

AMINO ACID MONTHLY REPORT

Report Date. Jan 05,2024

One stop solution supplier





VEGA



***IDEAS FOR
BETTER LIFE***

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***ONE STOP
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PREFACE

BREEDING SITUATION

At present, the panic mood has been basically stable, and the overall price of pigs has recovered a little in the fourth quarter.

Due to the current tight cash flow of breeding enterprises, they are unable to make long time frozen goods inventory as the cost is too high, therefore there is a strong willingness to sell, as well as weak market, pig price rebound range is limited.

In addition to, in the first half of 2024, due to the slow progress in the early stage of capacity removal, after a short-term rebound, it is expected that the overall trend in the first half of 2024 is mainly below the line. Pig prices may show a weak seasonal rebound before the Spring Festival, and then enter a trend decline again.

RAW MATERIALS

After entering December, the temperature gradually decreased, and the demand season of feed soybean meal in the year gradually started. Feed breeding enterprises, although the farming efficiency is not good, the rigid demand is still large, the demand for soybean meal is gradually increasing. In particular, after the price of soybean meal dropped, pig farming's profit have improved, some farmers began to be optimistic about the price of pigs before the Spring Festival.

In addition, at the end of the year, some factories in North China due to environmental problems were shut down, which enhanced the willingness of feed breeding enterprises to take goods, and the number of soybean meal transactions increased significantly.

Although the number of soybeans to be shipped to the port decreased since January, it will still be a high level, and the soybean supply will be more abundant. However, the rigid demand of livestock and poultry may still have a larger level of the overall soybean meal demand. And as Brazil's soybean production gradually becomes clearer, it may continue to reduce; Before the factory shuts down during the Spring Festival, feed breeding companies need to stock up in advance, which is expected to support soybean meal prices in the later period.

SHIPPING SITUATION

Red Sea Crisis, with the continuing impact of the attack on another merchant ship company, after Maersk announced the resumption of Red Sea traffic on December 27, 2023, it again announced the suspension of all cargo traffic through the Red Sea. Other shipping giants such as Hapag-Lloyd have followed.

The closure of the Red Sea has forced the world's major shipping lines to bypass the Cape of Good Hope, adding at least 8,000km and more than 15 days for cargo ships to reach Europe.

Such a volatile situation has affected the global supply chain, resulting in the consumption of more than 2.5 million containers, about 20% of the size. Delays in the return of empty containers to Asia have exacerbated the global capacity shortage, and freight rates have continued to rise. CMA CGM announced a 100% increase in container freight rates from Asia

to the Mediterranean region from January 15. EMC also has a new offer, which is adjusted from \$2,800 /40 feet in December to \$5,988 /40 feet, directly doubling. Other less affected routes' freight cost also increased.

There is usually a wave of shipments in Asia before Chinese New Year. However, as many ships and empty containers cannot return to Asia in time, it is expected that container rates will be difficult to drop at the end of January.

As for whether the subsequent freight rate will continue to rise and how much it will increase, the key depends on the situation after Chinese New Year: the international situation and the order status of Europe and the United States. Usually around three to four weeks after the year, there is little demand for cargo transport which is difficult to support freight price, unless the shipping company reducing the number of shipment or reducing the space.

Threonine

Recently, manufacturer quotations have fallen, and the market is undergoing a correction and consolidation. The trade market quotation has been lowered to USD1450-1465/MT, and the end user will replenish the inventory according to the plan.

In November 2023, China exported approximately 55000 tons of threonine products, a year-on-year increase of 46%. One manufacturer will debug and produce 50% valine in late December, and it is expected that the supply of threonine will decrease.

Lysine Hcl

Market prices have been stable and slightly weak in the past 30 days, most of clients already purchased their demand of Q1-Q2 before Christmas-New year holidays and production schedule from factory is fully engaged. At present, the lead time of each manufacturer has been scheduled to middle-end of the February 2024, the market reference price is FOB USD1230-1250/MT.

Lysine Sulphate

The market was stable and a bit weak this month. The inquiries and actual transactions were average, and customers mainly replenished goods according to rigid needs. At present, the supply is relatively tight, and the lead time is around Late February to End February.

The current mainstream quotation in the export market is about USD760-775/MT (FOB). It is expected that the price of lysine sulfate will remain stable in near future.

Valine

Valine market is currently oversupply, the market price tends to be stable in weak level, replenishment sentiment and market inquiries are in light transactions. Now the market price at USD2.2-2.4/kg, Could Pay attention to the delivery schedule of the manufacturer also consider that will have chinese holiday in end of Jan for most of factories.

Tryptophan

In mid-December, the market quotation of tryptophan was strong, the supply was tight, the end customer replenishment was relatively active, but the manufacturer's inventory was not much, the production of goods was scheduled to January, the factory quotation also rose. The mainstream factory market quotation of tryptophan was USD9.3-9.5/KG FOB at the end of December. The supply side enterprises produce normally, the spot supply of the market remains tight, the end user replenishes on demand, and the transaction has slowed down compared with the previous period. It is expected that the price of tryptophan will remain high and stable in the short term.

CJ announced that it plans to increase the production capacity of tryptophan by 10,000 tons/year in Indonesia and Brazil by the end of 2023, and expand the production of tryptophan in Malaysia by 12,000 tons. It is expected that by the end of 2024, the total production capacity of tryptophan will reach 77,000 tons/year. According to the changes in global market demand, CJ will also continue to expand its production capacity, which will reach 100,000 tons/year in the medium and long term.

Methionine

In Dec, DL-Methionine supplying status get little tightly, and some factories plan to facility maintenance in March 2024, thus the market price is accordingly get rised, and delivery time gets late, now the market price is around USD 2.9-3/KG. Down- stream demans are still weak, the end users are mainly make purchasement base on current demands. It needs to take more attention about the supplying status and delivery time.

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