



UNITED
ANIMAL HEALTH

UNITED MARKET NEWS

ISSUE #19 | JULY 2021

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.

Prices in the category have seen only modest changes since our last report. Suppliers are satisfied with margin contributions and volume market share. The main challenges faced especially by international suppliers are around container freight availability and cost combined with high input corn prices. Port congestion also remains an issue with container freight costs running 4-5 times historical averages with little change expected until 2022. Price expectations are stable to firm through the remainder of the year basis strong demand and higher cost of production.

Amino Acids

INGREDIENT	TREND	COMMENTS
LYSINE	→↑	<ul style="list-style-type: none"> Domestic lysine prices have held stable for the past several weeks. Expect a stable to firm trend given tight supply of domestic brands combined with strong demand. ADM has confirmed once their remaining contracts are fulfilled they will exit the dry lysine market. Ajinomoto is experiencing an oversold position and having to allocate available supply to contract customers to minimum volumes. They expect this to continue for the remainder of the year. Non-domestic prices are firming basis increasing freight rates combined with already high input corn costs. Suppliers are quoting FOB origin as freight costs are changing daily. Expect market to remain firm until harvest and possibly through the remainder of the year.
THREONINE	→↑	<ul style="list-style-type: none"> Market prices have firmed given strong demand and limited non-domestic supplies. Ajinomoto is allocating supply basis an oversold contract position for the remainder of the year. Non-domestic producers are facing similar challenges to lysine with high input and logistics costs thus keeping prices firm. The anticipated pricing trend is stable to firm.
TRYPTOPHAN	↓→	<ul style="list-style-type: none"> With increased supply combined with impact on decreased demand due to the recent PRRS outbreak, CJ recently decreased prices to the market. Ajinomoto is allocating supply basis high demand for their new granular tryptophan. Non-domestic producers are reluctant to adjust prices lower while facing high corn and freight costs. Supply could be reduced from Asia during Q3. US market prices will remain stable until demand increases, probably not until Q4.
METHIONINE	→	<ul style="list-style-type: none"> The decision of import duties of 43.82% waged against French producer Adisseo were upheld by the US Dept. of Commerce. Basis this decision Adisseo has announced it will no longer / import dry dl methionine to the US market. The decision against Japanese producer Sumitomo is expected to be announced soon. Market prices have remained stable to slightly weak basis increased supply coming from Asian producers arriving to the market. Until a final decision is made on import duties for Sumitomo, prices will be expected to remain stable.
VALINE	→↓	<ul style="list-style-type: none"> Quiet market conditions are the general trend for valine. Available supply has kept prices unchanged overall. With alternative byproduct proteins becoming available, valine demand has decreased in some markets. Overall valine demand and prices are predicted to remain stable.

Stable is the theme for the vitamin markets overall. Producers are unable to build much stock outside of contracted sales given shipping delays. Buying activity has been spotty as well given that most volume buyers are well stocked. A combination of these factors has lead to stable market price conditions.

Vitamins

INGREDIENT	TREND	COMMENTS
VITAMIN E	↑	<ul style="list-style-type: none"> Spot buyers are paying 15% higher prices currently due to limited supply availability. With higher logistics costs, suppliers are keeping less stock on hand in local markets. Q3 buying is nearly complete with only modest activity reported. Most buyers are well covered and reluctant to pay higher prices ahead of typical summer softer price trends. Market experts predict stable trend for Q3 with buyers watching for any weakness in order to cover ahead of fall and winter higher demand needs.
VITAMIN A	→	<ul style="list-style-type: none"> Prices have softened a few dollars from traders recently. Overall the market is quiet with buying on a spot basis reported. Expect the market to remain stable through Q3 with buyers eyeing the return of BASF later this year.
VITAMIN B5 (CAL PAN)	→	<ul style="list-style-type: none"> Very quiet market conditions with no significant changes in prices. Available supplies have kept prices from making any significant moves. Anticipate stable market with prices at low levels to continue.
NIACIN NIACINAMIDE	↑	<ul style="list-style-type: none"> Price trends on niacin have increased 5-10% driven by high global freight costs combined with growing Covid-19 cases especially from Indian producers. Key intermediate prices have increased forcing replacement prices higher. Trend for niacin pricing is firm through Q3 then hopefully stabilize going into Q4.
D3 500	→ ↓	<ul style="list-style-type: none"> Some major producers tested the market by raising prices with only limited success. With adequate supply available, prices have seen little change overall. Prediction by many is stable to weak price trend for the summer months.
CHOLINE CHLORIDE	↑	<ul style="list-style-type: none"> Balchem announced a general increase of 6% basis cost increases of key intermediates used to produce choline along with higher transportation costs. Prices are expected to remain stable through Q3.

· NOTES ·

The demand and supply imbalance with minerals continues to drive the market. With consumer demand increasing, available supply remains tight. In addition, key intermediate and logistics costs are also putting pressure on mineral prices. Given the reliance on non-domestic producers to meet the US demand for feed and consumer applications, available supply will be driven by international markets. With global logistics expected to be a challenge for the remainder of the year, prices for minerals are projected to be firm.

Minerals		
INGREDIENT	TREND	COMMENTS
ZINC	↑	<ul style="list-style-type: none"> Supply remains tight overall with producers still offering under allocation. Prices continue to move higher consistently each month given supply/demand imbalance. With high demand expected for both feed and consumer applications, prices will continue to trend higher.
COPPER SULFATE	↑	<ul style="list-style-type: none"> Strong market price conditions continue. Copper metal prices continue to hover around record high price levels. Demand continues to be high for use outside of feed especially with automakers as electric car production increases. With demand continuing to outpace available supply prices for all copper byproducts will remain strong.
MONOCALCIUM PHOSPHATE	↑	<ul style="list-style-type: none"> General market increase by domestic suppliers of \$75/ton beginning July 1. Cost increase for sulfur combined with higher logistics costs are the main drivers for the recent price increases. Prices should be stable through Q3. It's too early to tell if prices will increase again for Q4.
COPPER CHLORIDE/ CARBONATE	↑	<ul style="list-style-type: none"> Announced price increases for both products of up to 8% basis increasing copper metal prices. With demand for copper strong for feed and consumer use, market prices are expected to remain firm.

· NOTES ·

China's hog population rose 24% in the year through May and has now almost fully recovered from the recent resurgence in African swine fever. Herd sizes are close to normal for this time of year.

Around 3.5 million of low-productivity breeding sows were culled in the first five months of the year, which should lead to an improvement in herd fertility.

Much of the Midwest corn-belt is in serious need of rain. Demand for feed remains strong, and the world is hoping for a big crop. It's going to be a long, volatile summer in the grain pits.

Dairy Powders

INGREDIENT	TREND	COMMENTS
WHEY PERMEATE	→ ↓	<ul style="list-style-type: none"> Lower prices due to over supply domestically caused a drop in near-term pricing. Reduced demand in China is the likely cause, along with freight delays. China's culling should result in more demand as farrowing ramps up later in the quarter. Dropping whey market could also be an indicator. All though, WPC 80 is sold out for Q3
LACTOSE	→	<ul style="list-style-type: none"> Prices will likely hold unchanged in the coming weeks in this balanced market. Most of the Q3 contracts have been booked and spot sales are trending slightly higher. Industry contacts say there is good demand for lactose used in standardization (turning higher protein NFDM into Skim powder) and infant formula applications.
DRIED WHEY	→ ↓	<ul style="list-style-type: none"> Dry whey price support remains steady, near-term, as both domestic and export demand exceed available supply. Whey availability has been muted, regardless of record cheese production, as whey is processed instead into WPC 80 and WPI at the expense of dry whey. Word on the street is that we could see a 10 cent drop in the whey price by mid-August.
NFDM	→	<ul style="list-style-type: none"> Global demand will keep nonfat dry milk values supported in the near term. Manufacturers say they expect markets and pricing to level off soon. However, availability is not excessive. Some global regions are still short on product. Being priced out of the market by China. US stocks declined in both March and April and were likely pulled lower still into May.

· NOTES ·