



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.

As typical for the summer months, amino acid ingredient markets saw minimal changes in pricing. Between summer vacations and lower consumption, buyers focused on working through inventory positions. Key factors that will impact market supply and demand heading into fall will be upcoming harvest yields along with non-domestic supplies arriving into the US. Port congestion with delivery delays and high freight costs will most likely keep prices firm.

Amino Acids

INGREDIENT	TREND	COMMENTS
LYSINE DOMESTIC	→	<ul style="list-style-type: none"> • Quiet market conditions as domestic producers are satisfied with current prices and demand. • ADM has all but exited the dry lysine market to focus on liquid production. • CJ is seeing strong demand selling at high volume levels with market influence. • Ajinomoto continues to allocate supply at strict contract volumes. • Prediction is prices will continue to remain stable while keeping an eye on non-domestic prices.
THREONINE DOMESTIC	→↑	<ul style="list-style-type: none"> • Following lysine, domestic threonine prices have remained stable. • CJ just announced a price increase of 10% on their 80% threonine product. • Demand remains overall stable to slightly weak basis lower SBM values combined with decreased summer consumption. • Expect market to continue to be stable to higher as we approach higher consumption in the fall.
LYSINE AND THREONINE NON- DOMESTIC	↑	<ul style="list-style-type: none"> • With freight costs still at all time high prices, producers are forced to increase replacement prices. • Increased Covid-19 positive cases have slowed and even closed some ports in China from shipping containers thus causing delays in shipping to global markets including the US. • Some producers are slowing or even stopping production in order to comply with Chinese government environmental controls. • Expect prices to move higher, closing the spread to domestic product pricing. • Analysts predict a stable to slightly firm tone to the threonine market price.
TRYPTOPHAN	→	<ul style="list-style-type: none"> • Very quiet market conditions continue for tryptophan. Prices remain stable to slightly weaker basis inventory supply and demand positions. • Shipments from Asian producers are limited basis high freight costs for importation combined with lower prices from market leading volume producers. • Anticipate continued stable market prices.

· NOTES ·

Amino Acids

INGREDIENT	TREND	COMMENTS
METHIONINE	→↓	<ul style="list-style-type: none"> • Conditions are still mixed as the US market determines suppliers that will remain committed to the US market in light of antidumping rulings made against French, Japanese and Spanish producers. • Supply from Asian producers have filled any voids left by other import producers. • US market prices are the highest in the world currently causing buyers to be reluctant to take long term positions. • Anticipate prices to remain varied until demand and supply conditions for the remainder of the year become more clear.
VALINE	→	<ul style="list-style-type: none"> • Extremely quiet market conditions with no changes to market pricing to report. • Demand remains consistent overall in swine diets. • With available supply for purchase, expect little change to prices predicted.

· NOTES ·

Pricing conditions amongst the vitamin category are stable across the category. Port congestion and supply delays are and will continue to be the biggest challenges for suppliers. Due to expected delivery delays, buyers are forced to carry higher inventory quantities. In order to have proper supplies to cover holiday months ahead, expect buying activity will increase as we approach the fall period. Expect prices to remain stable for now with any increases basis continued increasing freight costs that could push markets higher heading into Q4.

Vitamins

INGREDIENT	TREND	COMMENTS
VITAMIN E	→↑	<ul style="list-style-type: none"> BASF recently experienced a fire in their German plant that produces intermediates used to produce vitamins E and A. The impact to vitamin supplies from the fire are still being assessed. This announcement caused the spot market prices to increase by 7% on average. As the BASF situation unfolds, pricing moving into Q4 will become more clear. In the near term, prices will be firm then predicted to flatten.
VITAMIN A	→	<ul style="list-style-type: none"> Given ample available supply, the BASF fire did not affect market prices for buyers. BASF is expected to make an announced update on their ability to supply vitamin A in Q4 sometime in the coming weeks. Until the BASF situation on supply of straight vitamins and intermediates becomes more clear, expect prices to continue to be stable.
VITAMIN B5 (CAL PAN)	→↑	<ul style="list-style-type: none"> With supply delays from Asian producers of several weeks, prices have moved higher by as much as 20%. Previously prices were at historic lows. Spot material is available for prompt purchase allowing buyers to cover any needs in light of import supply delays. Manufacturers continue to produce at consistent levels keeping price increases in check. Expect continued stable to firm price conditions as we approach Q4 buying.
NIACIN NIACINAMIDE	→	<ul style="list-style-type: none"> Quiet market pricing trend remains the case again this month. Although suppliers are facing the same challenges with timely delivery as other vitamin manufacturers, supplies have kept up with demand. In light of available supply, expect prices to remain stable.
D3 500	→	<ul style="list-style-type: none"> The stable price and supply trends remain the case for vitamin D. With supply and demand in good balance, prices are expected to continue to be stable.

· NOTES ·

There are no significant changes to the market for minerals. Tight supplies combined with high freight costs for importers are keeping prices firm. In addition, consumer demand is keeping supply of minerals at lower levels especially in the electronics and automobile industries. The prediction by most experts is continued firm market prices though the remainder of the year.

Minerals		
INGREDIENT	TREND	COMMENTS
ZINC	↑	<ul style="list-style-type: none"> • The trend for zinc product pricing remains firm with tight supply. • With heavy reliance on imports of zinc oxide and sulfate, historically high freight costs are expected to keep prices firm. • With tighter supply combined with logistics costs, expect prices to remain bullish.
COPPER SULFATE	→↑	<ul style="list-style-type: none"> • Copper metal prices have slumped recently basis speculation of weaker demand in Asia due to rising Covid-19 cases. • Demand for copper and copper sulfate are weaker during the summer months due to lower feed consumption. • Import freight costs will keep prices of copper sulfate higher than normal. • Forecast for prices of copper sulfate to be stable overall for the short term.

· NOTES ·

Inflation and its resulting supportive effect on commodity prices remain a key concern. Dairy prices could see a boost from recent inflationary trends. There are risk factors though, with consumer sentiment plummeting as the Delta COVID-19 variant spreads quickly.

Dairy Powders

INGREDIENT	TREND	COMMENTS
WHEY PERMEATE	↓	<ul style="list-style-type: none"> With inventories building due to transportation issues, spot prices are receding with warehouse space being limited. Freight costs have eroded profit margins, and buyers do not want to overextend by taking on more inventory. Most buyers are playing a “wait and see” about Q4 contracts.
LACTOSE	→ ↓	<ul style="list-style-type: none"> Steady to slightly weaker prices are expected in response to heavy stocks. Industry contacts are saying that lactose, and dairy carbohydrates, are stuck in a rut. Sellers have had to sell allocated material into nearby domestic markets. Production is steady to lower.
DRIED WHEY	→ ↓	<ul style="list-style-type: none"> Dry whey and higher-protein whey products remain supported as demand is strong. Tighter production in recent weeks has also contributed support to current prices. Feed whey contacts suggest end users are awaiting softening markets. Market tones are unassured.
NFDM	→	<ul style="list-style-type: none"> Production is steady to lower as milk production seasonally declines and heat and humidity make production cycles more challenging. Trading activity has picked up with week 34 trading one of the busiest of the summer. However, there is a significant amount of milk being pulled for school pipelines. The market tones are quiet to slightly bullish.

· NOTES ·