

Chapters (Price update, market dynamics) of

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# Market Analysis

## Bailong Chuangyuan sees increased revenue and net profit in 2022

Summary: Bailong Chuangyuan's revenue and net profit in 2022 recorded an increase compared to the previous year. But in Q1 2023, its revenue posted a YoY dip while net profit grew steadily.

On 28 April, Shandong Bailong Chuangyuan Bio-Tech Co., Ltd. (Bailong Chuangyuan) released its 2022 annual report as well as Q1 2023 results.

According to Bailong Chuangyuan, its production, operation and overseas business were running properly during 2022 and it recorded a 10.49% increase in revenue and a 44.34% growth in net profit attributable to shareholders of the listed company as compared to 2021. The rise primarily because increased domestic and overseas demand boosted the sales volume of its products and its product mix was improved.

**TABLE** 1: Bailong Chuangyuan key statistics, 2022 vs. 2021, million USD

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial metric** | **2022** | **2021** | **YoY change** |
| Revenue | 104.54 | 94.62 | 10.49% |
| Net profit attributable to shareholders of the listed company | 21.84 | 15.13 | 44.34% |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses | 20.42 | 13.80 | 47.96% |
| *Source: Bailong Chuangyuan* | | | |

**TABLE** 2: Bailong Chuangyuan's revenue by product category

|  |  |  |  |
| --- | --- | --- | --- |
| **Product category** | **2022, million USD** | **2021, million USD** | **YoY change** |
| Prebiotics: fructo-oligosaccharides (FOS); isomalto-oligosaccharide (IMO); galacto-oligosaccharides (GOS); xylo-oligosaccharide (XOS); stachyose; etc. | 35.63 | 34.55 | 3.15% |
| Dietary fibre: resistant dextrin and polydextrose | 49.06 | 42.36 | 15.82% |
| Other starch-based sugars & sugar alcohols: maltitol; maltose syrup; HFCS (high fructose corn syrup); maltodextrin | 2.41 | 3.54 | -32.02% |
| Healthy sweeteners: allulose and isomaltulose | 13.71 | 12.02 | 14.10% |
| **Total** | **100.82** | **92.47** | **9.03%** |
| *Source: Bailong Chuangyuan* | | | |

**Performance of different products**

● The 3.15% YoY increase in the sales revenue from prebiotics could be attributed to the improved product mix of the company and the rise in the output and sales volume of XOS of higher added value.

● The sales revenue from dietary fibre climbed 15.82% YoY, primarily because the sales of polydextrose to domestic food and beverage consumers continued growing, which led to a rapid growth in the sales volume and revenue of dietary fibre.

● However, the sales revenue from other starch-based sugars & sugar alcohols decreased by 32.02% from last year. That was mainly because the company reduced the production of starch-based sugars & sugar alcohols to increase the production of dietary fibre and healthy sweeteners that have higher added value.

● The sales revenue from healthy sweeteners was up 14.10% on the year, mostly due to the increased overseas demand.

Besides, during the reporting period, Bailong Chuangyuan launched new products, isomaltulose and stachyose, and it produced them massively and had them commercially available.

**R&D investment**

In 2022, Bailong Chuangyuan intensified efforts in scientific renovation and spent more on the development of core technologies, especially those for the production of high-value-added products. Its R&D expenses in 2022 totalled USD3.91 million (RMB27.03 million), an increase of 16.20% over the year-ago period.

Moreover, considering its further development, Bailong Chuangyuan established a wholly-owned subsidiary called Qingdao Bailong Huichuang Biotechnology Co., Ltd. in Feb. 2023 with its own funds. This subsidiary is expected to give play to Bailong Chuangyuan's advantages in brand, technology development and marketing, so as to further enhance R&D capabilities, improve product mix, expand markets, particularly overseas markets, and strengthen its overall competitiveness.

**Key projects under construction**

● As for the 20,000 t/a functional sugar drying project, Bailong Chuangyuan has completed the installation and commissioning of the production equipment and processes as of 28 April, 2023 and the production line is expected to be fully operational soon. This project is planned to produce 8,000 t/a of FOS powder, 5,000 t/a of resistant dextrin powder and 7,000 t/a of polydextrose powder and is expected to generate USD54.31 million (RMB375 million) in revenue.

● In terms of the 30,000 t/a soluble dietary fibre project with capacities of 14,000 t/a of resistant dextrin, 16,000 t/a of polydextrose, the company has completed 29.73% of this project as of 31 Dec., 2022. The completion date of this project is extended to Dec. 2023 from the originally planned date of May 2023 because the construction of this project in 2022 was delayed as the transportation of equipment slowed due to disrupted logistics.

● In the 15,000 t/a crystalline sugar project with capacities of 10,000 t/a of crystalline fructose and 5,000 t/a of crystalline allulose, 29.73% of the work has been done as of 31 Dec. 2022, and this project is expected to enter the production phase in Q4 2023.

In Q1 2023, Bailong Chuangyuan's revenue was down slightly, but the net profit grew stably.

**TABLE** 3: Bailong Chuangyuan's results for Q1 2023, million USD

|  |  |  |
| --- | --- | --- |
| **Financial metric** | **Q1 2023** | **YoY change** |
| Revenue | 28.16 | -1.7% |
| Net profit attributable to shareholders of the listed company | 6.44 | 9.13% |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses | 5.9 | 9.54% |
| *Source: Bailong Chuangyuan* | | |

## Anhui Jinhe closes 2022 with record revenue and net profit

Summary: Anhui Jinhe's revenue and net profit soared in 2022 but plummeted in Q1 2023.

On 27 April, Anhui Jinhe Industrial Co., Ltd. (Anhui Jinhe) released its 2022 annual report and Q1 2023 report.

In 2022, Anhui Jinhe's revenue jumped 24.04% to USD1.05 billion (RMB7.25 billion) and net profit attributable to shareholders of the listed company surged 44% to USD245.46 million (RMB1.70 billion), the best result ever recorded by the company.

But in Q1 2023, its revenue decreased by 27.10% to USD200.37 million (RMB1.38 billion) and net profit attributable to shareholders of the listed company plunged 44.49% to USD35.52 million (RMB245.28 million) compared to the year-ago quarter.

**TABLE** 4: Anhui Jinhe's revenue in 2022 by product, million USD

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Product** | **2022** | | **2021** | | **YoY change** |
| **Revenue** | **Percentage of total revenue** | **Revenue** | **Percentage of total revenue** |
| Food additives: acesulfame-K, sucralose, methyl/ethyl maltol, methyl cyclopentenolone, galaxolide | 660.03 | 62.86% | 438.65 | 51.82% | 50.47% |
| Bulk chemicals: liquid ammonia, hydrogen peroxide, melamine, sulphuric acid, nitric acid | 297.37 | 28.32% | 308.87 | 36.49% | -3.72% |
| Functional chemicals and intermediates: diketene, thionyl chloride, etc. | 31.23 | 2.97% | 31.54 | 3.73% | -0.98% |
| Pharmaceutical intermediates: furan ammonium salt | 11.99 | 1.14% | 15.99 | 1.89% | -24.97% |
| Electricity | 21.61 | 2.06% | 22.04 | 2.60% | -1.97% |
| Others | 27.74 | 2.64% | 29.39 | 3.47% | -5.62% |
| *Source: Anhui Jinhe* | | | | | |

**TABLE** 5: Anhui Jinhe's sales, output and inventory by industry

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Industry** | **Item** | **2022** | **2021** | **YoY change** |
| Food production | Sales, tonne | 35,530.52 | 31,226.51 | 13.78% |
| Output, tonne | 35,728.13 | 29,585.95 | 20.76% |
| Inventory, tonne | 3,362.68 | 3,165.07 | 6.24% |
| Basic chemical | Sales, tonne | 1,291,200 | 1,352,100 | -4.50% |
| Output, tonne | 1,299,800 | 1,350,800 | -3.78% |
| Inventory, tonne | 32,100 | 23,500 | 36.60% |
| *Source: Anhui Jinhe* | | | | |

**Business performance by product**

Food additives: Through market research, Anhui Jinhe made timely adjustments to the product strategy for food additives according to the market competition situation, continuously explored new markets, expanded the sales channels for end customers and areas where markets are thin and strengthened the management of distributors (its revenues from direct sales and indirect sales in 2022 accounted for 45.01% and 54.99%, respectively), which further increased its market share. Moreover, it improved its current sales structure, merged sales areas and grew its sales team. During the reporting period, sales volume and benefits of food additive products reached new highs.

Bulk chemicals: Anhui Jinhe's profitability of this segment declined slightly as the selling prices of some bulk chemicals fell in H2 2022 due to the downward pressure on the economy. Anhui Jinhe further expanded its market by giving play to its location advantages and reformed the incentive mechanism for the operation of the basic chemicals business, thus ensuring the release of production capacity and its market share.

**Plans and protection for intellectual property rights**

In 2022, Anhui Jinhe was granted 66 patents, including 59 invention patents, 6 utility model patents and 1 design patent. By the end of the reporting period, the company had obtained 221 patents in total, including 157 invention patents, 63 utility model patents and 1 design patent. At the same time, Anhui Jinhe now has 213 domestic patents and 53 international patents that are under examination.

**Project updates**

Anhui Jinhe has established an industrial chain that integrates the production of its core product sucralose and the related upstream products as the 30,000 t/a N,N-Dimethylformamide (DMF) and methylamine project and the thionyl chloride Phase II project with an annual output of 40,000 tonnes carried out by its subsidiary Anhui Jinxuan Science and Technology Co., Ltd. (Jinxuan Science and Technology) entered the production phase. Besides, the 1,000 t/a allulose trial production project was constructed and entered the production phase in 2022. The 5,000 t/a methyl/ethyl maltol project conducted by its subsidiary Chuzhou Jinwo Biotechnology Co., Ltd. started trial production in March 2022 and this project had reached the design capacity by the end of the reporting period.

**TABLE** 6: Anhui Jinhe's projects

|  |  |  |  |
| --- | --- | --- | --- |
| **Project** | **Proposed investment, million USD** | **Invested amount as a percentage of proposed investment** | **Progress** |
| 5,000 t/a sucralose technology upgrading project | 14.16 | 42.96% | 50% |
| 3,000 t/a sucralose technology upgrading project | 2.87 | 41.19% | 50% |
| Circular Economy Industrial Park (Phase II) | 1,433.66 | 0.03% | / |
| 5,000 t/a sucralose project | 125.17 | 99.29% | 100% |
| Circular Economy Industrial Park (Phase I) | 124.81 | 49.63% | 100% |
| 5,000 t/a methyl/ethyl maltol project | 82.36 | 36.06% | 100% |
| 30,000 t/a DMF and methylamine project | 17.38 | 99.95% | 100% |
| *Source: Anhui Jinhe* | | | |

## Revenue and net profit at Sanyuan Biology and BLB tumble amid rising competition in erythritol industry

Summary: Sanyuan Biology and BLB, two major erythritol producers, reported revenue and net profit declines in 2022 carried into the first quarter of 2023.

In 2022, Baolingbao Biology Co., Ltd. (BLB)'s revenue sank 1.89% to USD392.84 million (RMB2.71 billion) and the net profit attributable to shareholders of the listed company dropped 33.94% to USD19.28 million (RMB133.17 million). The significant decrease in net profit was mostly because the selling prices of some competitive products like erythritol fell from the previous year due to a mismatch between supply and demand.

BLB's revenue and net profit declines continued through Q1 2023, with revenue down 7.22% YoY to USD88.38 million (RMB610.27 million) and the net profit attributable to shareholders of the listed company falling 60.09% YoY to USD2.47 million (RMB17.05 million).

● The sales volume and selling price of erythritol dropped slightly compared to the year-ago quarter.

● Prices of raw and auxiliary materials such as corn and white granulated sugar went up.

● Export orders were reduced as overseas demand fell.

**TABLE** 7: BLB's revenue in 2022 by product, million USD

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Product** | | **2022** | | **2021** | | **YoY change** |
| **Revenue** | **Percentage of total revenue** | **Revenue** | **Percentage of total revenue** |
| Functional sugars | Sugar alcohols | 51.47 | 13.10% | 96.78 | 24.17% | -46.82% |
| Oligosaccharides | 40.30 | 10.26% | 42.35 | 10.58% | -4.85% |
| Other functional sugars | 41.09 | 10.46% | 36.40 | 9.09% | 12.87% |
| Starch-based sugars | HFCS (high fructose corn syrup) | 44.25 | 11.26% | 53.90 | 13.46% | -17.91% |
| Maltodextrin | 38.65 | 9.84% | 47.50 | 11.86% | -18.62% |
| Other starch-based sugars | 42.15 | 10.73% | 33.66 | 8.41% | 25.23% |
| Feed | | 84.09 | 21.41% | 44.65 | 11.15% | 88.34% |
| By-products and others | | 49.45 | 12.59% | 43.73 | 10.92% | 13.10% |
| Other businesses | | 1.39 | 0.35% | 1.43 | 0.36% | -3.16% |
| *Source: BLB* | | | | | | |

BLB's 30,000 t/a crystalline erythritol project was launched in 2021 and entered trial production in Oct. 2022, bringing in a revenue of over USD7.24 million (RMB50 million) by the end of 2022. This project improves the conversion rate of erythritol with the precise fermentation process control technology that is based on metabolic engineering and intelligence engineering. In addition, the multi-membranes integrated separation technology raises the purity of erythritol products to above 99.5% and reduces energy consumption and production costs by 30% and nearly 10%, respectively.

Shandong Sanyuan Biotechnology Co., Ltd. (Sanyuan Biology) fared worse than BLB in 2022, with revenue dropping 59.71% to USD97.74 million (RMB674.91 million) and the net profit attributable to shareholders of the listed company decreasing 69.43% to USD23.70 million (RMB163.69 million), according to its annual report released on 27 April.

During the reporting period, Sanyuan Biology received fewer orders as downstream sectors such as the beverage and catering industries had less demand due to the mounting downward economic pressure and weak domestic consumption, resulting in the sales revenue decline. On top of that, seeing the boom in the domestic functional sugar industry in 2021, a lot of new erythritol producers put their products on the market in 2022 and original producers continued to expand production, which caused a surge in supply and intensified the competition in the industry. That led to a plunge in the market price of erythritol and shrinking profits of the erythritol industry.

**TABLE** 8: Sanyuan Biology's revenue in 2022 by product, million USD

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Product** | **2022** | | **2021** | | **YoY change** |
| **Revenue** | **Percentage of total revenue** | **Revenue** | **Percentage of total revenue** |
| Erythritol | 83.23 | 85.16% | 226.95 | 93.54% | -63.33% |
| Compound sugar | 11.64 | 11.91% | 10.75 | 4.43% | 8.28% |
| Allulose | 0.10 | 0.10% | / | / | / |
| Yeast powder and others | 2.76 | 2.83% | 4.91 | 2.03% | -43.74% |

*Source: Sanyuan Biology*

It's worth mentioning that Genki Forest (Beijing) Food Technology Group Co., Ltd. (Genki Forest), Sanyuan Biology's biggest customer in 2021, did not purchase erythritol from Sanyuan Biology in 2022 due to rising competition in the erythritol industry, moderate demand for beverages and the change in Genki Forest's operation. In 2021, Genki Forest brought USD36.74 million (RMB253.72 million) worth of erythritol from Sanyuan Biology, accounting for 15.14% of Sanyuan Biology's total sales.

In terms of new projects, during the reporting period, the 50,000 t/a erythritol production line was constructed and entered operation, while the 2,000 t/a allulose line built in the 20,000 t/a allulose project was put into operation on 9 Dec., 2022.

In Q1 2023, Sanyuan Biology continued to see revenue and net profit declines.

**TABLE** 9: Sanyuan Biology's results for Q1 2023, million USD

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial metric** | **Q1 2023** | **Q1 2022** | **YoY change** |
| Revenue | 16.84 | 39.48 | -57.35% |
| Net profit attributable to shareholders of the listed company | 1.13 | 9.09 | -87.56% |
| *Source: Sanyuan Biology* | | | |

## CCGB reports sales revenue from stevia nears USD30 million in 2022

Summary: Strong 2022 financial results have given CCGB momentum heading into 2023. In Q1, CCGB's revenue and net profit grew sharply.

On 26 April, Chenguang Biotech Group Co., Ltd. (CCGB) released its Q1 2023 report.

In the first quarter of 2023, CCGB continued its customer-centric strategy, continuously created value for customers and enhanced its influence in the industry. Sales of its main products maintained the leading position in the industry, driving the growth of the company. During the reporting period, CCGB's revenue climbed 14.71% to USD263.25 million (RMB1.82 billion) and net profit attributable to shareholders of the listed company jumped 26.30% to USD19.56 million (RMB135.04 million) as compared to Q1 2022.

**Q1 2023 business performance:**

● The production efficiency and competitiveness of stevia continued to improve and grow stronger.

● The health food business brought in over USD4.34 million (RMB30 million) in sales revenue as the company continued to give full play to its advantages in raw materials and production and successfully opened new markets.

● CCGB marketed its paprika oleoresin according to its annual plan. In Q1, the company sold over 3,000 tonnes of paprika oleoresin.

● As for the lutein business, CCGB sought steady growth for this segment and actively sold high-value-added products, leading to a surge in the sales volume of food-grade lutein. Besides, its marigold planting base in China carried out the seedling raising and transplanting work and it kept expanding the planting area of marigold in India and Zambia and started the trial plantation of raw material plants in Myanmar and Laos, which further enhanced its edge in raw materials.

● Sales volumes of Sichuan pepper oil and pepper oleoresin grew rapidly as the demand for spices and essentials recovered significantly.

● Nutritional medicinal extracts sustained rapid development with different products showing various degrees of growth.

● CCGB continuously improved the extraction process for industrial hemp, which increased the extraction rate and strengthened the advantage in processing costs.

Previously on 28 March, CCGB unveiled its 2022 annual report.

In 2022, CCGB generated USD911.73 million (RMB6.30 billion) in revenue and USD62.85 million (RMB434.03 million) in net profit attributable to shareholders of the listed company, a YoY increase of 29.18% and 23.48%, respectively.

**TABLE** 10: CCGB's revenue by product category, million USD

|  |  |  |  |
| --- | --- | --- | --- |
| **Product category** | **2022** | **2021** | **YoY change** |
| Natural colours; spices and essentials; nutritional medicinal extracts | 384.42 | 361.38 | 6.37% |
| Cottonseed products | 488.74 | 318.62 | 53.39% |
| Others | 38.58 | 25.77 | 49.74% |
| *Source: CCGB* | | | |

In 2022, CCGB's business record new highs.

**2022 business performance:**

● As the company improved the production process, adopted delicacy management and established stable cooperative relations with many major customers at home and abroad, sales of stevia products exceeded USD29.83 million (RMB206 million) in 2022, greatly enhancing CCGB's influence in the industry. The sales revenue from the health food business soared 80% YoY to USD12.04 million (RMB83.15 million).

● The paprika oleoresin business showed a stronger lead with a sales volume of 8,257 tonnes. CCGB purchased cost-effective raw material, Indian pepper, which further enhanced the competitive advantages of the company.

● The sales volume of food-grade lutein increased by 16% YoY; sales of lycopene recorded a new high of 26 tonnes (converted); the sales revenue from rosemary extract surged 80% YoY to USD1.73 million (RMB11.96 million) and that from silymarin doubled from the previous year to USD5.21 million (RMB36 million).

● Its subsidiary Xinjiang Chenguang Biotech Co., Ltd. processed more than 630,000 tonnes of cottonseed, generating USD510.04 million (RMB3.52 billion) in sales revenue, a YoY increase of 50%.

In 2022, CCGB continued to upgrade its production technology and equipment to strengthen its core competitiveness; CCGB invested over USD2.17 million (RMB15 million) to upgrade the stevia production line, which significantly increased the product yield and reduced the production costs; the feeding capacity of the refining workshop located in the Yanqi Hui Autonomous County, Xinjiang Uygur Autonomous Region progressed towards 1,200 tonnes of pepper granules a day, reducing 10% of production costs; the extraction workshop saw a multiplication of rosemary feeding capacity and a plunge in production costs; the four cottonseed production lines had lower energy consumption and improved indicators and produced products with higher quality. The cost for the processing of cottonseed was reduced by USD4.92 (RMB34) per tonne.

Currently, CCGB is mainly producing 14,800 tonnes of paprika oleoresin and pepper essential oil, 4,000 tonnes of lutein and 1,500 tonnes of stevia and processing 1.11 million tonnes of cottonseed products on a yearly basis.

# Price Update

## Ex-works prices of sweeteners in China, May 2023

**TABLE** 12: Ex-works prices of sweeteners in China, May 2023

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Product** | **Price in May 2023, USD/t** | **Price in April 2023, USD/t** | **Sweetness compared with sucrose** | **Price of unit sweetness in May 2023, USD/t** | **MoM change of price in May 2023** |
| 1 | Saccharin | 7,530 | 7,558 | 400 | 18.83 | -0.37% |
| 2 | Steviol glycosides (RA95) | 46,341 | 46,508 | 300 | 154.47 | -0.36% |
| 3 | Sucralose | 23,170 | 24,708 | 600 | 38.62 | -6.22% |
| 4 | Acesulfame-K | 7,530 | 7,994 | 200 | 37.65 | -5.80% |
| 5 | Aspartame | 11,585 | 11,627 | 200 | 57.93 | -0.36% |
| 6 | Cyclamate (NF13) | 2,607 | 2,616 | 30 | 86.89 | -0.36% |
| 7 | Glycyrrhizin (tripotassium glycyrrhizinate) | 10,861 | 10,900 | 150 | 72.41 | -0.36% |
| 8 | Neotame (98%) | 37,652 | 37,788 | 8,000 | 4.71 | -0.36% |
| 9 | Sucrose | 1,032 | 978 | 1 | 1,031.66 | 5.49% |
| 10 | Erythritol | 1,521 | 1,599 | 0.65 | 2,339.31 | -4.91% |
| 11 | Mannitol (food grade) | 3,403 | 3,415 | 0.7 | 4,861.62 | -0.35% |
| 12 | FOS (fructo oligosaccharide, powder 95%) | 4,779 | 4,796 | 0.3 | 15,929.56 | -0.36% |
| 13 | XOS (xylo oligosaccharide, powder 95%) | 24,618 | 24,708 | 0.4 | 61,546.04 | -0.36% |
| 14 | Crystalline maltitol | 1,883 | 1,889 | 0.35 | 5,378.81 | -0.34% |
| 15 | Crystalline sorbitol | 1,119 | 1,152 | 0.5 | 2,237.38 | -2.89% |
| 16 | Maltose syrup (75%, liquid) | 419 | 421 | 0.9 | 465.01 | -0.59% |
| 17 | Sorbitol (70%, liquid) | 536 | 545 | 0.7 | 765.45 | -1.69% |
| 18 | HFCS (fructose: 55%, liquid) | 463 | 465 | 1 | 463.41 | -0.34% |
| 19 | HFCS (fructose: 42%, liquid) | 405 | 421 | 1.1 | 368.62 | -3.69% |
| 20 | Maltitol (75%, liquid ) | 608 | 618 | 0.9 | 675.80 | -1.58% |
| 21 | Glucose monohydrate | 536 | 538 | 0.74 | 724.07 | -0.41% |
| 22 | Crystalline xylitol | 3,519 | 3,532 | 1.2 | 2,932.49 | -0.37% |
| *Source: CCM* | | | | | | |

## Ex-works prices of sucralose and acesulfame-K continue downward trend

Summary: In May, the ex-works prices of acesulfame-K and sucralose continued to slip.

In May, the ex-works prices of acesulfame-K and sucralose continued on a downward trend due to sufficient supply and the drop in raw material prices. This month, the ex-works prices of sucralose and acesulfame averaged at USD23,170/t and USD7,530/t, respectively.

**Sucralose**

● Supply: Major sucralose manufacturers were under normal production in May. The market supply was relatively sufficient. The inventory was basically flat.

● Demand: The demand for sucralose was still weak. As the weather was not very hot yet, demand from the beverage sector saw no substantial increase.

● Costs: Prices of main raw materials such as white granulated sugar, N,N-Dimethylformamide (DMF) and thionyl chloride decreased to various degrees, resulting in a slip in the costs of sucralose.

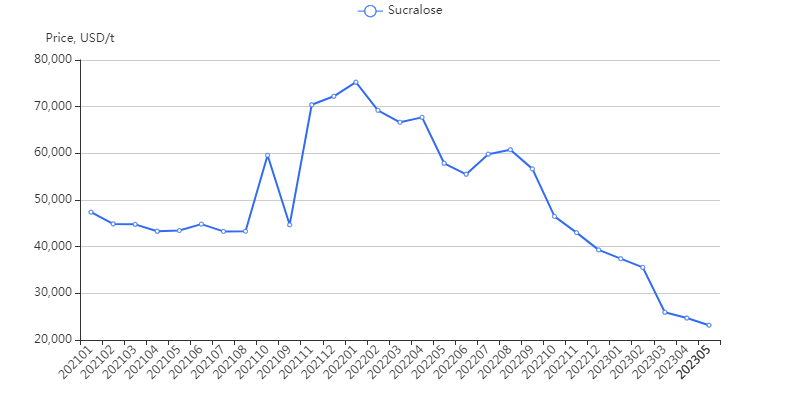
But the sucralose price is expected to bottom out.

● The price of sucralose has fallen below the costs. The sucralose industry is at a loss. There is not much room for the price to fall, a sign that the sucralose price may have already reached the bottom.

● Besides, the peak beverage season is coming as the weather is getting hotter and the industry has a low inventory as it has reduced inventory. The growing demand for beverages will motivate sweetener procurement.

● Sucralose factories normally suspend production for overhaul during June and July.

**FIGURE** 1: Ex-works price of sucralose in China, Jan. 2021–May 2023



*Source:CCM*

**Acesulfame-K**

● Supply: The acesulfame-K market saw an oversupply in May. During this period, major manufacturers were in normal and stable production except for a manufacturer in Shandong Province which still focused on clearing its inventory.

● Demand: The overall demand for acesulfame-K was relatively weak, which could be attributed to the downstream consumption weakness as beverage sales still slowed in the peak season.

● Costs: The overall production costs of acesulfame-K dropped due to the decline in the price of the main raw material diketene.

It is projected that the acesulfame-K price may see a further decline in the short term due to a combination of weak consumption, no signs of improvement in demand and new production capacity putting downward pressure on the price.

**FIGURE** 2: Ex-works price of acesulfame-K in China, Jan. 2021–May 2023



*Source: CCM*

**Journalist: Ricky Qu Editor: Caiting ZhangChief Editor: Ricky QuPublisher: Kcomber Inc.**

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