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JULY

**AMINO ACID
MONTHLY
REPORT**

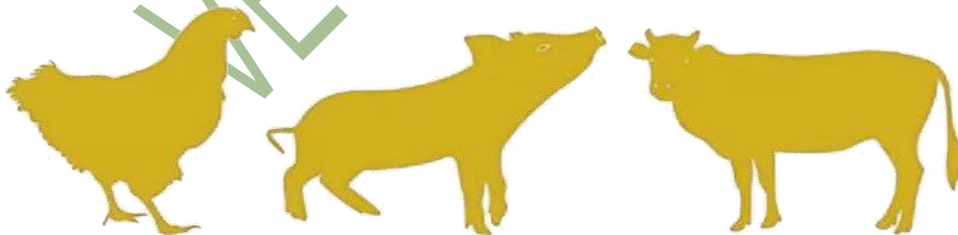
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Amino Acid Monthly Report

July.25th,2023



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【Preface】

➤ **Breeding situation**

Pig prices continue to fall. At present, the government's purchase and storage work has been completed, but it's mainly to release signals to stabilize market sentiment and prevent panic selling. The total collected reserves are only 20,000 tons, which is small compared to the annual consumption of about 56 million tons.

Under the current supply and demand situation, the low price of pigs may continue, and the losses of pig enterprises may continue until mid-2024 or even later. The main reason for the continued decline in pig prices is still oversupply. For pig prices, due to the seasonal growth of consumption in the second half of the year, or to support a small rise in pig prices, but under the background of sufficient overall production capacity, it is expected that the upward space is also limited.

➤ **Raw materials**

Recently, China Grain Reserves Group put more corn into the market which well eased the tight market supply. The grain enterprises are cautious to replenish the stock and hesitate to raise prices as the market wait-and-see atmosphere is strong

In Shandong Province, the number of vehicles received by deep-processing enterprises declined, and the purchase price of deep-processing enterprises increased steadily. Deep processing enterprises continue to raise prices to stimulate the market, the speed of food entry in Northeast China has accelerated, traders' reluctance to sell has eased, the amount of corn has increased, and attention has been paid to policy changes and demand-side procurement strategy adjustments..

➤ **Market situation**

Amino acid production enterprises also hope to promote market price stability and speed up circulation by increasing quotation. However, in the current state of supply and demand imbalance, the downstream still prefer wait-and-see. During this period, the customers with relatively small inventory, their willingness to purchase is stronger. Because they think that the factory intends to increase the price can at least promote the stability of the market price.

In general, the downstream feed enterprises in the last two months are more rational than before, we can find that even if there is a short-term improvement in supply and demand balance of some products, but once the price of production enterprises is increased too quickly, the downstream feed enterprises' purchase willingness will drop significantly.

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Threonine

This week, the manufacturer's prices remained stable at FOB USD1430/MT, and there were company orders signed until early August. The trade market quotation is slightly weak at FOB USD1420-1460/MT, and users' purchasing sentiment is average. Pay attention to the manufacturer's transaction situation. In the future, with the new production capacity of mainstream enterprises put into production, the market supply will increase, and the price of Threonine is expected to be weak.

Lysine Hcl

Lysine's factories were losing money as raw materials corn pricing is keeping up. Coming into summer some factories will halt partial production line for maintenance around 1-2 months. It is predicted the lysine hcl will keep strong and stable in upcoming days, we need to focus on the reaction of demand in the market. Current pricing is FOB USD1280-1310/MT depending on different quantities and global markets.

Lysine Sulphate

With the advent of summer, the factory's production costs have increased. Coupled with the suspension of production and maintenance plans of some manufacturers, the market inventory is also gradually decreasing. The overall price of lysine market has moved up slightly. Inquiry orders are relatively active, and the terminal is mainly replenishment. The export price of 70% lysine is about FOB USD770-800/MT. In the first half of the year, almost all manufacturers signed orders and shipped goods within the cost range, and suffered a lot of losses. It is unlikely that the price will drop in the short term. It can consider to properly stock up.

Valine

The mainstream Chinese domestic valine market is slightly going down, currently quoted at FOB USD2.3-2.5/KG.

Demand on the export side is relatively weak and market transactions are also flat. The market is expected to be stable in the short term.

Tryptophan

From mid-June to early July, after the price adjustment of the domestic mainstream manufacturers in the early stage, the price remained stable in high level, the market transaction was less, the delivery was tight, and the spot goods also less.

From the beginning of July to the middle of July, the export quotation of domestic factories gets weak, but the spot goods delivery kept tight.

At present, the factory delivery have scheduled to the end of August, and the factories mainly arrange the delivery for signed orders, the quotation of some factories is weak to FOB USD7.9-8.1/KG. The market inquiries are less recently, the terminal demand is reduced, and the end users are mostly wait-and-see. Pay attention to the signing situation of the manufacturer in the later stage.

Methionine

In July, the DL-Methionine market keep weak situation, now the market price is around FOB USD2.2-2.3/KG. Under a low market sentiment, there are still less inquiries and deals, some traders sales at lower price, the end users are mostly wait and see the trends, they make purchasement base on current demands. In short time, the price will be still stable but needs to attention the manufacture's supplying status and exchange rate floating.



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