

JULY

AMINO ACID
MONTHLY
REPORT





Amino Acid Monthly Report



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【Hot spot】

- Epidemic situation and supply pressure intertwined /Monthly import and export imbalance

The COVID-19 broke out in China at the end of January 2020. And in February most countries launched “restriction orders”, which have greatly restricted factory production, daily travel and consumption. As far as Amino acid companies are concerned, the supply of raw materials is tight and workers' work resumes delayed. Both domestic and international companies have suffered production cuts to varying degrees, but the industry's overcapacity situation is more serious. The delay in customs clearance in some countries affected import and export business. The domestic epidemic situation improved in March, and the monthly imbalance in imports and exports has increased due to concerns about the later epidemic situation and market supply pressure.

In March 2020, the export of Lysine hcl reached the highest record of 82,000 tons, and the second highest in April was 67,000 tons. The export volume of Lysine sulfate reached 83,000 tons in March, a record high of 47,000 tons in April. In March 2020, Threonine exported the highest record of 54,000 tons, and April exported 51,000 tons, the second highest in history. The monthly export of Tryptophan is lower than that of the same period last year. The export from January to April decreased by 30% year-on-year.

New production capacity in the Amino acid industry has been put into operation one after another. The construction capacity of the industry continues to increase. Due to the downturn, some inefficient production capacity has been suspended. However, the industry's supply and demand pattern is seriously imbalanced. Domestic excess capacity still depends on export digestion. In the future, imbalances in imports and exports will still occur.

Lysine Sulphate

Market situation: The price of Lysine raw material-corn rose to a high level, and the production cost pressure was greater. However, due to the decline in downstream demand, the price continued to weaken. The market price was about \$520-540/mt. Export shipments are normal.

Later forecast: Now the price already at the bottom level compared with the history price , there is no much room to drop.

Lysine Hcl

In the first half of the year, due to the tight supply of phases, the price of corn rose to a new high point of nearly 5 years. Affected by this, raw materials rose by 260-360 RMB/ton, and the cost of raw materials for Lysine production increased significantly and market prices rebounded from the bottom, but the price was subsequently dragged down by light demand in global market. Some factories orders are signed to the third quarter. The international market situation remains to be checked later in July.

Valine

The spot price in the European market weakened to 4.30-4.50 euros/kg, the price was stable, and the market transaction was general; the spot price in the US market were US\$5.50/kg, and the signed price was US\$2.25-2.3/kg.

The market appears to be fairly stable and well-supplied. Stable to slightly weaker prices in most regions, overall quiet market. In Europe a portion of Q3 contract volumes were already some time ago. The transaction prices of domestic manufacturers decreased, and some brands have lower transaction prices. Last month, new manufacturers began to supply, the supply pressure of the industry increased. The market's judgment on downstream demand is gradually rational.

Threonine

The quotation in the trade market is weak and stable to USD1030-1050/ton according to different brand, and the manufacturers are make the deal by negotiating.

At present, the overall trend is stable, manufacturers export better, forward orders are signed well, and the industry start up rate is about 68%. The price gap between European market prices, export prices, and domestic market prices has narrowed. Manufacturers still focus on export, and need to pay attention to manufacturers' production and shipment and export conditions.

Tryptophan

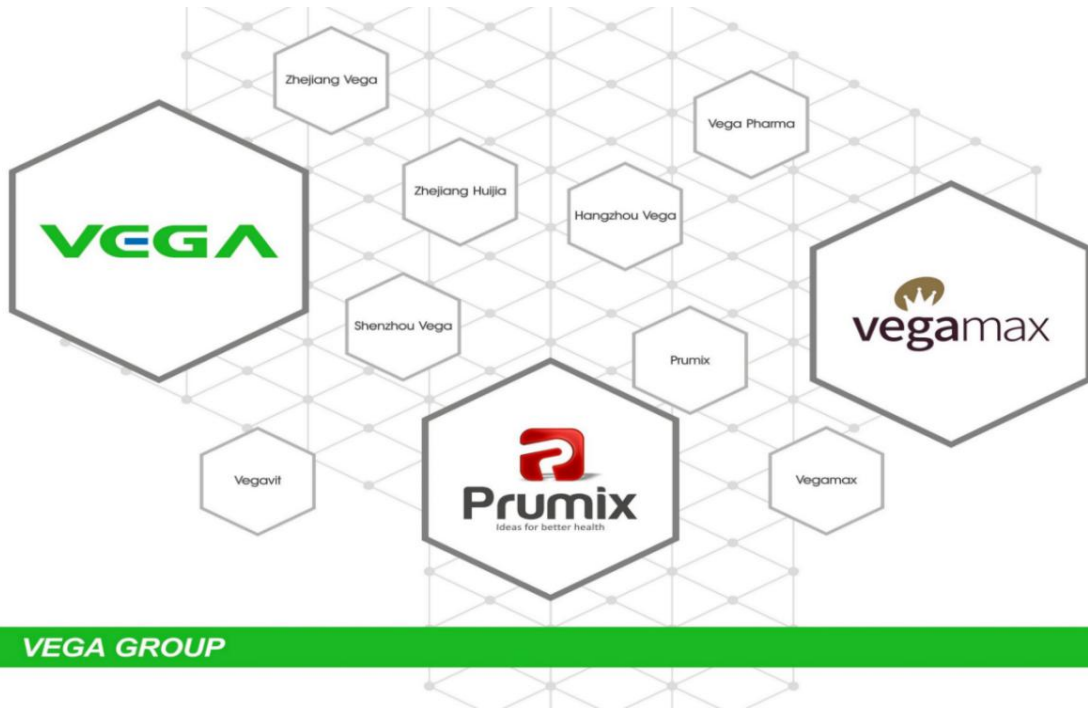
In the past period, the demand for end users kept increasing, but the market price of soybean meal continued to decline, which weakened the demand for Tryptophan. As we know, XMYG and EPPEN are expected to produce Tryptophan in the near future, which will have a slight impact on the market. The current market price is around \$5.5-5.8/KG.

Methionine

Affected by the COVID-19 continually, the global market demand has dropped a lot. Recently, manufacturers reduced the offering in the whole, and the transaction price in the trade market has also continued to decline. The current market price is about USD 2.33-2.4/kg. At present, the COVID-19 situation is still seriously, it should be pay more attention to the production status of Methionine enterprises in Europe. The NHU phase II project has started trial production in June, which will increase the supply of the industry in the future. Thus Chinese market will reduce the overseas import demand. In the later stage, the price will be keep stable and weak.



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