



UNITED
ANIMAL HEALTH

UNITED MARKET NEWS

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In order to better inform our customers and teammates of ingredient market trends, find attached the next edition of United Market News. The content provided has been gathered and prepared by our procurement professionals and to provide directional market trends from our perspective.

Market prices across the category remain firm with strong demand pressuring supply to the point of allocation for amino acids especially methionine, tryptophan. As macro ingredient future prices move higher, use of amino acids expects to remain strong and in turn continued upward pressure on prices.

Supplies from Asian producers are dwindling given shipping delays caused by container availability along with Covid-19 increases slowing production and shipments.

Expect markets to remain bullish for the next several months.

Basis the market conditions prices are expected to remain firm through Q1.

Amino Acids

INGREDIENT	TREND	COMMENTS
LYSINE	↑	<ul style="list-style-type: none"> Domestic prices for lysine have moved higher by 10% over the last 30 days given strong demand. Domestic suppliers are also requesting 2-week lead times. Non-domestic supplies are tightening given container delivery delays. Non-domestic replacement prices are moving higher given higher transit and input costs. Expect market to remain firm for foreseeable future.
THREONINE	↑	<ul style="list-style-type: none"> Market prices have moved higher by 5% or more given strong overall market demand. Non-domestic replacement prices are moving higher quickly given increasing input and ocean freight costs. Prices look to be continued strong with supply tightening. CJ announced recently they will increase their production capacity of their Thr Pro threonine from 30 to 50,000 metric tons annually. The expansion is expected to be completed around Q2 2022.
TRYPTOPHAN	↑	<ul style="list-style-type: none"> Tryptophan supply remains under allocation from CJ and Ajinomoto in order to keep up with strong demand. Market prices have moved higher by 10% or more over the last 30 days. Available supply has increased from Chinese producers while trying to deliver timely given container shortages. Anticipate allocation of supply to continue through Q1 with prices remaining firm.
METHIONINE	↑	<ul style="list-style-type: none"> Available supply continues to tighten as a decision on the antidumping suit hovers over the US market. Initial decision is expected in coming weeks with final decision this summer. In case methionine becomes unavailable, some nutritionists are preparing diets without O methionine or alternatives. Supply is expected to remain tight through the first of the year with prices continuing to increase.
VALINE	↑	<ul style="list-style-type: none"> Use of valine in swine diets has increased dramatically over the past few months in reaction to higher macro ingredient prices. With no domestic producers, US supply is driven by non-domestic producers. With continued strong demand, market prices will remain stable to firm.

The vitamin market has adjusted recently to overall higher prices basis tight supply in most global markets caused by limited container availability to ship. This has been evident over the last 30 days with shipments delayed by several weeks in some cases. With limited supply of containers, freight prices have skyrocketed to historically high levels. Expectation is this situation will continue through Chinese New Year in mid-February and most likely through Q1.

In reaction to shipping delays, overall market prices have moved higher. Anticipate firm market through Q1.

Vitamins		
INGREDIENT	TREND	COMMENTS
VITAMIN E	↑	<ul style="list-style-type: none"> Available stocks are low currently basis import delivery delays from producers. Some producers are also not offering due to maintenance or production start-up scheduling. Traders are reluctant to offer without up to 6 week lead times. Prices have reacted by moving higher increasing as much as 30%. Market prices are expected to remain firm with limited available supply through March.
VITAMIN A	→	<ul style="list-style-type: none"> Vitamin A is experiencing the same challenges as vitamin E, limited container availability for shipments combined with increasing numbers of Covid-19 cases causing production delays. Available market supplies have tightened with replacement stocks unavailable until March/April. Given tight supply, prices have responded moving higher by around 10%. Experts project prices will remain firm through March/April then could stabilize.
VITAMIN B5 (CAL PAN)	→	<ul style="list-style-type: none"> Prices have remained stable given good supply from current and new producers in the market. Although replacement stocks have been delayed, local stocks have met premix demand. Lower price levels have attracted buyers to cover longer positions. Short term expectations are prices will remain stable at current levels.
NIACIN NIACINAMIDE	↑	<ul style="list-style-type: none"> Prices have methodically moved higher by 10% or more given tight supply available to local markets. Limited container availability globally combined with high freight costs are pushing purchase prices higher. Market prices are expected to remain bullish through March/April.
D3 500	↑	<ul style="list-style-type: none"> Prices have increased of late by around 20% given supply chain challenges caused by container availability like other ingredients. Anticipate supply to remain tight with higher prices through Q1 and into Q2.

Trace minerals and specifically copper and zinc byproduct demand has increased significantly over the past 45 days pushing stock levels to lower levels and in reaction prices have moved higher. Overall higher consumer demand for minerals used to producer consumer products in China can be attributed to the market strength and tightening supply. Expectation is bullish market trend will continue for the next few months.

Minerals

INGREDIENT	TREND	COMMENTS
ZINC	↑	<ul style="list-style-type: none"> Producers are offering on allocation basis of no more than 80% to buyers given strong market demand. Prices have responded moving higher by 15% - 20% on average. Bullish price trend expected to continue through Q1.
COPPER SULFATE	↑	<ul style="list-style-type: none"> Copper stocks continue to move lower as global market demand or copper products remains strong. Prices of copper sulfate have adjusted in reaction increasing by 10% or more. Market trend for firm prices to continue into early spring. Expect to see copper containing product prices continue to move higher over the winter months.
COPPER CHLORIDE/ CARBONATE	↑	<ul style="list-style-type: none"> Micronutrients announced a market increase of 4% basis copper cost increases effective February 1 on their Intellibond brand copper products. Old Bridge announced a 9% increase basis copper cost increases for their Emerald brand copper carbonate product to the general market effective February 1.

Additives

MEDICATED ADDITIVES	↑	<ul style="list-style-type: none"> Elanco announced general market price increases of 2% for Denagard, Skycis and Kavault that will take market effect February 1.
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· NOTES ·

USDA will again purchase combination boxes that include dairy products. Total dairy inclusion will be the same as in recent rounds: one gallon of milk plus five-six pounds of dairy products, including cheese plus the option of other similar products.

Dairy Powders

INGREDIENT	TREND	COMMENTS
WHEY PERMEATE	→ ↑	<ul style="list-style-type: none"> Global dairy demand is strong and is not showing signs of weakness even as prices increase. Exports have supported a demand recovery and pulled stocks lower versus prior year into Q4. Edible permeate is being substituted in many diets due the price of Sweet Whey. US producers are sold out for Q1.
LACTOSE	→ ↓	<ul style="list-style-type: none"> Lactose sentiment is mixed but mostly neutral as domestic prices retreat from the highs seen last summer. Stocks are still lower versus prior year, but processors have noted that the market is stable in the near term. The price will trend sideways to lower as buyers slow purchases in anticipation of weaker prices to come.
DRIED WHEY	→ ↑	<ul style="list-style-type: none"> Recent dry whey price increases are supported by market fundamentals and will hold at current levels. October dry whey exports were the highest for the month since 2000 while it was the strongest November exports since 2017. The price is demand driven, with export sales absorbing supplies.
NFDM	→	<ul style="list-style-type: none"> Combined nonfat dry milk/skim milk powder production has been well above prior year levels for four consecutive months. Stocks increased in the month, but global support and strong demand will prevent material price declines in this market. The largest bullish factor that would increase US values would be Mexico stepping back into the market after muted 2020 purchases; this is possible as a stronger currency, higher oil prices and the potential for weaker milk production could tip the scales on the balance sheet.
FREIGHT	↑	<ul style="list-style-type: none"> Given that freight figures into basis in an oversupplied market, sellers would carry the burden. But, as global dairy leans primarily tight outside of the US, end users that are short will be negatively impacted throughout the first half of 2021.

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