

THE WILLOWS GROUP MARKET INSIGHTS

Nov / Dec 2024

Thank You and Looking Ahead

As 2024 draws to a close, we want to express our thanks for your continued support and partnership throughout the year. Your trust and collaboration have been instrumental in driving our shared success. As we move into 2025, we remain optimistic about the opportunities ahead and are committed to delivering innovative solutions, exceptional service, and quality ingredients to meet your evolving needs. Together, we look forward to achieving new milestones and growing stronger in the year ahead.



On our Radar: The Mercosur Agreement.

After **25 years of negotiations**, the Mercosur agreement was signed on 6 December between the European Union and the Mercosur countries - Argentina, Brazil, Paraguay, and Uruguay. **It will create a free trade area covering 780 million people, with a crucial market of 280 million consumers in Latin America for European companies, with 30,000 already operating in the area.** Customs duties, currently between 10% and 35%, will gradually disappear on most products, the European Commission is expecting a boom of European exports in wine, spirits, and dairy sectors.

What does Mercosur get from the deal? It will become easier for Mercosur to export to the EU, provided it respects EU high standards on **sustainability, health, and food safety.**

This agreement presents a historic opportunity for the economic integration of both regions but also establishes a continuous political dialogue, as necessary as it is strategic, that allows aligning EU and Mercosur's geopolitical visions and climate policies. [Q & A on the EU-Mercosur Partnership agreement.](#)

Factors influencing the ingredient market



Global Economics: Inflation has receded and is close to central bank targets which is largely good news. However there are risks that are dominating the outlook. An escalation in regional conflicts, especially in the Middle East, could pose serious risks for commodity markets. We continue to monitor these ongoing tensions.

Trumps Tariffs: The effects of Trump's stated tariff plans depend a great deal on exactly the products that he puts tariffs on, the countries whose exports he applies them to, and crucially the extent to which those countries retaliate with tariffs on U.S. exports. Countries that rely heavily on trade with the U.S. could be badly hurt, and the world will likely go into recession. Adjustment in tariffs, trade agreements and regulatory frameworks could all be in the mix and could have knock on effects on ingredient costs and availability.

AMINO ACIDS



Source: Kemiex

Lysine

Lysine prices are firmer. In the USA end users are starting to buffer, ahead of the expected announced import duties by the Trump administration. Also, some local USA lysine production is said to be terminated shortly. The market in China is running well and the demand for lysine is good. Suppliers have increased prices. The European market is still very uncertain, pending the investigation into the potential anti-dumping of Chinese lysine. There are some concerns about the availability of lysine in late Q1 and early Q2, as the question is whether non-Chinese can fill the potential gap in the pipeline. Especially in Europe, there is a wide range of prices seen for Q1 delivery. Chinese sources are under future and retrospective anti-dumping investigation and at the same time non-Chinese sources are returning to the EU market but with relatively high prices. The market is overall quiet and well contracted for Q4 and a good portion of Q1.

Threonine

The market is currently very quiet in most regions. Prices FOB China are mostly stable. Some suppliers have changed their production lines from valine to threonine fermentation as the market price for valine became too low. Container freight for November and December shipments are firmer again. Bottom line, it is expected that threonine prices will remain stable in the coming period. A good portion of Q1 still needs to be contracted.

Sources: Kemiex / All About Feed

VITAMINS MARKET

Markets are generally stable with a strong focus on rising prices for **Vitamin B9 and VD3**, while **VK3** trends softer. Chinese **VB9** manufacturers were suspending or raising offers significantly to focus on long-term profitability, pushing prices to levels not seen since 2021.

Choline Chloride from China will be investigated for potential anti-dumping into Europe. The EU commission has started an official investigation, just like with lysine.

During Eurotier and the preceding week, producers seemed to be determined to shift the market trajectory. After a long period of low levels prices have been on the rise, however whether this marks a structural shift or if this is a temporary peak before returning to previous lows remains to be seen



Vitamin D3

The vit D3 market has tightened significantly, with prices rising sharply in recent weeks. While a large portion of end-users are covered for Q4, many are, with no improvement in sight, exploring options to secure their Q1 needs. In the EU market, known for its stringent import requirements, buffer stocks are limited. We expect the market to stay firm for some time, as D3 producers are determined to maintain higher prices.

Vitamin E

Prices remain elevated as availability remains tight with BASF's force majeure continuing to impact supply. While there's cautious optimism for some price softening, the supply chain remains stressed, and the potential for further disruptions or price increases cannot be ruled out. It's advisable to monitor the market closely.

Vitamin B1 HCL / Mono

There has been a 15-17% increase in pricing since July 2024 and this will continue into early 2025. The manufacturers are working more closely with one another to control their outputs and drive up pricing

FI EUROPE 2024

We co-exhibited at FiE this year with our Gelatine Partner Gelprime where we had an opportunity to showcase this Gelatine, along with a select range of sustainable and innovative ingredients.

Food Ingredients Europe (FiE) 2024 concluded with a focus on **key trends shaping the global food industry**. Industry leaders, innovators, and experts converged to demonstrate advances in food technology and nutrition. This year's event explored key food trends such as **sustainability, functional ingredients and personalised nutrition, aligning with the evolving preferences of health-conscious consumers and the growing emphasis on production methods that are sustainable and less harmful to our planet.**

There was a special emphasis on high-protein fortification, ingredient sourcing, and production sustainability, including targeted nutritional benefits for areas such as child and women's nutrition.

