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22ND

AMINO ACID
MONTHLY
REPORT

VEGA





Amino Acid Monthly Report

Sep. 22nd, 2022



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【Preface】

➤ **Breeding situation**

In terms of supply, according to the calculation of the stock of reproductive sows, the production capacity of live pigs in September continued to decrease from August. At the same time, the phenomenon of secondary fattening in the market has become obvious since mid-August, and slaughtering and secondary fattening will further reduce the supply of live pigs in September.

The market is not too divided on the contraction of hog supply in the fourth quarter of this year. With the arrival of the peak season in the fourth quarter, the supply side of live pigs may not be able to quickly increase the quantity of live pigs. Judging from the slaughtering situation of "the first brother of breeding" Muyuan shares, Muyuan plans to slaughter 56 million pigs this year, while 40 million have been slaughtered from January to August this year. It means that the monthly slaughter volume of Muyuan in the next four months is only 4 million heads. It is expected that the quotation of Muyuan shares will have a greater impact on the overall market. In addition, although the production capacity of other pig-raising enterprises is expanding, the slaughter volume is expected to increase, but from the perspective of the whole country, a large number of retail farmers have been eliminated from the market, and it is difficult to increase the supply of live pigs in the fourth quarter.

Over the years, before the Spring Festival is the most prosperous season for pork consumption throughout the year. Compared with other months, the demand has increased by more than 20%. In the fourth quarter, both supply and demand are basically booming, and this year is likely to be no exception. Therefore, it is expected that the price of live pigs may continue to remain strong, but the increase is limited under the policy control. Generally speaking, it is not a problem for breeding enterprises to maintain a profitable state in the second half of the year.

➤ Raw materials

In recent days, soybean meal has skyrocketed! Due to the skyrocketing prices of feed raw materials such as soybean meal, rapeseed meal, and Lysine, livestock, poultry, and aquatic feeds have successively announced price increases, and the news of price increases is overwhelming.

Recently, China's domestic soybean meal inventory has continued to decrease. According to market feedback, oil plants in Tianjin will be shut down on a large scale during the National Day, causing panic purchasing factors. At the same time, the National Day stocking also supported soybean meal prices. Strong demand boosted the price of soybean meal for oil mills. As of September 19, the soybean meal inventory of major domestic oil mills was 460,000 tons, 50,000 tons less than last week, 590,000 tons less than the same period last year, and 500,000 tons less than the average of the same period in the past three years. In addition, the amount of soybeans arriving in Hong Kong in the later period is still low, which makes the domestic soybean meal in a market that is easy to rise and difficult to fall. It is expected to run strongly in the near future. In recent days, soybean meal has skyrocketed! Due to the skyrocketing prices of feed raw materials such as soybean meal, rapeseed meal, and Lysine, livestock, poultry, and aquatic feeds have successively announced price increases, and the news of price increases is overwhelming.

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➤ **Market overview**

Lysine: According to statistics from China Customs, the export volume of Lysine and Lysine salts and esters in China in August 2022 was about 71,907 tons, an increase of 2.28% month-on-month and 11.08% year-on-year. Recently, domestic factories have concentrated on raising the price of Lysine, and the manufacturers are more willing to raise the price, and the terminal demand has recovered. It is expected that the market will be strong in the later period.

Threonine: According to statistics from China Customs, in August 2022, China's Threonine export volume was 32,748 tons, a decrease of 23.1% month-on-month and 28.4% year-on-year, which was the lowest point in the past three years. Affected by the epidemic, the supply in some parts of the country was tight, the logistics is affected, and the factory raises the price.

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Threonine

The manufacturer's quotation was raised, the trade price rose rapidly, and the quotation in some regions was slightly higher.

The market transaction has improved. Due to the tight supply in some areas affected by the epidemic, the price of soybean meal has risen greatly. Users are optimistic about the future market, which has driven the price to rise rapidly. The mainstream quotation in the trade market has risen to USD1300/MT. It is necessary to pay attention to the changes in international demand and export situation.

Lysine Hcl

Market is very active this month.

In factory part, some main producers are going to production maintenance by end of September, the available products' lead time is delayed to mid-end October, corn futures are keeping rising, which caused an increase in cost.

In market part, many end users and distributors are buying stock for Q4, price will keep rising as predicted. Right now FOB Price is around USD1300/MT with a late delivery.

It will keep strong in upcoming months.

Lysine Sulphate

Soybean meal prices rose significantly, drive amino acid market active, demand warming. Since the early of September, the factory's quotation for Lysine Sulphate has strengthened and started to increase prices, the factories are saturated with orders. Current market price in China is USD850-USD900/MT according to different brands. Need to pay attention to the inventory changes and export orders status.

Valine

This month, the Valine market has changed a lot, the price of soybean meal has risen, the market inquiries have increased, and the factory delivery time has been tight. The price is around USD2.6-2.7/KG, and the demand from end customers is relatively high, so pay attention to the delivery time.

Tryptophan

The overall transaction price of Tryptophan manufacturers is USD6.7/KG, some companies plan to raise prices, and some companies are restricted from exporting to North America and have not recovered. The profit of pig breeding has improved. With the recovery of terminal Tryptophan demand, we will pay attention to the export and domestic market transactions. In addition, the expansion of Tryptophan at CJ's Brazilian plant is expected to be 10,000 tons/year, which is planned to be completed in the first quarter of 2023. CJ announced on September 9 that its Tryptophan price in the European market will be increased by 15%.

Methionine

In Sep, the market keeps stable in the whole and affected by exchange rate slightly floating, the price now is around USD 2.75-2.8/KG. As the amino acids market resume to active and price goes up, accordingly there are also more inquiries for DL-Methionine. For next, it will be stay stable and trends to up, and highly attention the supplying situation and delivery time.



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