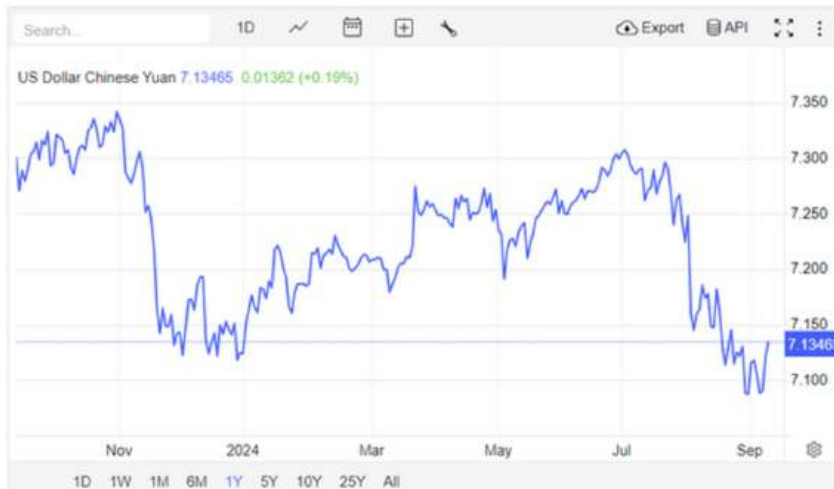


September 2024

# THE WILLOWS GROUP MARKET INSIGHTS

## Will a stronger RMB impact China's export competitiveness?



As you may know, China's exports have surged in recent months. The RMB has strengthened, driven by the high probability of the Fed lowering interest rates. Will a stronger RMB impact China's export competitiveness?

This is something we will be monitoring closely and will be keeping you informed.

## Shipping News

While uncertainties remain regarding shipment cost there has been a slight downward trend in EU and UK shipping costs which is promising.

**HOWEVER**, there are several factors we must closely consider:

- 1. Uncertainty from the Chinese National Holiday and Festive Season:** Shipping rates generally face upward pressure leading up to key holidays, like the Chinese National Day (October 1st), due to a surge in demand as companies rush to ship goods before factory closures. The festive season (October-December) usually exacerbates this trend. Therefore, in the short term, we might see shipping rates rise globally due to heightened demand during this period (GPSM)



- 2. Anticipated Changes to EV Tariffs:** Upcoming changes in electric vehicle (EV) tariffs, particularly in Europe, might introduce more market shifts, potentially affecting demand for shipping services. If tariffs encourage more EV imports or exports, this could also impact shipping routes and rates, possibly creating temporary fluctuations.

It is our view that while short-term uncertainties remain due to the holiday rush and tariff changes, the downward trend in EU and UK shipping costs is plausible, especially compared to other regions, though temporary fluctuations can still occur

## Amino Acids

### DL-Methionine

- Demand is low. Unisplender is planning to add 10,000t/a in their Zhongwei factory. According to market estimates, China's Methionine production totaled about 580,000 mt in 2023 accounting for 35% of global production.
- The market is under pressure.
- NHU plans 6-7 weeks of maintenance in Q3 2024.

### L-Lysine

- We are seeing price fluctuations
- Manufacturers are competing for the market share. Market is under pressure
- We see low performance from major manufacturers like Fufeng, Meihua.

### L-Tryptophan

- NUH has expanded production for Tryptophan and has plans for more capacity in 2025 and 2027. As a result the supply is amber.
- CJ sees their profits jump on strong Tryptophan sales in Q2.
- We may see more room for low prices.
- The price is under pressure

## Vitamins

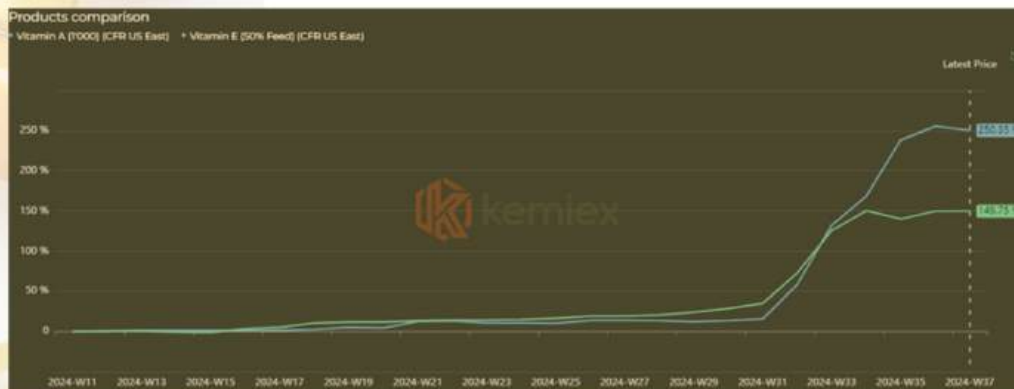
### Vitamins A & E & Vitamin E 50% Feed

The recent explosion (July 2024) at BASF's plant in Ludwigshafen, Germany has had a significant impact on the prices of Vitamin A & E. and Vitamin E 50% Feed

As a result of the incident, there has been a reduction in production, leading to market shortages. Current estimates suggest that prices for vitamin A and synthetic vitamin E **could rise by as much as 30-60% compared to July levels**, with potential for further increases depending on supply conditions. This situation is reminiscent of a similar event in 2017, which also caused a sharp rise in prices due to supply disruptions.

The market for these vitamins is currently highly volatile, and the low availability of spot offers is driving up prices further. Suppliers are cautious, and there is ongoing uncertainty as to how long these disruptions will last (ChemAnalyst) (Nutriavenue.com)

Kingdomway and ZMC Vitamin productions are operating at full capacity.



### Kemiex Price Trends Vitamin A & E 2024

### Vitamin D3 500

- Key manufacturers have shut down for summer maintenance and stopped quoting.
- Garden's operating income decreased by 8.6% in 1H 2024.
- Previous low price is not sustainable for manufacturers.
- We foresee the current situation remaining for a while.



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## Vitamin B1

**Tianxin** is currently undergoing its summer shutdown, and major manufacturers are limiting production output. This has resulted in steadily increasing prices, with the trend remaining strong due to limited availability.

## Biotin 2%

**Mixed updates on Biotin 2% availability:** All major producers have halted quotations for pure material, leading to a sudden surge in both demand and price.

However, Weiyuan and NHU have announced plans for production expansion. Despite this, market coverage remains strong

## This Month's Market Spotlight: Collagen

Collagen is a remarkably versatile ingredient, known for its wide range of applications and by **2030 the collagen market is expected to reach a valuation of approximately USD 10-12 billion.**

Beyond its common use in beauty and health supplements, collagen is now making waves in the packaging industry. **Did you know that collagen is increasingly being used as a film or coating in packaging?** This is because collagen is not only biodegradable but also edible, making it an innovative solution for sustainable packaging. Additionally, collagen is finding its place in bio-based materials, helping to drive efforts toward sustainable manufacturing and reducing plastic waste. As companies seek eco-friendly alternatives, collagen is quickly emerging as a key player in the movement toward a greener future.



We hope you found this market report both informative and insightful. If you'd like to stay updated with the latest industry trends and analysis, we invite you to subscribe and receive our report each month. We value your feedback and look forward to continuing to provide valuable insights into the market.

### About Us

The Willows Group is a dedicated supplier of health ingredients to the human and animal nutrition sectors across the UK, Europe, and North America

### What we do

Willows Ingredients together with our sister company Main Line Food (Shanghai) Ltd represent some of the highest-quality manufacturers in the world, both large and small. We are leaders in sourcing and shipping premium raw ingredients, operating globally.

### Why us

With teams operating across China and the EU and UK, we ensure rapid response times and market knowledge, providing you with not just cost-effective solutions but also the confidence to grow and strengthen your supplier relationship.

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