



AMINO ACID MONTHLY REPORT





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CATALOGUE

【Preface】	2
Threonine	4
Lysine Hcl	4
Lysine Sulphate	5
Valine	5
Tryptophan	5
Methionine	6

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【Preface】

➤ Key words

Winter heating season cause the production cost rising; tight delivery with few stocks; high shipping cost; pull electricity and shut down production

➤ Market overview

In the early stage, under the influence of multiple factors such as rising corn prices, high costs, tight supply from manufacturers, strong downstream rigid demand, uncertain delivery cycles, expectations of rising freight rates, rising prices in overseas markets and uncertain futures, the main domestic amino acid varieties maintained a strong will.

The prices of raw materials such as liquid ammonia, hydrochloric acid and ammonium sulfate have risen by more than 5%, and thermal coal has risen by nearly 20%, pushing up the cost of Lysine, Threonine, Tryptophan and Valine. In particular, some areas have been affected by environmental factors, and the recently started electricity curtailment measures in Inner Mongolia and other regions have reduced the operating rate of some factories. One leading company disclosed that the operating rate will drop by 20%, and the difficulty of raw material procurement has increased.

In terms of recent sales progress, it is understood that the overall sales of Lysine and Threonine of amino acid manufacturers are progressing smoothly, and most of the factories have basically completed the sales tasks in January 2021.

Under the current situation of rising costs and limited capacity release, the supply will be slightly tight in the later stage, the willingness of factories to increase prices will further strong, and market prices will be further supported.

➤ **Raw material**

In December, new-season corn sales and export sales in Northeast China's main producing areas gradually resumed, and the supply on the market has further increased. At the same time, growers are under pressure to repay loans. The shortage of corn supply in December will moderately improve. Corn prices in December are expected rises first and then stabilizes. The monthly average price continues to rise with a high probability but the increase has narrowed.

➤ **Shipping situation:**

Under the severe impact of the epidemic this year, global trade has fallen into a slow state. After experiencing a sharp drop in shipping demand in the first half of the year, it has only slowly recovered in recent months. However, the demand for logistics is booming, and shipping capacity is declining, resulting in large container freight rates. The freight rate of the West America route has increased by about three times compared with the beginning of the year, and the freight rate of the South American route has also risen sharply. Containers scattered around the world are not returning smoothly, causing a situation which is hard to find a container in China and there is nowhere to store European and American containers. Recently, the market has seen a sky-high sea freight of 10,000 US dollars. Industry insiders pointed out that the global shipping market's "hard to find one ship and hard to find one box" situation will continue. The mainstream shipping companies have booked space until mid-January next year. It is predicted that high freight rates will continue until around the Spring Festival.

Threonine

The significant increase in freight rates in the European market has led to tight supply and increased product prices, which may affect the delivery of orders in the first quarter. The Chinese source quotes are USD1320-1350/MT, and rising freight rates and raw material costs support market prices.

Recently, the price of raw materials has been at a high level, the market price has reached a high level, and the domestic export quotation has been strong. It is understood that the export delivery schedule of manufacturers has been delayed, and the price of Threonine in European and American markets has continued to strengthen. Pay attention to the manufacturer's production and export order delivery.

Lysine Hcl

Generally, the tight domestic corn supply and demand situation have been eased in December, and the price of corn remained stable and high. The northern heating season will have a superimposed impact on the cost of raw materials. Major northern manufacturers are facing snow season situation that will be predicted to increase the transportation costs. The price of Lysine is expected to remain high and stable, now the market price around \$1400-1500/MT. Many factories delivery time is delayed to late January or mid February.

However, comparing with the changes on corn prices, the freight costs in China should be paid more attention. Due to COVID19, the current container holdings in China have decreased and freight rates are keeping rising. Shipping costs from China have increased due to a shortage of containers. This is a very bad news for bulk cargo exportation, especially amino acids business. It is predicted that the shipping fees may

continue to rise in upcoming 2021, which will have a certain influence on amino acid exportation.

Lysine Sulphate

The price for the raw material corn price remains high, manufacturers under increasing price, market price is strong. At present, 70% Lysine is expected to increase in the later period, now the market price around \$750-780/MT. The time of delivery and shipment around January to February of 2021. Market price is expected to increase.

Valine

At present, the mainstream price of Valine in the domestic market is usd3.2/kg, and the spot price in the European market is €4-4.5/kg.

Eppen Valine quoted usd3.2/kg, Meihua Valine quoted usd3.3/kg, Fufeng Valine quoted usd3.3/kg, and CJ Valine was suspended. Recently, the market price is mainly stable. As we know, some manufacturers are supplying low of new production capacity, paying attention to changes of supply and demand.

Tryptophan

Driven by the tight import and export capacity and rising freight rates, the global Tryptophan market price remain firm and stronger.

At present, the domestic industry operating rate is stable at 66%, and rigid demand supports good early transactions. Orders have been basically signed for January delivery. It is expected that the domestic market price of Tryptophan will be stable in

the short term, and the narrow range will become stronger. Need pay attention to changes in demand, will affect the price trend.

CJ Tryptophan stopped reporting, and domestic Tryptophan manufacturers quoted around usd 8.5/kg.

Methionine

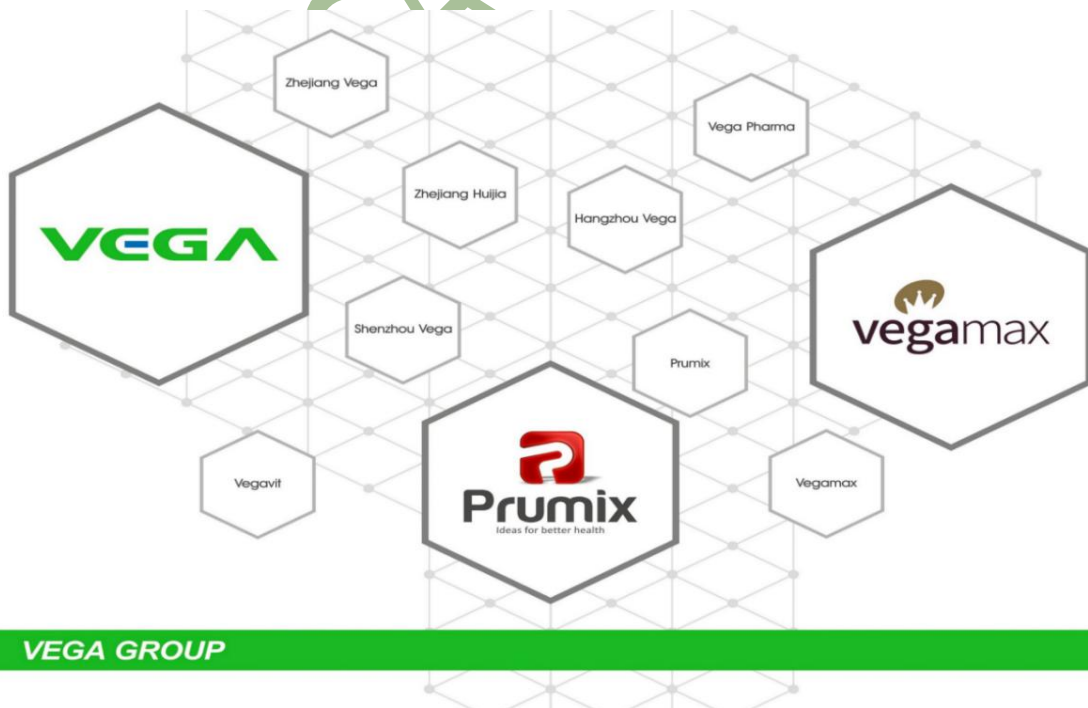
At the moment the market price is around USD 2.35-2.5/KG, slightly higher than last month.

The orders of first quarter 2021 are basically signed, now CJ stop offering and mainly focus on the delivery of early order; NHU just resume to production after finished the regular maintenance of the new facility; it leads to a tightly supplying and delay shipment in short-term, EVONIK has already rose their offering a little. Due to the requirement of peak shifting production, CUC is estimated to reduce 30% operating rate in first quarter of 2021.

In the whole, the demand for poultry feed is still weak. The signing of orders in 2020 year is positive and the end users has a sufficient inventory. The price will be stable in the short term. It is necessary to focus on the start-up situation of factories and the change of market demand.



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