

AMINO ACID MONTHLY REPORT

Report Date. Aug 29,2025

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Amino Acid monthly report

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PREFACE

BREEDING SITUATION

The Pig Market: Capacity Reduction Has Commenced, and Prices Remain Volatile at Low Levels

Capacity Adjustment and Supply Outlook

The number of breeding sows in stock declined by 50,000 to 40.36 million in August compared to the previous month, yet still exceeded the normal holding level by 3.7%. In response, the Ministry of Agriculture and Rural Affairs has introduced a policy aimed at guiding a reduction of 1 million breeding sows. It is projected that the volume of live pigs sold will reach a turning point by June 2026. Meanwhile, the industry's PSY (pigs weaned per sow per year) has increased from 24 to 26, with leading enterprises achieving up to 32. This improvement in production efficiency has partially offset the effects of the reduction in sow numbers, resulting in a relatively loose supply structure that is expected to persist at least through the end of 2025. Although the supply of weaned piglets has decreased month-on-month, likely due to accelerated culling of inefficient sows amid financial losses, the number of newborn piglets continues to rise. Consequently, supply-side pressure in the live pig market is expected to remain for the next six months.

Price Fluctuations and Profit Margins

The national average price of live pigs experienced a slight increase in August, though regional disparities were evident. In South China, prices were driven upward by group meal procurement and tourism-related consumption during the back-to-school season. In contrast, prices in North China and Northeast China remained largely stable or slightly declined due to concentrated selling by small-scale farmers. The central government's frozen pork reserve policy has provided temporary support to the market; however, the long-term oversupply situation remains unchanged. Prices are expected to remain low, with ongoing fluctuations. The profit margin for vertically integrated breeding and farming operations has narrowed. While companies such as Muyuan Food have managed to sustain profitability through cost-cutting measures, the potential for further reductions in feed costs is limited—given the anticipated slight decline in corn prices and potential increase in soybean meal prices—thus exerting continued pressure on industry profits.

RAW MATERIALS

Since August, the domestic corn market has shown a distinct feature of loose supply. The stable release of imported corn and the active release of rotation grain have created a dual increase in supply. Coupled with the panic selling by traders and the substitution of wheat for feed, market expectations have shifted from tight to loose, and prices have been declining for several consecutive weeks. Looking ahead to September, the alternating supply of new and old corn and the continuous release of policy grain will further strengthen the loose supply pattern. However, weather variables and cost support factors during the critical growth period of new corn may still cause temporary fluctuations.

1. Insufficient support from the demand side

The weakness of downstream demand has further magnified the price pressure. In terms of feed enterprises, due to the influence of the pig production capacity regulation policy, the measures of reducing the number of breeding sows and controlling the weight of pigs at the time of sale have gradually taken effect since July. From the perspective of the breeding cycle, the number of pigs at the time of sale in September is likely to remain at a high level, while the demand for feed will show a

seasonal weakening trend.

Deep processing demand is also weak. Many starch processing enterprises in Northeast China have announced the suspension of corn harvesting due to sufficient inventory. The operating rate of starch enterprises in North China remains at a relatively low level of 60% to 65%.

2. Price Forecasting and Key Variables

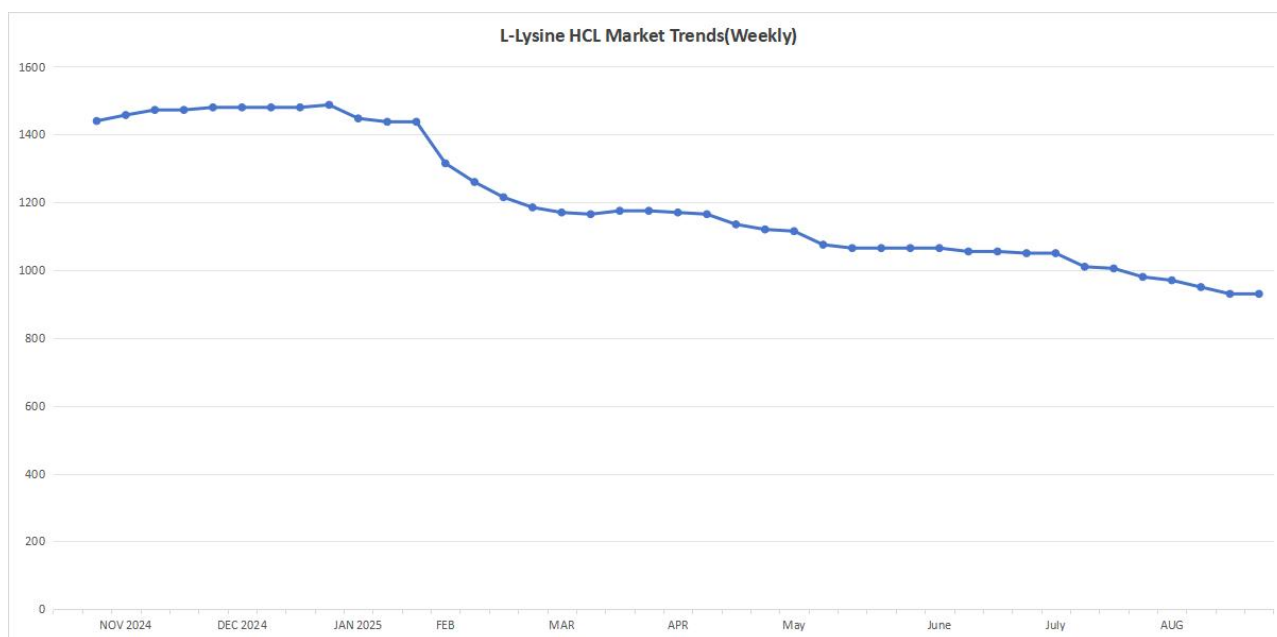
Taking into account both supply and demand factors, corn prices in September will face considerable downward pressure, but different institutions have different opinions on the fluctuation range. Weather factors have become the most uncertain variable. Although there is a rainfall process in some local areas such as Wushan County in September at present, the weather conditions in the main production areas such as Northeast and North China are still unclear. If the dry and hot wind risks previously warned by the meteorological department materialize in September, it may affect the quality of corn filling and thereby change the market's expectations for the yield of new crops. Historical data shows that weather disturbances during the corn production period may cause price fluctuations of 5% to 8%.

In the long term, with the establishment of a loose global corn supply pattern and the decline in domestic planting costs, it is difficult for corn prices to see a significant increase again.

Threonine

This month, the manufacturer's quotations were narrow and weak, and there were fewer inquiries in the trade market. The quotations is around USD 1130-1180/MT. Recently, upstream manufacturers have not signed many export orders. Domestic terminal demand is relatively weak, and the market's order signing sentiment is average. Users replenish their inventories as needed, while some are waiting and watching. Pay attention to the progress of export order signing. It is expected that the price of threonine may remain stable with a slight adjustment.

Lysine Hcl



In July and August, L-LYSINE HCL 98.5% market demand was still weak, with price a slightly decline trends each week. Mainstream factories offer stable quotations and delivery dates. The end users purchase based on use demands.

The current market price is FOB USD930--950/MT, lead time in September. It is expected that the price of Lysine HCL would keep weak in short term. Still need to pay attention to the market situation and factory delivery time.

Lysine Sulphate

Mainstream quotations continue to be in weak trend. Downstream users have ample inventory, and the weak market have weakened customers' willingness to restock. They are cautiously waiting and primarily buying based on immediate needs.

Currently, 70% lysine prices are priced at FOBUSD685--710/MT. We need to pay attention to manufacturers' sales strategies and export contract results. It is expected that the price of 70% lysine will continue to be weak in the short term.

Valine

The mainstream quotations of valine in the market have been continuously weakening, with supply exceeding demand. The terminal market is cautiously observing, and the market's purchase and sales are sluggish. Currently, the mainstream quotations in the domestic market are 13.3-13.5rmb/kg. It is expected that the price of valine will remain weakly stable in the short term.

The European market price is 2.7-2.8 euros per kilogram. The EU announced the preliminary anti-dumping duty rate of valine on August 14th, which has not had any impact on the current Q3 quotations. The valine market is unusually calm.

Tryptophan

In August, the price of the tryptophan factory dropped. There was no active demand from the terminals and only sporadic, on-demand purchases were made. The current market price is: USD5.1 - 5.3/KG. We will need to pay close attention to the recovery of downstream demand and domestic transaction situations in the future.

Methionine

In Aug, the whole amino acids market is stable and weak, but DL-Methionine got a little up, because of the supplying tightly, now the market price is around USD3/KG. CUC start the facility maintenance since from early of Aug, and NHU also announced that they will extend the maintenance time. In the trading market, there are less stocks. Next, it needs to attention the factory's supplying status and make preparation in advance.

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