



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.

Tight supply remains the trend for amino acids as high demand continues to push prices higher. Domestic producers are offering to contract customers under strict allocations. Non-domestic manufacturers are challenged with high corn costs, increasing coronavirus numbers combined with historically high freight costs. Expect to see a continued trend for this category through Q2.

Amino Acids

INGREDIENT	TREND	COMMENTS
LYSINE	↑	<ul style="list-style-type: none"> • CJ announced another price increase in late March of 12% that will likely take effect within 30 days. They've also announced sales allocation basis strong demand. • Ajinomoto's lysine supply is under allocation as well given strong demand. • Non-domestic producers are challenged with high corn prices, coronavirus and container prices. Prices have been variable and even higher than domestic brands. • Given strong demand and limitations on supply, expect to see prices remain firm for the foreseeable future.
THREONINE	→↑	<ul style="list-style-type: none"> • Domestic supplies have been able to keep up with increased demand with 3 major domestic producers able to increase production supply to the market demand. Most have had additional product available to meet increased demand with soft allocations. • Non-domestic spot and replacement prices are trending higher than domestics thus causing buyers to be reluctant to book past Q2. This situation is expected to continue given production and logistics costs to global markets. • Price trend is expected to remain firm given strong demand.
TRYPTOPHAN	→↑	<ul style="list-style-type: none"> • Prices have stabilized for the time being. Market appears to be in a lull right now with the attention focused on methionine and lysine. • Ajinomoto and CJ continue to offer under strict contract allocation with nothing available for spot sales. • Non-domestic supplies remain tight with shipments delayed due to corn, labor and container freight shortages. Replacement prices have subsequently increased by 20% or more during Q1. • Trend for tryptophan is continued tight supply with bullish price conditions.
METHIONINE	↑	<ul style="list-style-type: none"> • The initial ruling was made in the antidumping suit for products coming from France, Japan and Spain. All are subject to import duties from December 2020 on ranging from 16% to 135% depending upon the country of origin. A final ruling is expected later this year. In the meantime, prices have taken another move higher. • Available supply expects to remain tight once current stocks are sold. • Novus experienced a production outage from the recent storms that hit Texas. Their plant was unable to produce their MHA or MFP products but is now slowly coming back online. • With prices moving higher, Chinese sources are expected to come to market over the coming months. They could supply some of the market demand if product from other countries choose to stop importing. • A combination of legal and weather-related issues will keep the market volatile for the next several months.
VALINE	→	<ul style="list-style-type: none"> • Prices from all sources have increased as demand continues to increase. • Overall supply has kept up with demand to this point. • CJ's price increase has now taken effect in the market. • Expect prices to remain stable to firm given increasing demand.

The vitamin category overall has been mixed in price movements mostly due to supply availability and need from buyers to cover any delayed contracted product needs. Although container freight costs remain at historical high cost levels, delivery delays are slowly improving. Vitamin manufacturers continue to battle coronavirus in their facilities and at the ports that will continue to keep markets and shipments unsettled for the time being.

From a price perspective markets are stable to firm. Expect to see this trend continue into Q2.

Vitamins		
INGREDIENT	TREND	COMMENTS
VITAMIN E	↑	<ul style="list-style-type: none"> Market supply remains tight with firm spot prices moving higher by up to 25%. Only buyers facing shipment delays and low stocks are paying spot prices. Chinese manufacturer NHU announced a four-week plan shutdown for April. DSM is working to ramp up production of the recently acquired Nenter plant located in China. Supply replacement stocks are slowly moving into position but expect prices to remain firm until Q1 purchases are received.
VITAMIN A	→↑	<ul style="list-style-type: none"> Market has been overall quiet this month with only modest price changes reported. Supply looks to be available to meet market demand with shipments arriving within 30 days of forecasted delivery. According to BASF they're still planning to reintroduce vitamin A to the market sometime on the second half of 2021. Timeline has yet to be announced. Prices are forecasted to remain stable to firm basis availability.
VITAMIN B5 (CAL PAN)	→↑	<ul style="list-style-type: none"> Prices continue to hover at low levels compared to historical values. Producers are anxious to move prices higher testing the market. Appears at this point buyers are well covered and not buying at quoted prices. With good supply available for spot and future purchase, prediction is prices will remain relatively stable.
NIACIN NIACINAMIDE	→	<ul style="list-style-type: none"> The niacin market has seen little change in price over the last 30 days. There have been longer supply delays from India given container availability. In the short term expect prices to remain stable and as delivery timing improves prices could weaken.
D3 500	↑	<ul style="list-style-type: none"> Market prices are mixed with the potential for duties being added to D3 imported into the US. Suppliers have held quarter price offers close to the vest until a final ruling is made on import duties. Expect prices to remain firm until the tariff implications on price become more clear.

Mineral market prices remain bullish as supply is unable to keep up with demand. As consumer and agriculture use rebounds from lower levels the last couple years, suppliers are forced to allocate both zinc and copper. In addition, with spring planting getting ready to begin, urea and phosphate demand is expected to be strong. Price trend overall is expected to remain firm through spring planting.

Minerals		
INGREDIENT	TREND	COMMENTS
ZINC	↑	<ul style="list-style-type: none"> • With economies improving globally, demand for zinc containing products continues to increase. • Supply of zinc sulfate remains tight as some Asian producers are limited in production volume due to environmental controls they're experiencing. This situation has caused available supply to tighten. • Prices have remained stable for the moment and expect to be firm to stable for April.
COPPER SULFATE	↑	<ul style="list-style-type: none"> • The trend of increasing prices continues given relative low levels of available copper and strong demand for the metal in consumer and feed applications. • Expect to see prices remain firm through the spring and possibly all of Q2. • Supplies are forced to allocate copper sulfate to buyers at historic purchase levels.
MONOCAL	→	<ul style="list-style-type: none"> • Producers have landed on \$50/ton increases effective April 1. • Price increases are being driven by higher key raw material costs combined with increased agronomy demand for spring planting. • Anticipate prices to remain stable through Q2.

· NOTES ·

Inflationary trends, and other macroeconomic factors could heavily influence dairy values throughout the second half of this year. Exports will be contingent on a combination of US product values versus global dairy prices coupled with the value of the US dollar.

African swine fever begins to spread once again in China following the detection of two new variants. Industry insiders believe that use of illicit vaccines has caused a new, chronic form of ASF. Can cause a debilitating condition that can lower output of hogs but is more difficult to detect.

Dairy Powders

INGREDIENT	TREND	COMMENTS
WHEY PERMEATE	↑	<ul style="list-style-type: none"> Supplies remain tighter than expected with demand outpacing available product. Chinese demand is heavy and will not abate in the near term. Access to containers and access to vessel space seem to be the biggest issues facing exporters right now. In addition, a few contacts are watching the African swine fever situation in Southeast Asia closely.
LACTOSE	→ ↑	<ul style="list-style-type: none"> Buyers have stepped back into the market after being priced out when values were higher through late 2020. Some industry contacts suggest strong whey permeate prices and demand in international feed markets are helping support the lactose market. While there is a bullish tone in the market, some market participants are cautious.
DRIED WHEY	↑	<ul style="list-style-type: none"> The dry whey markets are well supported with demand to remain strong in the coming months. Some end users say they are sitting on the sidelines as long as possible. As Chinese farmers continue to purchase whey as they regrow their swine herds, market conditions could remain in a steady to bullish pattern.
NFDM	→	<ul style="list-style-type: none"> Production is continuing at a steady pace due to the current availability of milk supplies. The demand from domestic buyers is mostly steady. Mexican demand remains lower. If the US can solve logistical issues and take advantage of strong global demand, prices will climb quickly as US values remain competitive versus those in the EU and New Zealand.

· NOTES ·