



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.



The trend continues for amino acids across the category; continued increasing prices along with tightening supply of non-domestic products are forcing buyers to cover longer positions if available. With soybean meal prices remaining firm, amino acid inclusion levels expect to remain high now through summer until new crop harvest.

A combination of supply chain issues including container freight, corn availability and increases in Covid-19 cases are causing delays and increased prices of non-domestic amino acids.

Anticipation is prices will remain firm through Q2 at least.

Amino Acids

INGREDIENT	TREND	COMMENTS
LYSINE	↑	<ul style="list-style-type: none"> • CJ announced a 11% price increase expected to take effect in the market by March 1. • Domestic supplies have kept up with buyer demand while at premium prices. • Non-domestic producers are reluctant to forward offer with limited corn availability and strong demand locally. • Market prices will continue to remain bullish.
THREONINE	→↑	<ul style="list-style-type: none"> • Domestic market is relatively stable with producers able to keep up with demand under 2-week lead times. • Non-domestic market prices have moved above domestic prices basis inventory ownership cost. Replacement prices continue to increase driven by high freight and corn costs. • Expectation is market will remain strong with tight supply through at least Q2.
TRYPTOPHAN	↑	<ul style="list-style-type: none"> • CJ announced a 15% price increase that has taken market effect driven by strong demand and increased input costs. • CJ announced an expansion of the tryptophan production in Indonesia and Brazil by 20,000 MT per year later in 2021. This additional production will strengthen their position as the largest global producer. • Currently supply continues to be under allocation from most major supply sources. • Prices are expected to remain strong through Q1 and possibly into Q2.
METHIONINE	↑	<ul style="list-style-type: none"> • Supply has further tightened to the point some are having to remove from diets. • Still no decision on the Novus antidumping suit, expected to be announced anytime. Until an initial judgement is made, non-domestic suppliers are importing limited supplies. • Prices will remain bullish through the quarter and into Q2.
VALINE	↑	<ul style="list-style-type: none"> • CJ announced a 10% increase effective by middle of March. Price increase is related to increased freight and production cost. • Demand continues to increase bringing value in swine diets based upon soybean values. • Market prices look to remain firm.

Since our last report, replacement contract prices are stable to higher with select vitamins basis timing of delivery. Ocean freight delays and record high prices are the key factors affecting supply availability and price of vitamins. Delays with some shipments have been between 2-4 weeks in many situations. These delays have caused buyers to cover longer positions in order to ensure on hand supply. Overall the category prices have held steady with consistent production. The main challenge has been timely delivery of contracted volumes. The hope is ocean freight deliveries will improve over the coming weeks allowing for some relief in pricing. Only time will tell.

Price conditions are expected to be stable to moderately higher through Q1. Q2 pricing is yet to be determined.

Vitamins

INGREDIENT	TREND	COMMENTS
VITAMIN E	↑	<ul style="list-style-type: none"> Global prices have increased with increased demand especially in Asia. Increased demand has caused available spot supplies to dry up quickly. DSM has been conducting maintenance of two facilities that has taken longer than expected causing available supply to tighten. Shipping delays from producers are attributing to tight US supply, pushing market prices up. Prices have increased by 20% and expected to remain firm given tight supply. This trend is expected to continue into early Q2.
VITAMIN A	→↑	<ul style="list-style-type: none"> Overall conditions have been stable with no significant changes in supply or price. The global market has found ways to source with BASF unable to supply the market. BASF is projecting to supply at some level in the second half of 2021. With delays in delivery on some Q1 contracts, buyers have sourced from the open market causing prices to increase slightly. Projections are supplies will stabilize along with prices as we move towards Q2. Eyes will be on the plans of BASF as to when they're able to offer supply and the impact to market prices.
VITAMIN B5 (CAL PAN)	→↑	<ul style="list-style-type: none"> Generally speaking, cal pan market prices have remained at current low prices levels since middle of 2020. With additional supply available, buyers have looked to secure long positions given relative low risk. Spot prices have increased at a modest level with some buyers in need of material with shipment delays of contract deliveries. With price at current low levels, producers will be motivated to increase prices if possible. Experts believe the soonest this could occur is in the second half of the year. In the meantime, expect to see little change to supply or prices.
NIACIN NIACINAMIDE	↑	<ul style="list-style-type: none"> Lonza has announced its plans to divest the niacin business division sometime in Q1. There could be a short-term impact to the market depending upon the outcome of the sale. Overall see this will have a limited impact on the market. Delayed shipments from India and Asia have pushed prices higher by as much as 15% in the spot market. As ocean freight conditions improve hopefully over the coming weeks, could see prices begin to weaken.
D3 500	↑	<ul style="list-style-type: none"> US customs has ruled that vitamin D3 is subject to a 1.4% duty and 25% tariff. This ruling will certainly move prices higher quickly while unsure of the price impact. Basis the customs ruling spot prices have moved higher by as much as 15% over the last 30 days. Demand in Asia has increased substantially as swine producers rebuild herds due to ASF. Combination of these conditions are showing a bullish market going forward.

The trend continues as mineral markets carry a bullish tone. A combination of increasing global demand combined with rising input values and international logistics costs are contributing to increasing trace mineral purchase values. Experts predict these market conditions will continue past Q1 and into Q2.

Minerals		
INGREDIENT	TREND	COMMENTS
ZINC	↑	<ul style="list-style-type: none"> Supplies have tightened to the point of sales allocations as producers are faced with supply chain issues caused by ocean freight delivery delays. Multiple Asian producers have reduced production volumes due to violations of environmental controls. With supply allocations prices are moving higher on a monthly consistent basis. Expect trend to continue through the quarter or until logistics conditions improve.
COPPER SULFATE	↑	<ul style="list-style-type: none"> Market supplies have tightened and under allocation from some suppliers basis overall global strong demand for copper, especially from Asia. With increased use of copper in consumer electronics and automobiles, stock levels for copper are at relative low levels. Basis overall increased demand prices for copper byproducts will remain bullish.
MONOCAL	→	<ul style="list-style-type: none"> Market is positioned to increase by \$50-\$100/ton by April 1 given projections of increased planted acreage expect for corn and soybeans this spring. Feed grade monocal prices tend to follow fertilizer markets up or down. Sulfur and phosphoric acid rising costs are the main drivers of proposed higher monocal prices.

· NOTES ·

There are hundreds of millions of dollars in government funds ready to be spent on dairy products. Critical questions are unanswered on when and how this money will be spent. This funding will spur volatility in the coming weeks as dairy markets react to various announcements.

Dairy Powders

INGREDIENT	TREND	COMMENTS
WHEY PERMEATE	↑	<ul style="list-style-type: none"> One good note that came out of the USDA Ag Forum was regarding Chinese domestic feeding, reports indicate that up to 40 MMT of “feed” was thru garbage and table scraps mainly for the hog industry. With this practice now being banned more western conventional feeding more demand for whey permeate are being seen. If you believe the numbers, the hog herd in China now is back above the levels seen in 2017.
LACTOSE	↓	<ul style="list-style-type: none"> Lactose production is ample, and stocks have increased in recent months. Prices have been declining and the trend will persist in the near term. Manufacturers report some buyers are interested in getting Q2 commitments in place. Buyers are trying to get ahead of delays caused by the limited supply of shipping container space. Lactose inventories are in good balance with processing needs and production is steady.
DRIED WHEY	↑	<ul style="list-style-type: none"> Dry whey and WPC values have increased steadily in recent months and are well supported, with declines in the near term unlikely. Export demand is unlikely to weaken as China rebuilds inventories and sources whey from multiple regions to meet needs. Spring flush milk will contribute to a more robust output, but volumes will not be overwhelming enough to change the current price trajectory.
NFDM	→ ↓	<ul style="list-style-type: none"> Prices have lost steam in recent weeks as export challenges hinder the ability of US exporters to move product. While Asian buyers could find value in cheaper US powder versus the EU or NZ, there is no estimate on when NFDM will be able to reliably find container space to move overseas. With Mexican buying still weak and production strong, price expectations are weaker through the spring flush.
FREIGHT	↑	<ul style="list-style-type: none"> Trade disruptions that have sent freight rates soaring and overwhelmed major ports may start to ease after the first quarter. Observers expect those volatile spot rates to stabilize and bottlenecks ease by the end of the first half.

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