysine Hcl

Coming into summer, plenty of factories are preparing maintenance during July-August. Chinese corn futures are keeping around Chinese RMB2900/MT, it is a quite high level still. However Lysine hcl demand is weak due to global inflation and animal consumption weakened. Current lead time is around mid July. The product is predicted to be weak and stable. FOB Chinese port is around USD1460-1530/MT depending on quantities and different markets.

Lysine Sulphate

The market price of Lysine sulfate dropped continuously as the weak demand at early stage, however the price is going to strengthened soon. The price is already at a loss line or close to a loss, and it will rebound in near future. The demand has been rising since last year.

On June 14, Chengfu Group announced that they will overhaul the Lysine production line by rotation, and the Lysine production line will be reduced by one third. On June 15, the price of 70% Lysine of Chengfu Group was raised by USD20/MT.

Valine

At present, the mainstream quotation in the domestic Valine market is USD3.05-3.1/KG, the terminal demand is weak, the purchase and sales are relatively flat, and the use is mainly based on the adoption.

Tryptophan

In the European market, non-Chinese sources offer 7.80-8.20 euros/KG. The price of domestic tryptophan manufacturers is weak and stable, and the industry starts to adjust. Affected by the devaluation of the RMB, the trade market quotation is weak and adjusted to USD7-7.2/KG. Recently, the demand for tryptophan in feed has dropped slightly. At present, the price of domestic manufacturers is near the cost line. The price is expected to run stably in the short term.

Methionine

In June, the DL-Methionine is relatively stable and trends to weak, while the inquires are also not active, the market price is around USD2.9-3.0/KG. It needs to highly attention that NHU Methionine factory plans to stop production for facility maintenance since from August, and it will be lasting for 6-8 weeks. Another factories situation also needs to pay attention, and it may influence the price and delivery in near future.



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