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AMINO ACID MONTHLY REPORT





Amino Acid Monthly Report

Dec. 22nd, 2022



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CATALOGUE

【Preface】	3
Threonine	3
Lysine Hcl	5
Lysine Sulphate	5
Valine	5
Tryptophan	6
Methionine	6

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【Preface】

➤ **Breeding situation**

With the opening of the "Spring Festival peak season", the peak season for pork consumption has also arrived. However, the price of pigs doesn't drive as strong as the market expected. According to the Ministry of Agriculture and Rural Development's monitoring, the average price of pork continued to drop by 1.3% on December 13.

In fact, after surging higher at the end of October, pig prices have entered a "downward spiral", with prices gradually falling from above CNY28.5/KG to less than CNY21/KG.

Forecast of next year's pig prices, the market predicts that as the supply side is still relatively slow to replenish, while the demand side is also being suppressed to a certain extent, it should still take some time to achieve an overall balance between supply and demand.

➤ **Raw materials**

With the full liberalization of epidemic control, the willingness of enterprises to purchase less than expected, prices continue to drop. Traders and grain growers' sales enthusiasm have increased, demand of terminal and traders for making stock before the Spring Festival is obviously less than expected.

It is expected that during the second half of December, corn prices in the main production areas will in weak trend. But before mid of January, local area corn prices still have possibility to rebound.

➤ **COVID situation**

Most of the production companies' management and operation departments are now starting to be affected by the infection of the COVID, till now they still can basically ensure normal business operations; The production departments, which are more stringent in their personnel management, are in a relatively better situation, so most of the factories' production is basically unaffected. However, as the infection situation worsens in China, normal operations of production companies should face greater challenges before the Chinese New Year.

The enquiries continued to increase from early mid-December, including from EU market for January-February shipments, presumably related to the earlier Chinese New Year holiday and concerns about the impact of the current epidemic in China on the supply chain.

The shortage of urban couriers has become increasingly acute since mid-December and it is foreseeable that similar conditions cannot be avoided for long distance shipments in the coming weeks.

The epidemic infection will affect different segments and regions to varying degrees at different stages, since the entire supply chain need to be articulated and coordinated, the integrity and consistency of the product supply chain will also face greater challenges over the next 1-2 months. Coupled with the winter factor, there will be a significant impact not only on the improvement of the epidemic in the north, but also on road and vehicle conditions.

Threonine

The overall operating rate of threonine industry is 80%, and the factory quotation of Chinese domestic manufacturers is weak. The purchase and sales in the trade market were light, and the quotation weakened to around USD1180/MT. According to the market, the export performance is not very optimistic, the domestic market is under great supply pressure and the market price is expected to maintain at least stable or weak in the later period.

Lysine Hcl

Lysine market prices are currently stable. As the Spring Festival is coming, many traders and end users are buying stock for Q1 and Q2 in 2023, we still need to pay attention on upcoming transportation problems and pandemic situation. Lysine is keeping stable this month. It is predicted this product would be stable. Now FOB price is around USD1220/MT.

Lysine Sulphate

Market deal is around USD810/MT.

Because of holidays, recently the demand of customer is relatively weak, inquiries are not active. Manufacturers mainly focus on the previous orders' shipment.

At present, Lysine Sulphate are already near to production cost line, there are no more room to drop. Along with the China New Year approach and domestic epidemic situation, clients needs to pay more attention to the delivery of the factory.

Valine

The mainstream Chinese domestic valine market is currently quoted at USD3.1-3.2/KG. Some Chinese domestic factories resumed production and the industry's production rate increased, but the market supply is still tight and prices remained on the strong side.

Demand on the export side is relatively weak and market transactions are also flat. The market is expected to be strong in the short term, but with the supply side slowly recovering, prices may drop back later.

The European market spot offer is €5.00-5.50/KG.

Tryptophan

Tryptophan domestic factory delivery logistics slightly improved, but delivery problems still exist.

Now the market price is at around USD8.8/KG. The market situation is similar as Valine, which is expected to be strong in the short term, but with the supply side slowly recovering, prices may drop back later.

Need to pay attention to the delivery situation.

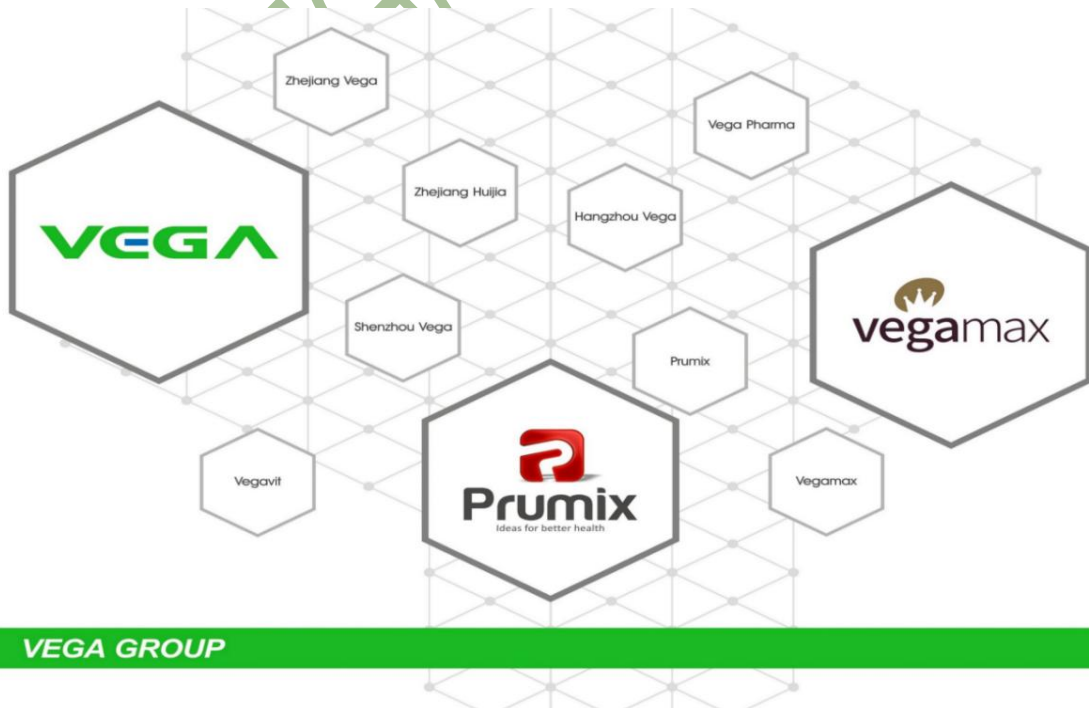
Methionine

In Dec, the DL-Methionine is keep stable as before and the market price is around USD2.7-2.8/KG. In the last month of 2022, there are less inquires and deals, the market is weak and enter into holiday mode.

Affected by covid situation again, the China domestic transportation will be more tight, thus the delivery and shipment time will be also influenced, please attention it.



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